Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2024

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.

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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 Sole Trader [80]

(a)Trading, Profit and Loss Account of John Daly for the year ended 31/12/2023 [1]

	€		€		€	
Sales					486,500	[4]
Less sales returns					15,200	[4]
					471,300	
Less cost of sales						
Opening stock			29,000	[3]		
Purchases	195,400	[3]				
Less purchases returns	6,900	[3]	188,500			
			217,500			
Less closing stock			28,000	[3]		
Cost of sales					189,500	
Gross profit					281,800	
Less Expenses						
Administration [1]						
Insurance	8,100	[5]				
Wages & salaries	113,600	[5]				
General expenses	10,500	[5]				
Stationery	1,300	[5]				
Depreciation:						
Buildings	8,000	[4]				
Office equipment	2,000	[4]	143,500			
Selling and Distribution [1]						
Advertising	2,250	[6]				
Increase in Bad Debt Provision	810	[6]				
Depreciation: delivery vans	3,700	[4]	6,760		150,260	
					131,540	
Add gains						
Discount received					1,400	[3]
Operating profit					132,940	
Less loan interest					4,000	[6]
Net profit for this year					128,940	
Profit and loss balance 01/01/2023					75,500	[1]
Profit and loss balance 31/12/2023					204,440	[3]

(b) Balance Sheet of John Daly as at 31/12/2023 [1] [40]

	Cost		Dep		NBV	
	€		€		€	
Intangible Assets						
Patents					50,000	[2]
Fixed Assets						
Buildings	400,000	[1]	8,000	[2]	392,000	
Equipment	40,000	[1]	27,000	[2]	13,000	
Delivery vans	52,000	[1]	18,700	[2]	33,300	
	492,000		53,700		438,300	
					488,300	
Current Assets						
Closing stock			28,000	[2]		
Stock of stationery			1,100	[2]		
Debtors	54,200	[2]				
Less bad debt provision	2,710	[2]	51,490			
Advertising prepaid			3,150	[2]		
			83,740			
Creditors: amounts falling due within 1 year						
Creditors	31,300	[2]				
Bank	12,400	[2]				
Loan interest	2,700	[2]				
VAT	3,800	[2]				
PRSI/USC	16,300	[2]	66,500			
Working capital					17,240	
Net worth					505,540	
Financed by						
Creditors: amounts falling due after 1 year						
Loan					80,000	[2]
Capital	235,000	[2]				
Add profit and loss balance	204,440	[2]	439,440			
Minus drawings			(13,900)	[2]	425,540	
					505,540	

Question 1.B Final Accounts of a Company

(a) Manufacturing Account of Kiely Ltd for year ended 31/12/2023 [40]

Stock raw materials 01/01/2023			55,000	[3]
Purchase of raw materials			243,000	[2]
			298,000	
Less Stock of raw materials 31/12/2023			35,000	[3]
Cost of raw materials consumed			263,000	
Add Factory wages			83,920	[4]
Add Direct expenses			15,500	[2]
Prime cost [1)			362,420	
Add Factory Overhead Expenses				
Factory supervisors wages	20,980	[2]		
Factory insurance	19,500	[3]		
Factory light & heat	15,450	[3]		
Depreciation factory plant & machinery	90,000	[3]		
Depreciation factory building	16,400	[3]		
Total Expenses			162,330	
Factory Cost			524,750	
Add work-in-progress 01/01/2023			26,500	[3]
			551,250	
Less work-in-progress 31/12/2023			16,300	[3]
			534,950	
Less Sale of scrap			7,200	[3]
Cost of manufacture			527,750	[2]

(b)Trading Profit and Loss Account of Kiely Ltd for the year ended 31/12/2023 [1) [40]

