Coimisiún na Scrúduithe Stáit

State Examinations Commission

Leaving Certificate 2025

Marking Scheme

Accounting

Ordinary Level

Note to teachers and students on the use of published marking schemes

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Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.

Question 1 (a) - Final Accounts of a Company [120]

(a) [80]

Trading, Profit and Loss Account of Hennessy Ltd for the year ended 31/12/2024 [1]

	€		€		€	
Sales					550,000	[5]
Less sales returns					16,240	[5]
					533,760	
Less cost of sales						
Opening stock			29,000	[4]		
Purchases	316,000	[4]				
Less purchases returns	11,100	[3]	304,900			
			333,900			
Less closing stock			38,000	[3]		
Cost of sales					295,900	
Gross profit					237,860	
Less Expenses						
Administration [1]						
Wages and salaries	95,000	[3]				
General expenses	52,400	[3]				
Stationery	4,150	[4]				
Insurance	15,520	[4]				
Directors Fees	21,000	[3]				
Dep - Buildings	6,000	[4]				
Dep - Office Equip	7,500	[4]	201,570			
Selling and Distribution [1]						
Advertising	8,000	[3]				
Dep - Delivery Vans	6,000	[4]	14,000		215,570	
					22,290	
Other operating Income						
Commission received					22,580	[3]
Decrease in BDP					2,496	[4]
Operating profit					47,366	
Interest payable					7,500	[6]
Net profit					39,866	
Less Corporation Tax					5,000	[2]
					34,866	
Add profit and loss balance 01/01/2024					46,230	[2]
Profit and loss balance 31/12/2024					81,096	[4]

(b) [40]

Balance Sheet of Hennessy Ltd. as at 31st December 2024 [1]

	Cost		Dep		NBV	
	€		€		€	
Intangible Assets						
Patents					39,000	[2]
Fixed Assets						
Buildings	300,000	[1]	6,000	[2]	294,000	
Equipment	75,000	[1]	43,500	[2]	31,500	
Delivery vans	80,000	[1]	26,000	[2]	54,000	
	455,000		75,500		379,500	
					418,500	
Current Assets						
Closing stock - goods			38,000	[2]		
Closing stock - stationery			750	[2]		
Debtors	32,600	[2]				
Less bad Debt provision	1,304	[2]	31,296			
Bank			57,250	[2]		
Commission Rec due			1,200	[2]		
Advertising prepaid			4,000	[2]		
			132,496			
Creditors: amounts falling due within 1 year						
Creditors	27,800	[2]				
VAT	31,000	[2]				
Loan interest	3,700	[2]				
Corporation Tax	5,000	[1]				
PRSI/USC	17,400	[1]	84,900			
Working capital					47,596	
Net worth					466,096	
Financed by:						
Creditors: amounts falling due after 1 year						
10% Debentures					100,000	[2]
	Authorised		Issued			
Capital	500,000 [1]		285,000	[1]		
Add profit and loss balance			81,096	[2]	366,096	
					466,096	

Question 1 (B) – Final Accounts of a Manufacturing Company **[120]**

(a) Manufacturing Account of McGrath Ltd for year ended 31/12/2024 **[40]**

Stock raw materials 01/01/2024			65,000	[3]
Purchase of raw materials			419,000	[2]
			484,000	
Less Stock of raw materials 31/12/2023			57,000	[3]
Cost of raw materials consumed			427,000	
Add Factory wages			168,000	[4]
Add Direct expenses			18,000	[2]
PRIME COST [1)			613,000	
Add Factory Overhead Expenses				
Factory supervisors wages	42,000	[2]		
Factory insurance	23,000	[3]		
Factory light and heat	34,100	[3]		
Depreciation factory equipment	64,000	[3]		
Depreciation factory building	19,400	[3]		
Total Expenses			182,500	
Factory Cost			795,500	
Add work-in-progress 01/01/2024			8,200	[3]
			803,700	
Less work-in-progress 31/12/2024			10,400	[3]
			793,300	
Less Sale of scrap			16,800	[3]
Cost of manufacture			776,500	[2]

