Coimisiún na Scrúduithe Stáit
State Examinations Commission

LEAVING CERTIFICATE EXAMINATION, 2025

ACCOUNTING – ORDINARY LEVEL

(400 marks)

Wednesday, 18 June - Afternoon, 2.00 - 5.00

This paper is divided into 3 Sections:

Section 1: **Financial Accounting** (120 marks)
This section has four questions (numbers 1 – 4). The first question **(A or B)** carries 120 marks and the remaining three questions carry 60 marks each. Candidates should answer either **QUESTION 1 (A or B) only** OR attempt any **TWO** of the remaining three questions in this section.

Section 2: **Financial Accounting** (200 marks)
This section has three questions (numbers 5 – 7). Each question carries 100 marks. Candidates should answer **TWO** of these questions.

Section 3: **Management Accounting** (80 marks)
This section has two questions (numbers 8 and 9). Each question carries 80 marks. Candidates should answer **ONE** of these questions.

Calculators
Calculators may be used in answering the questions on this paper. It is very important that workings are shown in the answer book(s) so that full credit can be given for correct work.

SECTION 1 (120 Marks)
Answer **Question 1(A)** OR **1(B)** OR any **TWO** other questions

1. (A) Final Accounts of a Company

The following balances were extracted from the books of Hennessy Ltd as at 31/12/2024:

	€	€
Share capital Authorised - 500,000 ordinary shares of €1 each Issued - 285,000 ordinary shares of €1 each		285,000
Buildings	300,000	
Delivery vans (cost 80,000)	60,000	
Office equipment	75,000	
Accumulated depreciation - office equipment		36,000
Patent	39,000	
Debtors	32,600	
Provision for bad debts		3,800
Creditors		27,800
Directors fees	21,000	
Sales		550,000
Purchases	316,000	
Returns outwards (purchases returns)		11,100
Returns inwards (sales returns)	16,240	
Stock of goods for resale (01/01/2024)	29,000	
Stock of stationery (01/01/2024)	400	
Wages and salaries	95,000	
Commission		21,380
General expenses	52,400	
Stationery	4,500	
Advertising	12,000	
Insurance	15,520	
10% Debentures (issued 01/04/2024)		100,000
Debenture interest	3,800	
Bank	57,250	
VAT		31,000
PRSI/USC		17,400
Profit and loss balance 01/01/2024		46,230
	1,129,710	1,129,710

You are given the following additional information:

(i) Stock for resale on 31/12/2024 was €38,000.

(ii) Stock of stationery on 31/12/2024 was €750.

(iii) Advertising was for the year ended 30/04/2025.

(iv) Provision for bad debts to be adjusted to 4% of debtors.

(v) Commission receivable due on 31/12/2024 was €1,200.

(vi) Depreciation is to be provided as follows:

Buildings	2% of cost
Delivery vans	10% of book value
Office equipment	10% of cost.

(vii) Provide for debenture interest due on 31/12/2024.

(viii) Provide for corporation tax €5,000.

Required:

(a) Prepare a **trading and profit and loss account** for the year ended 31/12/2024. (80)

(b) Prepare a **balance sheet** as at 31/12/2024. (40)

(120 marks)

1. (B) Final Accounts of a Manufacturing Company

The following balances were extracted from the books of McGrath Ltd as at 31/12/2024:

	€	€
Share capital Authorised - 1,000,000 ordinary shares of €1 each Issued - 840,000 ordinary shares of €1 each		840,000
Delivery vans (cost €74,000)	45,000	
Factory buildings	970,000	
Factory equipment (cost €320,000)	280,000	
Patent	120,000	
Stock 01/01/2024		
Raw materials	65,000	
Work in progress	8,200	
Finished goods	43,100	
Purchase of raw materials	419,000	
Returns inwards (sales returns)	26,000	
Factory light and heat	34,100	
Sale of scrap materials		16,800
Sales		952,800
Stationery	3,200	
Factory wages	210,000	
Direct expenses	18,000	
Advertising	3,600	
10% Debentures (issued 01/07/2024)		250,000
Creditors		64,000
Debtors	77,000	
Provision for bad debts		2,900
Factory Insurance	23,000	
VAT		33,800
Bank		73,200
Profit and loss balance 01/01/2024		111,700
	2,345,200	2,345,200

You are given the following additional information:

(i) Stock at 31/12/2024:

Raw materials	€57,000
Work in progress	€10,400
Finished goods	€60,000

(ii) Stock of stationery on 31/12/2024 was €200.