Sales					896,500	**[3)**
Less Sales Returns					18,600	**[3)**
					877,900	
Less Cost of Sales						
Opening Stock			48,000	[3]		
Cost of Manufacture			527,750	[3]		
			575,750			
Closing Stock			51,000	[3]		
Cost of Sales					524,750	
Gross Profit					**353,150**	
Less Expenses						
Administration [1)						
Stationery	5,155	[4]	5,155			
Selling and Distribution [1)						
Advertising	4,500	[4]				
Depreciation delivery van	6,500	[3]	11,000		16,155	
Operating Profit					336,995	
Less debenture Interest					6,000	[4]
Net Profit for the year					330,995	
Less taxation					17,500	[3]
					313,495	
Add Profit and Loss Balance 01/01/2023					63,800	[1]
Profit and Loss Balance at 31/12/2023					377,295	[3]

(c) Balance Sheet of Kiely Ltd as at 31/12/2023 [1] [40]

Intangible Assets						
Patents					65,000	[2]
Fixed Assets	**Cost**		**Depreciation**		**N.B.V.**	
Factory buildings	820,000	[1]	16,400	[1]	803,600	[1]
Factory plant & machinery	450,000	[1]	160,000	[2]	290,000	[1]
Delivery vans	85,000	[1]	26,500	[2]	58,500	[1]
	1,355,000		202,900		1,152,100	
					1,217,100	
Current Assets						
Closing Stocks: Raw materials	35,000	[2]				
Work-in-progress	16,300	[2]				
Finished goods	51,000	[2]	102,300			
Stock of Stationery			445	[2]		
Debtors	87,560	[1]				
Less Bad Debt Provision	2,650	[1]	84,910			
Advertising Prepaid			1,500	[2]		
			189,155			
Creditors: amounts falling due within 1 year						
Creditors	67,300	[2]				
Corporation Taxation	17,500	[2]				
VAT	17,600	[2]				
Bank	20,560	[2]				
Debenture Interest due	6,000	[2]	128,960			
					60,195	
					1,277,295	
Financed By						
Creditors: amounts falling due after 1 year						
8% Debentures					150,000	[2]
Capital and Reserves	**Authorised**		**Issued**			
Ordinary Share Capital	950,000	[1]	750,000	[1]		
Profit and Loss 31/12/2023			377,295		1,127,295	
Capital Employed					1,277,295	

Question 2- Farm Accounts

(a) Collins Family Capital 01/01/2023 [20]

Assets		**€**		**€**	
	Land	850,000	[2]		
	Farm buildings	360,000	[2]		
	Machinery	146,000	[2]		
	Stock of Cattle	116,000	[2]		
	Stock of Sheep	27,000	[2]		
	Bank	8,450	[2]	1,507,450	
Liabilities					
	ESB due	750	[3]		
	Wages due	900	[3]	(1,650)	
	Capital on 01/01/2023			1,505,800	[2]

(b) (i) **Enterprise Analysis Account "Cattle/Milk" for the year ended 31/12/2023** [20]

Income		**€**		**€**	
	Sale of Milk	72,000	[1]		
	Sale of Cattle	69,200	[1]		
	Single Farm Payment	12,900	[2]		
	Drawings	1,680	[1]	155,780	
Less Cost of Sales					
	Stock 1/1/23	116,000	[1]		
	Purchases	54,400	[1]		
		170,400			
	Less Closing Stock 31/12/23	132,000	[1]	(38,400)	
				117,380	
Expenditure					
	Fertiliser	8,700	[2]		
	E.S.B.	4,590	[4]		
	Repairs	7,650	[2]		
	Wages	14,500	[3]	(35,440)	
	Profit			81,940	[1]

(b) (ii) Enterprise Analysis Account "Sheep" for the year ended 31/12/2023 [20]

Income		**€**		**€**	
	Sale of Lambs	46,600	[1]		
	Sale of Wool	1,500	[1]		
	Single Farm Payment	4,300	[2]		
	Drawings	360	[2]	52,760	
Less Cost of Sales					
	Stock 1/1/23	27,000	[2]		
	Purchases	4,700	[1]		
		31,700			
	Less Closing Stock 31/12/23	30,000	[2]	(1,700)	
				51,060	
Expenditure					
	Fertilizer	8,700	[2]		
	E.S.B.	4,590	[2]		
	Repairs	7,650	[2]		
	Wages	14,500	[2]	(35,440)	
	Profit			15,620	[1]