(b) [40]

(b)Trading, Profit and Loss Account of McGrath Ltd for the year ended 31/12/2024 [1]

Sales					952,800	[4]
Less returns inwards					26,000	[4]
					926,800	
Less cost of sales						
Opening stock			43,100	[4]		
Cost of Manufacture			776,500	[3]		
			819,600			
Less closing stock			60,000	[4]		
Cost of sales					759,600	
Gross profit					167,200	
Less Expenses						
Administration [1]						
Stationery	3,000	[3]				
Selling and Distribution [1]						
Advertising	2,700	[3]				
Dep - Delivery vans	4,500	[4]	7,200		10,200	
					157,000	
Less interest payable					12,500	[4]
Net profit					144,500	
Less taxation					16,000	[1]
					128,500	
Add profit and loss balance 01/01/2024					111,700	[1]
Profit and loss balance 31/12/2024					240,200	[2]

(C) Balance Sheet of McGrath Ltd as at 31st December 2024 [40]

	Cost		Dep		NBV	
	€		€		€	
Intangible Assets						
Patents					120,000	[2]
Fixed Assets						
Buildings	970,000	[2]	19,400	[2]	950,600	
Equipment	320,000	[2]	104,000	[2]	216,000	
Delivery vans	74,000	[2]	33,500	[2]	40,500	
	1,364,000		156,900		1,207,100	
					1,327,100	
Current Assets						
Closing stock			127,400	[3]		
Stock of stationery			200	[1]		
Debtors	77,000	[2]				
Less bad debt provision	2,900	[2]	74,100			
Advertising prepaid			900	[2]		
			202,600			
Creditors: amounts falling due within 1 year						
Creditors	64,000	[2]				
VAT	33,800	[2]				
Bank	73,200	[2]				
Debenture Int due	12,500	[2]				
Corporation tax	16,000	[1]	199,500			
Working capital					3,100	
Net worth					1,330,200	
Financed by						
Creditors: amounts falling due after 1 year						
Loan					250,000	[2]
Capital and Reserves	**Authorised**	[1]	**Issued**	[1]		
Capital	1,000,000	[1]	840,000	[1]		
Add profit and loss balance			240,200	[1]	1,080,200	
					1,330,200	

Question 2 - Debtors and Creditors Control Account [60]

(a) Debtors Ledger Control Account: [30]

		€				€	
01/01/2025	Balance b/d	62,100	[2]	01/01/2025	Balance b/d	220	[2]
	Sales	369,500	[4]		Discount allowed	810	[2]
	Dishonoured cheques	1,645	[2]		Cheques received	174,800	[2]
	Interest charged	620	[2]		Bad debts w/o	2,500	[2]
31/01/2025	Balance c/d	180	[2]		Contra	3,000	[2]
					Sales returns	16,250	[2]
					Bills receivable	2,900	[2]
				31/01/2025	Balance c/d	233,565	[2]
		434,045				434,045	
01/02/2025	Balance b/d	233,565	[1]	01/02/2025	Balance b/d	180	[1]

(b) Creditors Ledger Control Account: [30]

		€				€	
01/01/2025	Balance b/d	670	[2]	01/01/2025	Balance b/d	51,500	[3]
	Purchase returns	1,230	[3]		Purchases	224,400	[5]
	Discount received	575	[2]		Dis. disallowed	120	[2]
	Cheque paid to suppliers	195,000	[2]	31//01/2025	Balance c/d	910	[2]
	Contra	3,000	[3]				
	Bills payable	4,100	[2]				
31/01/2025	Balance c/d	72,355	[2]				
		276,930				276,930	
01/02/2025	Balance b/d	910	[1]	01/02/2025	Balance b/d	72,355	[1]

Question 3. Tabular Statement [60]