(iii) Provision should be made for debenture interest due.

(iv) Depreciation is to be provided as follows:

Factory buildings	2% of cost
Delivery vans	10% of book value
Factory equipment	20% of cost.

(v) Advertising was for the year ended 31/03/2025.

(vi) Factory wages are to be divided 80% for direct wages and 20% for supervisor's wages.

(vii) Provide for corporation tax €16,000.

Required:

(a) Prepare a **manufacturing account** for the year ended 31/12/2024. (40)

(b) Prepare a **trading and profit and loss account** for the year ended 31/12/2024. (40)

(c) Prepare a **balance sheet** as at 31/12/2024. (40)

(120 marks)

2. Debtors and Creditors Control Accounts

The following figures were taken from the books of Natasha Byrne during January 2025.

	€
Debtors ledger balance 01/01/2025 dr	62,100
Debtors ledger balance 01/01/2025 cr	220
Creditors ledger balance 01/01/2025 cr	51,500
Creditors ledger balance 01/01/2025 dr	670
Sales (including cash sales €17,500)	387,000
Returns inwards (sales returns)	16,250
Purchases (including cash purchases €19,200)	243,600
Returns outwards (purchases returns)	1,230
Discount allowed	810
Discount received	575
Bills payable accepted	4,100
Bills receivable issued	2,900
Discount disallowed to Natasha Byrne	120
Cheques received from customers	174,800
Cheques paid to suppliers	195,000
Cheques received dishonoured	1,645
Bad debts written off	2,500
Interest charged by Natasha Byrne on overdue accounts	620
Transfer from debtors ledger to creditors ledger	3,000
Debtors ledger balance 31/01/2025	180 cr
Creditors ledger balance 31/01/2025	910 dr

You are required to prepare for January 2025:

(a) Debtors ledger control account. (30)

(b) Creditor ledger control account. (30)

(60 marks)

3. Tabular Statement

The following balance sheet shows the financial position of a sole trader Stephen Harris, as at 01/04/2025:

Balance Sheet as at 01/04/2025

	€	€	€
Fixed Assets			
Buildings		600,000	
Equipment		96,000	696,000
Current Assets			
Stock		84,000	
Debtors		12,500	
Bank		21,300	
		117,800	
Less Creditors: amounts falling due within 1 year			
Trade creditors	19,700		
Insurance due	600	20,300	
Working capital			97,500
Total net assets			793,500
Financed by:			
Capital			687,000
Profit and loss account			106,500
Capital employed			793,500

The following transactions took place during April 2025:

Apr 3 Paid by cheque insurance that was due at the beginning of the month.

Apr 4 Purchased goods on credit for €16,200.

Apr 10 Received from a debtor a cheque for €4,800 in full settlement of a debt of €5,200.

Apr 14 Paid, by cheque, a creditor's account balance of €1,750 and received a discount of €160.

Apr 17 Sold goods on credit for €10,600, which originally cost €8,000.

Apr 19 Purchased new delivery van for €31,000. A deposit of €6,000 was paid by cheque and the remainder borrowed from Future Finance Ltd.

Apr 21 Paid by cheque from business bank account €2,300 for roof repairs to private residence.

Apr 30 A debtor who owed €800 was declared bankrupt and paid 20c in the €.

Required:

Record on a **tabular statement** the effect each of the above transactions had on the relevant assets and liabilities.

Show the **total assets** and **liabilities** on 30/04/2025. **(60 marks)**

4. **Club Accounts**

Included in the assets and liabilities of the St. John's Hurling Club on 01/01/2024:

Clubhouse & pitches €680,000; equipment €28,000; members' subscriptions due €480; bar stock €9,900; investments €12,500; expenses due €660; cash in hand €13,600.

Required:

(a) Prepare a statement showing the club's **accumulated fund** on 01/01/2024. (15)

The following is a summary of the club's receipts and payments for year ended 31/12/2024.

