



Coimisiún na Scrúduithe Stáit State Examinations Commission

LEAVING CERTIFICATE EXAMINATION 2024

ACCOUNTING – ORDINARY LEVEL (400 marks)

Wednesday 19th 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.

The 2024 examination papers were adjusted to compensate for disruptions to learning due to COVID-19. This examination paper does not necessarily reflect the same structure and format as the examination papers of past or subsequent years.

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

1. (A) Final Accounts of a Sole Trader

The following balances were extracted from the books of John Daly, a sole trader as at 31/12/2023:

	€	€
Delivery vans at cost	52,000	
Accumulated depreciation – delivery vans		15,000
Patents	50,000	
Office equipment (cost €40,000)	15,000	
Buildings	400,000	
Debtors	54,200	
Capital 01/01/2023		235,000
Creditors		31,300
Drawings	12,400	
Sales		486,500
Purchases	195,400	
Returns outwards (purchases returns)		6,900
Returns inwards (sales returns)	15,200	
Stock 01/01/2023	29,000	
Wages and salaries	113,600	
Discount		1,400
General expenses	10,500	
Stationery	2,400	
Advertising	5,400	
Insurance	9,600	
Term loan (received 01/03/2023)		80,000
Loan interest paid	1,300	
Provision for bad debts		1,900
Bank		12,400
PRSI / USC		16,300
VAT		3,800
Profit and loss balance 01/01/2023	_____	<u>75,500</u>
	<u>966,000</u>	<u>966,000</u>

You are given the following additional information:

- (i) Stock for resale on 31/12/2023 was €28,000.
- (ii) Stock of stationery on 31/12/2023 was €1,100.
- (iii) Advertising is for the year ended 31/07/2024.
- (iv) Provision should be made for interest due on the loan.
The rate of interest is 6% per annum.
- (v) Included in the insurance is a cheque for €1,500, which is for John Daly's private car insurance.
- (vi) Provision for bad debts to be adjusted to 5% of debtors.
- (vii) Depreciation is to be provided as follows:

Buildings	2% of cost
Delivery Vans	10% of <u>net book value</u>
Office Equipment	5% of cost

Required:

- (a) Prepare a **trading and profit and loss account** for the year ended 31/12/2023. (80)
 - (b) Prepare a **balance sheet** as at 31/12/2023. (40)
- (120 marks)**

(B) Final Accounts of a Manufacturing Company

The following balances were extracted from the books of Kiely Ltd as at 31/12/2023.

	€	€
Share capital Authorised - 950,000 ordinary shares of €1 each Issued - 750,000 ordinary shares of €1each		750,000
Delivery vans (cost €85,000)	65,000	
Factory buildings	820,000	
Plant & machinery (cost €450,000)	380,000	
Patent	65,000	
Stock 01/01/2023		
Raw materials	55,000	
Work in progress	26,500	
Finished goods	48,000	
Purchase of raw materials	243,000	
Returns inwards (sales returns)	18,600	
Factory light and heat	15,450	
Sale of scrap materials		7,200
Sales		896,500
Stationery	5,600	
Factory wages	104,900	
Direct expenses	15,500	
Advertising	6,000	
8% Debentures (issued 01/07/2023)		150,000
Creditors		67,300
Provision for bad debts		2,650
Factory insurance	19,500	
VAT		17,600
Debtors	87,560	
Bank		20,560
Profit and loss balance 01/01/2023	<u> </u>	<u>63,800</u>
	<u>1,975,610</u>	<u>1,975,610</u>

You are given the following additional information:

- | | | | |
|-----|----------------------|------------------|---------|
| (i) | Stock at 31/12/2023: | Raw materials | €35,000 |
| | | Work in progress | €16,300 |
| | | Finished goods | €51,000 |
- (ii) Stock of stationery at 31/12/2023 was €445.
- (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 <u>book value</u> |
| Plant & Machinery | 20% of cost. |
- (v) Advertising is for the year ended 31/03/2024.
- (vi) Factory wages are to be divided 80% for direct wages and 20% for supervisor's wages.
- (vii) Provide for corporation tax €17,500.

Required:

- (a) Prepare a **manufacturing account** for the year ended 31/12/2023. (40)
- (b) Prepare a **trading, profit and loss account** for the year ended 31/12/2023. (40)
- (c) Prepare a **balance sheet** as at 31/12/2023. (40)

(120 marks)

2. Farm Accounts

The following were the assets and liabilities of the Collins Family who carry on a mixed farming business on 01/01/2023:

Land €850,000; farm buildings €360,000; machinery at cost €146,000;
cash in bank €8,450; value of cattle/cows €116,000; value of sheep €27,000;
electricity due €750; wages due €900.