Question 3- Bank Reconciliation

[35)

{a) Adjusted Bank Account

		€				€	
Jan	Balance b/d	4,550	[6]	Jan	Standing Order	80	[6]
	Interest Received	305	[6]		Cheque dishonored	920	[6]
					Bank charges	95	[6]
					Balance c/d	3,760	[4]
		4,855				4,855	
	Balance b/d [**1**]	3,760					

[25)

{**b) Bank Reconciliation Statement**				€	
Adjusted Bank Account Balance				3,760	[**3**]
Add: Cheques drawn not yet cashed					
	300104 C. Connolly	2,270	[4]		
	300107 T.Williams	290	[4]	2,560	
				6,320	
Less: Lodgement not yet credited					
	Sales			3,600	[4]
				2,720	
Less: Bank Error				420	[8]
	Balance as per bank statement			2,300	[2]

Or

				€	
Balance as per Bank statement				2,300	[3]
Add: Lodgement not yet credited					
	Sales			3,600	[4]
				5,900	
Less: Cheques drawn not yet cashed					
	300104 C. Connolly	2,270	[4]		
	300107 T. Williams	290	[4]	2,560	
				3,340	
Add: Bank Error				420	[8]
	Balance as per Adjusted bank account			3,760	[2]

Question 4 - Company Profit and Loss

(a) Profit and Loss Account for year ended 31/12/2023 [35

Net profit for year			202,000	[2]
Less interest			(28,000)	[5]
Less tax			(59,000)	[5]
			115,000	
Less appropriation				
Increase in general reserve	(35,000)	[5]		
Ordinary dividend	(32,000)	[5]		
Preference dividend	(30,000)	[5]	(97,000)	
Retained profit for year			18,000	
Retained profit for 01/01/2023			214,000	[5]
Retained profit carried forward			232,000	[3]

(b) Balance Sheet as at 31/12/2023 [25)

Fixed assets and currents assets			1,736,000	
Creditors: amounts falling due within 1 year [1]				
Interest due	28,000	[4]		
Tax due	59,000	[4]	87,000	
			1,649,000	
Financed by:				
Capital and Reserves [1]	**Authorised**		**Issued**	
Preference shares	750,000	[1]	500,000	[2]
Ordinary shares	1,200,000	[1]	800,000	[2]
	1,950,000		1,300,000	[1]
Profit and loss balance 31/12/2023			232,000	[4]
General reserve			117,000	[4]
			1,649,000	

Question 5- Interpretation of Accounts [40]

(a) (i) Gross profit margin

$$\frac{\text{Gross Profit}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{280{,}000}{750{,}000} \times \frac{100}{1} = 37.33\%$$

{10)

(ii) Acid test ratio

Current Assets less Closing Stock : Current Liabilities

108,000 – 60,000 : 58,000

48,000 : 58000

0.83 : 1 (10)

(iii) Period of credit given to Trade Debtors

$$\frac{\text{Debtors}}{\text{Credit Sales}} \text{ X } \frac{365}{1}$$

$$\frac{43{,}000}{750{,}000} \times \frac{365}{1}$$

20.93 days/.69 months

[10]

(iv) Rate of Stock Turnover

$$\frac{\text{Cost of Sales}}{\text{Average Stock}}$$

$$\frac{470{,}000}{58{,}500} = 8.03 \text{ times}$$

Average Stock

$$\frac{\text{Opening Stock + Closing Stock}}{2}$$

$$\frac{57{,}000 + 60{,}000}{2} = €58{,}500$$ [10]

(b) [40]

(i) **8% Debentures (2028/2029)**

Debentures are long term loans. They will be repaid in full during the years 2028/ 2029. They carry a fixed annual rate of interest of 8% per annum. O'Neill Ltd has a Debenture loan of €100,000. (10)