Receipts	**€**	**Payments**	**€**
Cash in hand 01/01/2024	13,600	Bar purchases	29,700
Subscriptions	24,000	General expenses	22,300
Bar sales	51,500	Purchase of equipment	5,200
Interest received	750	Bar creditors	4,400
Annual sponsorship	10,000	Competition prizes	7,500
Competition entry fees	6,800	Cash balance 31/12/2024	37,550
	106,650		106,650

The treasurer also supplied the following information as at 31/12/2024:

(i) Bar stock was €11,600.

(ii) Bar creditors were €190.

(iii) Subscriptions prepaid were €760.

(iv) Expenses due were €880.

(v) Equipment held on 31/12/2024 to be depreciated by 10% of cost.

(vi) Depreciate the clubhouse & pitches by 2% of cost.

Required:

(b) Prepare a **bar trading account** for the year ended 31/12/2024. (9)

(c) Prepare the club's **income and expenditure account** for the year ended 31/12/2024. (30)

(d) **Explain** the term 'Subscriptions'. (6)

(60 marks)

Section 2 begins on page 10

SECTION 2 (200 Marks)
Answer **TWO** questions

5. Interpretation of Accounts

The following information has been taken from the accounts of Dunphy Ltd for the year ended 31/12/2024:

Trading and Profit and Loss Account for the year ended 31/12/2024

	€	€	€
Credit sales			846,000
Less: Cost of sales			
Stock 01/01/2024		123,500	
Add: credit purchases		???????	
		???????	
Less: stock 31/12/2024		112,700	
Cost of sales			652,400
Gross profit			193,600
Less: Total expenses (including interest)			157,600
Net profit for year			36,000

Balance Sheet as at 31/12/2024

	€	€	€
	Cost	**Depreciation**	**NBV**
Fixed Assets	780,000	143,000	637,000
Current Assets (including trade debtors €54,000)		186,000	
Less Creditors: amounts falling due within 1 year			
Trade creditors		67,000	
			119,000
			756,000
Financed by:			
Creditors: amounts falling due after more than 1 year			
8% Debentures (2029)			120,000
Capital and Reserves	**Authorised**	**Issued**	
Ordinary shares of €1 each	800,000	600,000	600,000
Profit and loss account			36,000
			756,000

(a) **You are required to calculate**: (to 2 decimal places where appropriate).

(i) The figure for purchases.

(ii) The net profit margin.

(iii) The return on capital employed.

(iv) The period of credit received from creditors. (40)

(b) **Explain** the following terms and **state how they apply to the above accounts** where appropriate:

(i) 8% debentures (2029 secured).

(ii) Intangible fixed assets.

(iii) Trade debtors.

(iv) Interest paid. (40)

(c) **(i)** Calculate the acid test ratio for **2024** (to 2 decimal places).

(ii) What does the ratio tell us about Dunphy Ltd for 2024? (10)

(d) The return on capital employed for Dunphy Ltd in **2023** was 9%.

Comment on the profitability of Dunphy Ltd for **2024**. (10)

(100 marks)

6. Cash Flow Statement

The following information has been extracted from the books of Harrington Ltd:

Profit and Loss (extract) for year ended 31/12/2024	**€**
Operating profit	68,200
Interest paid	(11,200)
	57,000
Taxation	(31,000)
	26,000
Dividends paid	(16,000)
Retained profit	10,000
Profit and loss balance 01/01/2024	57,000
Profit and loss balance 31/12/2024	67,000

Balance Sheets as at	**31/12/2024**		**31/12/2023**	
	€	**€**	**€**	**€**
Fixed Assets				
Land and buildings	780,000		640,000	
Less depreciation provision	(48,000)	732,000	(44,000)	596,000
Current Assets				
Stock	29,000		24,000	
Debtors	44,000		50,000	
Bank	26,000		15,000	
	99,000		89,000	
Less Creditors: amounts falling due within 1 year				
Creditors	55,000		42,000	
Taxation	31,000		26,000	
	(86,000)		(68,000)	
Net Current Assets		13,000		21,000
Total Net Assets		745,000		617,000
Financed by:				
Creditors: amounts falling due after 1 year				
8% Debentures		140,000		110,000
Capital and Reserves				
Ordinary share capital issued		500,000		450,000
Share premium		38,000		
Profit and loss account		67,000		57,000
		745,000		617,000

Required:

(a) **Reconcile** the operating profit to net cash inflow/outflow from operating activities. (30)

(b) Prepare the **cash flow statement** of Harrington Ltd for the year ended 31/12/2024 using the following headings:

1. Operating activities
2. Returns on investments and servicing of finance
3. Taxation
4. Capital expenditure and financial investment
5. Equity dividends paid
6. Financing (65)

(c) **Reconcile** the net cash flow to movement in net debt. (5)

(100 marks)

7. Accounts of a Service Firm

The Fitzgerald family are involved in the tourist industry. They run a bed & breakfast, holiday home and bike rental business to tourists during the holiday season.