Required:

- (a) Calculate the Collins family **capital** on 01/01/2023. (20)

The following is a summary of the farm's receipts and payments for the year ended 31/12/2023.

Receipts	€	Payments	€
Sale of wool	1,500	Purchase of sheep	4,700
Sale of sheep/lambs	46,600	Purchase of cattle	54,400
Milk	72,000	Fertiliser	17,400
Single farm payment	17,200	Electricity	9,500
Sale of cattle	69,200	Repairs	15,300
		Wages	29,900

The following additional information is available:

- (i) Closing stock 31/12/2023:
 - Value of cattle/cows €132,000
 - Value of sheep €30,000
- (ii) The single farm payment is to be divided (allocated) between the two enterprises in the ratio:
 - Cattle/milk 75%
 - Sheep 25%
- (iii) Fertiliser, electricity, repairs and wages to be divided (allocated) **equally** between the two enterprises
- (iv) Lamb used by the family during the year €360
Milk used by the family during the year €1,680.
- (v) Electricity due on 31/12/2023 €430.

Required:

- (b) (i) Prepare an **enterprise analysis account** for 'cattle/milk' for the year ended 31/12/2023. (20)
- (ii) Prepare an **enterprise analysis account** for 'sheep' for the year ended 31/12/2023. (20)

(60 marks)

3. Bank Reconciliation Statement

Set out below are the bank account and bank statement of Susan Reilly for the month of January 2024.

Dr		Bank Account			Cr	
		€				€
Jan. 1	Balance b/d	5,350	Jan. 4	S. Dunne	300101	1,500
Jan. 10	Sales lodged	8,600	Jan. 9	Rent	300102	3,160
Jan. 19	Lodgement	5,400	Jan. 11	R. Strong	300103	960
Jan. 25	Sales lodged	3,600	Jan. 16	C. Connolly	300104	2,270
			Jan. 22	P. Doyle	300105	3,420
			Jan. 24	Insurance	300106	6,800
			Jan. 27	T. Williams	300107	290
			Jan. 31	Balance c/d		4,550
		<u>22,950</u>				<u>22,950</u>
Feb. 1	Balance b/d	4,550				

Bank Statement on 31/01/2024				
		Debit	Credit	Balance
		€	€	€
Jan. 1	Balance b/d			5,350
Jan. 2	Interest received		305	5,655
Jan. 7	S. Dunne 300101	1,500		4,155
Jan. 11	Lodgement		8,600	12,755
Jan. 11	Rent 300102	3,160		9,595
Jan. 12	R. Strong 300103	960		8,635
Jan. 17	D. Clarke (cheque dishonored)	920		7,715
Jan. 20	Lodgement		5,400	13,115
Jan. 24	P. Doyle 300105	3,420		9,695
Jan. 25	Insurance 300106	6,800		2,895
Jan. 26	Bank charges	95		2,800
Jan. 26	Standing order	80		2,720
Jan. 29	Electricity	420		2,300

Note: The €420 entered in the Bank Statement on January 29 was entered in error to Susan Reilly's account instead of Siobhan Reilly's Account.

Required:

- Show Susan Reilly's **adjusted bank account** and bring down the adjusted balance. (35)
- Prepare a statement on 31/01/2024 **reconciling** the adjusted **bank account** balance with the bank statement balance. (25)

(60 marks)

4. Company Profit and Loss

The following information was extracted from the books of Hanlon Ltd:

- Hanlon Ltd has an authorised capital of 1,200,000 ordinary shares of €1 each and 750,000 6% preference shares of €1 each.
- The company has already issued 800,000 ordinary shares and 500,000 6% preference shares.
- On 01/01/2023 the company's general reserve account showed a balance of €82,000.
- Hanlon Ltd had carried forward a profit of €214,000 from 2022 and the accounts showed profits of €202,000 before interest and taxation for the year ended 31/12/2023.
- During the year a total dividend of 4c per ordinary share was paid to the ordinary shareholders and the total preference dividend for the year was paid to the preference shareholders.

On the 31/12/2023 the directors recommended that:

- (i) Interest of €28,000 to be provided for.
- (ii) Taxation of €59,000 to be provided for.
- (iii) The general reserve to be increased by €35,000.