Assets	01/04	Apr 3	Apr 4	Apr 10	Apr 14	Apr 17	Apr 19	Apr 21	Apr 30	Total
Buildings	600,000 [2]									600,000
Equipment	96,000 [2]									96,000
D. Van							31,000 [2]			31,000
Stock	84,000 [2]		16,200 [1]			(8000) [2]				92,200 [1]
Debtors	12,500 [1]			(5,200) [2]		10,600 [2]			(800) [2]	17,100 [1]
Bank	21,300 [1]	(600) [1]		4,800 [2]	(1590) [2]		(6,000) [2]	(2,300) [2]	160 [2]	15,770 [1]
	813,800	(600)	16,200	(400)	(1590)	2,600	25,000	(2,300)	(640)	852,070 [2]
Liabilities										
Creditors	19,700 [1]		16,200 [2]		(1,750) [2]					34,150
Ins. Due	600 [1]	(600) [1]								
Capital	687,000 [1]									687,000 [1]
P&L	106,500 [1]			(400) [2]	160 [2]	2600 [2]			(640) [2]	108,220 [1]
F. Finance							25,000 [2]			25,000
Drawings								(2,300) [2]		(2,300)
	813,800	(600)	16,200	(400)	(1590)	2,600	25,000	(2,300)	(640)	852,070 [2]

Question 4 – Accounts of a Club [60]

(a) Accumulated Fund 01/01/2024 [15]

Assets	€		€	
Clubhouses/Pitches	680,000	[2]		
Equipment	28,000	[2]		
Members subscriptions due	480	(2)		
Bar stock	9,900	[2]		
Investments	12,500	[2]		
Cash	13,600	[1]	744,480	
Liabilities				
Expenses due	660	[2]	(660)	
Accumulated Fund 01/01/2024			743,820	[2]

[9]

(b) Bar Trading Account for year ended 31/12/2024

	€		€	
Sales			51,500	[2]
Less Cost of Sales				
Opening Stock	9,900	[2]		
Bar purchases (29,700+4400+190)	34,290	[3]		
	44,190			
Less closing stock	11,600	[2]		
Cost of Sales			32590	
Bar Profit			18,910	

(c) Income and Expenditure Account for year ended 31/12/2024 [30]

Income	€		€	
Subscriptions	22,760	[6]		
Bar Profit	18,910	[2]		
Interest received	750	[2]		
Annual sponsorship	10,000	[2]	52,420	
Expenditure				
General expenses	22,520	[6]		
Competition loss	700	[4]		
Depreciation of equipment	3,320	[3]		
Depreciation of clubhouse	13,600	[2]	40,140	
Excess income over expenditure 31/12/2024			12,280	[3]

(d) Subscriptions: A payment received in advance from club members in return for membership and use of the club facilities for the year. [6]

Question 5.　Interpretation of Accounts [40]

(i) **Purchases** [10]

Cost of Sales + Closing Stock – Opening Stock

652,400 +112,700 – 123,500 = 641,600

(ii) **Net profit margin (percentage)** [10]

$$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1} = \frac{36,000}{846,000} \times 100 = 4.26\%$$

(iii) **Return on capital employed** [10]

$$\frac{\text{Net profit + interest}}{\text{Capital employed}} = \frac{36,000 + 9,600}{756,000} \text{ X } \frac{100}{1} = 6.03\%$$

(iv) **Period of credit received from creditors** [10]

$$\frac{\text{Creditors}}{\text{Credit Purchases}} \times \frac{365}{1} = \frac{67,000}{641,600} \times \frac{365}{1} = 38.12 \text{ days}$$

(b) [40]

(i) **8% Debentures 2029**

Debentures are a long term loan. They carry a fixed annual rate of interest, in this instance 8%. They will be repaid in full in the year 2029.

In this question 8% Debentures 2029 of €120,000. [10]

(ii) Intangible Fixed Assets

These are assets that cannot be seen or touched but they carry a value in the business. Examples include patents and goodwill. There is no patents or goodwill in the question.