Included among their assets and liabilities on 01/01/2024 were:

Bed & Breakfast premises €450,000; holiday home €74,000; bicycles €7,500; equipment €8,500; stock of fuel and heating oil €2,600; cash on hand €5,400; advance deposits from tourists for holiday home €1,200.

Required:

(a) Prepare a statement of **Capital** for the Fitzgerald family tourism business on 01/01/2024. (30)

Receipts and Payments Account for the year ended 31/12/2024

Receipts	€	Payments	€
Cash on hand 01/01/2024	5,400	Supplies for bed & breakfast	11,160
Receipts from guests	43,200	Light, heat and fuel	5,520
Rent from holiday home	26,500	Drawings	2,900
Receipts from bike rental	7,400	Wages	24,200
		Purchase of equipment	5,900
		Advertising and promotion	2,400
		Maintenance and repairs	6,300
		Balance 31/12/2024	24, 120
	82,500		82,500

The following information and instructions should be taken into account at 31/12/2024:

(i) Stock of heating oil €890.

(ii) There is €200 owing to the local store for supplies.

(iii) One fifth of the supplies purchased were used by the family.

(iv) Receipts from guests include booking deposits for 2025 of €1,250.

(v) Bicycles are to be depreciated by 15% and holiday home to be depreciated by 2%.

Required:

(b) Prepare an **income and expenditure account** for the year ended 31/12/2024. (40)

(c) Prepare a **balance sheet** as at 31/12/2024. (30)

(100 marks)

Section 3 begins on page 16

SECTION 3 (80 Marks)
Answer **ONE** question

8. Absorption Costing

Geary Ltd, a small manufacturing company, has the following budgeted figures for the coming year:

Direct materials	€625,000
Direct labour	€180,000
Factory overheads	€210,000
Budgeted direct labour hours	12,000 hours
Budgeted machine hours	24,000 hours

(a) You are required to calculate:

(i) The overhead absorption rate per **direct labour hour**.

(ii) The overhead absorption rate per **machine hour**.

The details of a customer's Job **No 168** are as follows:

Direct materials	€14,500
Direct labour hours	80 hours
Machine hours	150 hours

Required:

(b) Calculate the cost of Job No. 168 using the overhead absorption rate per **machine hour**.

(c) Calculate the cost of Job No. 168 using the overhead absorption rate per **direct labour hour**.

(d) Calculate the **selling price** of Job No. 168 to the customer using the **labour** overhead absorption rate (as calculated in (c) above and assuming a mark-up of 20% on cost).

(e) Explain the difference between fixed and variable costs giving an example of each.

(80 marks)

9. Product Budgeting

Dents Ltd manufactures two types of electric toothbrush **'Star'** and **'Moon'**. The sales of each type of toothbrush and other relevant information for the coming year are budgeted below:

	Star	Moon
Budgeted sales in units	8,800	9,200
Expected selling price	€40	€30

Expected stock – Finished Goods	Star	Moon
Opening stock in units	240	320
Closing stock in units	180	200

Material Content and Costs	Material X	Material Y
Star	5 grams	4 grams
Moon	4 grams	3 grams
Expected purchase price per gram	€3	€5

Expected Stock - Raw Materials	Material X	Material Y
Opening stock	265 grams	400 grams
Closing stock	110 grams	320 grams

Direct Labour time in hours	
Star	3 hours
Moon	4 hours

Direct labour rate per hour	€16

Required:

(a) Prepare a **sales** budget in **units** and in **€**.

(b) Prepare a **production** budget in **units**.

(c) Prepare a **material usage** budget in **grams**.

(d) Prepare a **material purchases** budget in **grams** and **€**.

(e) Prepare a **labour** (wages) budget.

(f) **Why** would Dents Ltd prepare a production budget?

(80 marks)

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Leaving Certificate Examination – Ordinary Level

Accounting

Wednesday 18 June
Afternoon 2:00 – 5:00