(ii) **Tangible Fixed Asset**

Tangible fixed assets are assets that have a physical presence. They can be seen and touched and have a value. Examples are premises, motor vehicles, etc. In this question the tangible fixed assets have a value of €815,000 after depreciation. (10)

(iii) **Carriage Inwards**

This is a charge for delivery that is added to the cost of purchases in the Trading account. There is a carriage in of €4,000 in this question. (10)

(iv) **Ordinary Dividend**

This is the amount of money paid to ordinary shareholders out of the profit.
It is a % of the issued share capital. In this question it will be a % of €650,000. (10)

(c) **Yes.** O'Neill may have difficulty in paying his short term debts. O'Neill Ltd has an acid test ratio of 0.83:1 which means that they have €0.83 available in liquid assets for every €1 that it owes in the short term. This is below the norm of 1 :1. (10]

(d) **Return on Capital Employed**

$$\frac{\text{Operating Profit}}{\text{Capital Employed}} \times \frac{100}{1}$$

$$\frac{115{,}000 + 8{,}000}{865{,}000} \times \frac{100}{1}$$

14.22%

Comment

The ROCE has increased by 4.72% from 9.5% to 14.22%. This is a good return & the business is profitable. The trend is encouraging and it is much greater than the return of approx. .0-4 % from a bank or risk free investment.

It is 6.22% higher than the cost of borrowing for O'Neill Ltd. which is an efficient use of resources. (10)

Question 6 - Cash Flow Statement

(a) Reconciliation of Operating profit to Net Cash inflow from Operating Activities (30)

	€	
Operating profit	122,000	(3)
Add depreciation	35,000	(6)
Increase in stock	(12,000)	(6)
Decrease in debtors	6,000	(6)
Increase in creditors	15,000	(6)
Net cash inflow from operating activities	166,000	(3)

(b) Cash Flow Statement of Rush Ltd for the year ended 31/12/2023 (65)

		€	
Operating Activities [2]			
Net cash inflow from operating activities		166,000	[6]
Return on Investment and Servicing of Finance [2]			
Interest paid		(9,000)	[6]
Taxation [2]			
Tax paid		(46,000)	[8]
Capital Expenditure and Financial Investment [2]			
Purchase of land/buildings		(150,000)	[8]
Equity Dividends Paid [2]			
Dividends paid		(32,000)	[6]
Net cash outflow before liquid resources and financing		(71,000)	
Financing			
Issue of ordinary share capital	100,000		[6]
Share premium	10,000		[6]
Debentures	(30,000)	80,000	[6]
Increase in cash		**9,000**	[3]

(c) Reconciliation of Net Cash Flow to movement in Net Debt (5)

Increase in cash in the period	9,000	[1]
Debentures	30,000	[1]
Change in net debt	39,000	[1]
Net debt 01/01/2023	{163,000)	[1]
Net debt 31/12/2023	{124,000)	[1]

Question 7- Incomplete Records – Control Accounts

(a) Capital as on 01/01/2023 [10)

Assets	€		€	
Premises	760,000	[1]		
Equipment	42,000	[1]		
Debtors	15,900	[1]		
Stock	38,400	[1]		
Cash	31,800	[1]		
Expenses prepaid	2,200	[1]	890,300	
Liabilities				
Creditors	14,500	[2]	14,500	
Capital			875,800	[2]

{b) [20)

Debtors Control Account

		€				€	
01/01/2023	Balance b/d	15,900	[2]		Bank	185,000	[2]
	Credit Sales	188,200	[1]	31/12/2023	Balance c/d	19,100	[2]
		204,100				204,100	

Credit sales + cash sales = total sales
188,200 + 340,000 = 528,200 [3]

Creditors Control Account

		€				€	
	Bank	144,000	[2]	01/01/2023	Balance b/d	14,500	[2]
31/12/2023	Balance c/d	17,100	[2]		Credit Purchases	146,600	[1]
		161,100				161,100	

Credit purchases + cash purchases = total purchases
146,600 + 168,000 = 314,600 [3]