[10]

(iii) Trade Debtors

Goods are sold on credit to debtors and payment is received for these goods at a later date. Debtors are people who owe a business money. They appear as a current asset in the balance sheet. Dunphy Ltd has trade debtors of €54,000. [10]

(iv) Interest Paid

This is the extra money that is paid back on a loan. It is a % of the loan and is paid each year. Dunphy Ltd has to pay back 8% interest on the 120,000 loan which is €9,600. [10]

(c) [10]

(i) **Acid test ratio**

Current assets – closing stock: current liabilities

186,000 – 112,700 : 67,000

73,300 : 67,000

1.09 : 1

(ii)

Dunphy has an acid test ratio of 1.09:1 which is slightly above the ideal ratio of 1:1. This means the Dunphy Ltd is liquid, for every €1 owed in the short term they have €1.09 available in liquid assets. Dunphy Ltd will have no problem paying his short term debts as they fall due.

(d) [10]

Return on capital employed for Dunphy Ltd in 2024 is 6.03% which is a decrease of 2.97% from 9% in 2023. This is still a good return. Dunphy Ltd is profitable. The current return available from the banks or risk free investments is around 1 -3%. Overall Dunphy Ltd is performing well and is profitable.

Question 6 - Cash flow Statement

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities [30]

	€	
Operating profit	68,200	[3]
Add depreciation	4,000	[6]
Increase in stock	(5,000)	[6]
Decrease in debtors	6,000	[6]
Increase in creditors	13,000	[6]
Net cash inflow from operating activities	86,200	[3]

(c)Cash Flow Statement of Harrington Ltd for year ended 31/12/24 [65]

			€	
Operating Activities [3]				
Net cash inflow from operating activities			86,200	[4]
Return on Investment and Servicing of Finance [3]				
Interest paid			(11,200)	[6]
Taxation [3]				
Tax paid			(26,000)	[6]
Capital Expenditure and Financial Investment [3]				
Purchase of land/buildings			(140,000)	[6]
Equity Dividend Paid [3]				
Dividends paid			(16,000)	[6]
Net cash outflow before liquid resources and financing			(107,000)	
Financing				
Issue of ordinary share capital	50,000	[6]		
Share premium	38,000	[6]		
Issue of debentures	30,000	[6]	118,000	
Increase in cash			11,000	[4]

(C)Reconciliation of net cashflow to movement in net debt [5]

Increase in cash in the period	11,000	[1]
Debentures	(30,000)	[1]
Change in net debt	(19,000)	[1]
Net debt 01/01/2024	(95,000)	[1]
Net debt 31/12/2024	(114,000)	[1]

Q7 Service Accounts

(a) Fitzgerald Family Capital as on 01/01/2024 [30]

Assets	€		€	
Bed and breakfast premises	450,000	[4]		
Holiday home	74,000	[4]		
Bicycles	7,500	[3]		
Equipment	8,500	[3]		
Stock of fuel & oil	2,600	[4]		
Cash	5,400	[5]	548,000	
Liabilities				
Advance deposits	1,200	[3]	1,200	
Capital			546,800	[4]

(b) Income and Expenditure Account for year ended 31/12/2024 [40]

Income				
	€		€	
Receipts from guests	41,950	[4]		
Receipts from holiday home	27,700	[4]		
Rent from bicycle hire	7,400	[4]	77,050	
Expenditure				
Light, heat & fuel	7,230	[6]		
Wages	24,200	[2]		
Supplies	9,088	[6]		
Advertising	2,400	[2]		
Maintenance & repairs	6,300	[2]		
Depreciation				
Bicycles	1,125	[3]		
Holiday homes	1,480	[3]	51,823	
Excess income over expenditure			25,227	[4]

(c) Balance Sheet of Fitzgerald Family as on 31/12/2024 [30]

Fixed Assets	**Cost**		**Dep**		**N.B.V**	
Bed and breakfast	450,000	[1]			450,000	[1]
Equipment	14,400	[2]			14,400	[1]
Holiday home	74,000	[1]	1,480	[1]	72,520	[1]
Bicycles	7,500	[1]	1,125	[1]	6,375	[1]
	545,900		2,605		543,295	
Current Assets						
Stock of oil	890	[3]				
Bank	24,120	[3]	25,010			
Current Liabilities						
Advance deposits	1,250	[3]				
Supplies due	200	[3]	1,450			
Working capital					23,560	
Net worth					566,855	
Financed by						
Capital					546,800	[2]
Excess income					25,227	[2]
Less drawings					(5,172)	[3]
					566,855	

8. Absorption Costing [80]

(a) Overhead absorption rates per direct labour hour [17]

$$\frac{\text{Budgeted Overheads}}{\text{Budgeted labour hours}} \quad \frac{210{,}000}{12{,}000}$$

= €17.50 per labour hour

Overhead absorption rates per machine hour [17]

$$\frac{\text{Budgeted Overheads}}{\text{Budgeted labour hours}} \quad \frac{210{,}000}{24{,}000}$$

= €8.75 per machine hour

(b) Total cost of Job No 168 Machine Hour Rate [16]

Cost of Job No. 168	**€**	
Direct materials	14,500.00	[3]
Direct labour (80 x 15)	1200.00	[6]
Fixed overhead (150 x 8.75)	1312.50	[6]
Total cost	17,012.50	[1]

(c) Total cost of Job No 168 Labour Hour Rate [16]

Cost of Job No. 168	**€**	
Direct materials	14,500.00	[3]
Direct labour (80 x 15)	1,200.00	[6]
Fixed overhead (80 x 17.50)	1,400.00	[6]
Total cost	17,100.00	[1]

(d) Selling price of Job No 168 [10]

	€	
Total cost	17,100	[4]
Mark up 20%	3,420	[4]
Selling price of Job No. 168	20,520	[2]

(e) [4]

Fixed cost remain the same, regardless of output/production. E.g Rent
Variable cost change in relation to production. eg Materials

9. Product Budgeting

(a) Sales Budget [18]

	Star		Moon	
Budgeted sales	8,800	[3]	9,200	[3]
Budgeted selling price	X €40	[3]	X €30	[3]
	352,000	[3]	276,000	[3]

Total Sales = €352,000 + €276,000 = €628,000

(b) Production Budget **[16]**

	Star		Moon	
Budgeted sales	8,800	[2]	9,200	[2]
Add closing stock	180	[2]	200	[2]
Less opening stock	(240)	[2]	(320)	[2]
Budgeted production in units	8,740	[2]	9,080	[2]

(c) Material Usage Budget **[16]**

	Material X			Material Y	
Star (8740 x 5)	43,700	[3]	Star (8740 x 4)	34,960	[3]
Moon (9,080 x 4)	36,320	[3]	Moon(9,080 x 3)	27,240	[3]
	80,020	[2]		62,200	[2]

(d) Materials Purchases Budget [16]

	Material X		Material Y	
Budgeted usage	80,020	[2]	62,200	[2]
Add budgeted closing stock	110	[2]	320	[2]
Less budgeted opening stock	(265)	[2]	(400)	[2]
Budgeted production in units	79,865		62,120	
Budgeted purchase price	x €3	[1]	x €5	[1]
	€239,595	[1]	€310,600	[1]

(e) Labour Budget [10]

	Sta r		Moon	
Budgeted production	8,740	[1]	9,080	[1]
No of hours per unit	x 3	[1]	x 4	[1]
	26,220		36,320	
Labour rate per hour	x €16	[1]	x €16	[1]
	419,520	[1]	581,120	[1]
Total labour cost	€1,000,640	[2]		

(f) A production budget is prepared in order to determine the total number of units the company needs to produce (make) for the coming period. The figure calculated is needed to find out what materials need to be produced. **[**4**]**

Annotation	Use
$\checkmark_n$	Correct element (n marks).
$\boxed{0}$	No marks awarded. Answer incorrect or insufficient.
$\boxed{N}$	Refer to notes/workings.
	Page seen by examiner / Information not valid.
[	Surplus answer or part of answer. Marks awarded elsewhere.
$\boxed{P-}$	Minus one mark - Penalty, Incorrect calculation, misplaced figure, non-transfer, incorrect transfer or repeated work.
$\boxed{\checkmark\frac{1}{2}}$	Half marks awarded- non-transfer
	Underline.