(c) Trading, Profit and Loss Account of Watson for the year ended 31/12/2023[30)

Sales			528,200	[3]
Less Cost of Sales				
Opening stock	38,400	[3]		
Purchases	314,600	[3]		
	353,000			
Less closing stock	33,700	[3]		
Cost of Sales			319,300	
Gross profit			208,900	
Less Expenses				
Wages and general expenses	94,300	[6]		
Depreciation of equipment	4,200	[4]	98,500	
			110,400	
Add				
Commission			22,600	[4]
Net profit			133,000	[4]

(d) Balance Sheet of Watson as at 31/12/2023 [40)

Fixed Assets	**Cost**		**Depr**		**NBV**	
Premises	760,000				760,000	[3]
Motor Van	33,000				33,000	[3]
Equipment	42,000	[2]	4,200	[2]	37,800	[4]
	835,000		4,200		830,800	
Current Assets						
Stock	33,700	[4]				
Debtors	19,100	[4]				
Bank	131,800	[4]				
Expenses prepaid	2,900	[4]	187,500			
Current Liabilities						
Creditors			17,100	[4]	170,400	
					1,001,200	
Financed By						
Capital					875,800	[2]
Profit and Loss balance					133,000	[2]
					1,008,800	
Less drawings					7,600	[2]
					1,001,200	

Question 8- Marginal Costing [80)

{a)

Selling price per unit = $\frac{600,000}{40,000 \text{ units}}$ = €15 per unit [15]

{b)

Variable cost per unit = $\frac{320,000}{40,000 \text{ units}}$ =€8.00 per unit [15]

{**c)**

Contribution per unit = SP - VC = C [10]

€15 - €8.00 = €7per unit

{**d)** [10]

Break-even point = $\frac{\text{Fixed Costs}}{\text{C.P.U}}$ $\frac{€143,185}{€7}$ = 20,455 units

Sales Value 20,455 x €15 = €306,825

{e) [10]

Margin of Safety = Budgeted Sales - Break Even Sales

35,000 units - 20,455 units = 14,545 units

Sales Value = 14,545 x €15 = €218,175

(f)

Marginal Costing Statement [15]

	€
Sales {36,000 x €16.50)	594,000
Variable cost {36,000 x €8)	288,000
Contribution	306,000
Fixed Cost	(143,185)
Profit	162,815

(g)

A fixed cost is a cost that stays the same regardless of the number of units produced, e.g. rent, insurance & security. [5]

Question 9 - Cash Budgeting (75)

(a) Cash Budget

Receipts	**April**	**May**	**June**	**July**	**August**	**Total**
Debtors	63,000 [2]	76,000 [2]	53,400 [2]	83,600 [2]	87,200 [2]	363,200 [5]
Payments						
Creditors	43,000 [1]	35,200 [1]	37,200 [1]	40,600 [1]	38,700 [1]	194,700 [1]
Cash purchases		14,000 [1]				14,000 [2]
Expenses	8,700 [2]	9,200 [2]	7,600 [2]	9,800 [2]	8,500 [2]	43,800 [2]
Motor Van			18,000 [2]			18,000 [2]
Wages	16,400 [1]	16,400 [1]	17,200 [1]	17,200 [1]	17,200 [1]	84,400 [1]
Total Payments	68,100	74,800	80,000	67,600	64,400	354,900
Net Cash	(5,100)[2]	1,200[2]	(26,600)[2]	16,000 [2]	22,800 [2]	8,300 [2]
Opening Cash	27,600[2]	22,500[1]	23,700 [1]	(2,900) [1]	13,100 [1]	27,600 [3]
Closing Cash	22,500[1]	23,700[1]	(2,900)[1]	13,100 [1]	35,900 [1]	35,900 [3]

(b) Two benefits of a cash budget

a. It shows the expected surplus/deficit at the end of each month
b. It can help Joan to decide when a bank overdraft is needed
c. It can help Joan to decide how to invest the surplus
d. A cash budget can show the expected inflows and outflows for a period of time (5)

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.