Required

- (a) Show the **profit and loss account** for the year ended 31/12/2023. (35)
- (b) Prepare a **balance sheet** showing the relevant accounts after making the above provisions and appropriations. (25)

(60 marks)

Section 2 begins on page 10

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

5. Interpretation of Accounts

The following information has been taken from the accounts of O'Neill Ltd for the year ended 31/12/2023:

Trading and Profit and Loss Account for the year ended 31/12/2023

		€	€
Credit sales			750,000
Less: Cost of sales			
Stock 01/01/2023		57,000	
Add: credit purchases (including carriage inwards €4,000)		<u>473,000</u>	
		530,000	
Less: stock 31/12/2023		<u>(60,000)</u>	
Cost of sales			<u>470,000</u>
Gross profit			??????
Less: Total expenses (including interest)			<u>165,000</u>
Net profit for year			<u><u>115,000</u></u>

Balance Sheet as at 31/12/2023

	€	€	€
	Cost	Depreciation	NBV
Fixed Assets	<u>895,000</u>	<u>80,000</u>	815,000
Current Assets (including trade debtors €43,000)		108,000	
Less Creditors: amounts falling due within 1 year			
Trade creditors		<u>58,000</u>	
			<u>50,000</u>
			<u>865,000</u>
Financed by:			
Creditors: amounts falling due after more than 1 year			
8% Debentures (2028/2029)			100,000
Capital and Reserves	Authorised	Issued	
Ordinary shares of €1 each	<u>950,000</u>	<u>650,000</u>	650,000
Profit and loss account			<u>115,000</u>
			<u><u>865,000</u></u>

- (a) You are required to calculate:** (to 2 decimal places where appropriate).
- (i) Gross profit margin
 - (ii) The acid test ratio
 - (iii) The period of credit given to trade debtors
 - (iv) The rate of stock turnover (40)
- (b) Explain** the following terms and **state how they apply to the above accounts** where appropriate:
- (i) 8% debentures (2028/2029)
 - (ii) Tangible fixed assets
 - (iii) Carriage inwards
 - (iv) Ordinary dividend. (40)
- (c)** Would O'Neill Ltd have difficulty in paying bills as they fall due?
Explain your answer. (10)
- (d)** The return on capital employed for O'Neill Ltd in **2022** was 9.5%.
- (i) Calculate the return on capital employed of O'Neill Ltd for 2023.
 - (ii) Comment on the profitability of O'Neill Ltd for 2023. (10)
- (100 marks)**

6. Cash Flow Statement

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

Profit and Loss (extract) for year ended 31/12/2023	€
Operating profit	122,000
Interest paid	<u>(9,000)</u>
	113,000
Taxation	<u>(28,000)</u>
	85,000
Dividends paid	<u>(32,000)</u>
Retained profit	53,000
Profit and loss balance 01/01/2023	<u>31,000</u>
Profit and loss balance 31/12/2023	<u><u>84,000</u></u>

Balance Sheets as at	31/12/2023		31/12/2022	
	€	€	€	€
Fixed Assets				
Land and buildings	800,000		650,000	
Less depreciation provision	<u>(120,000)</u>	680,000	<u>(85,000)</u>	565,000
Current Assets				
Stock	79,000		67,000	
Debtors	44,000		50,000	
Bank	<u>26,000</u>		<u>17,000</u>	
	<u>149,000</u>		<u>134,000</u>	
Less Creditors: amounts falling due within 1 year				
Creditors	57,000		42,000	
Taxation	<u>28,000</u>		<u>46,000</u>	
	<u>(85,000)</u>		<u>(88,000)</u>	
Net Current Assets		<u>64,000</u>		<u>46,000</u>
Total Net Assets		<u><u>744,000</u></u>		<u><u>611,000</u></u>
Financed by				
Creditors: amounts falling due after 1 year				
6% Debentures		150,000		180,000
Capital and Reserves				
Ordinary share capital issued		500,000		400,000
Share premium		10,000		
Profit and loss account		<u>84,000</u>		<u>31,000</u>
		<u><u>744,000</u></u>		<u><u>611,000</u></u>

Required:

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

(b) Prepare the **cash flow statement** of Davy Ltd for the year ended 31/12/2023 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. Incomplete Records – Control Accounts

Anna Watson did not keep a full set of books during the year ended 31/12/2023. The following is a summary of the cash account for that period:

Cash Receipts	€	€
Balance 01/01/2023	31,800	
Debtors	185,000	
Sales	340,000	
Commission	<u>22,600</u>	579,400

Cash Payments	€	€
Purchases	168,000	
Creditors	144,000	
Drawings	7,600	
Wages and general expenses	95,000	
Motor Van	33,000	447,600

The following additional information is also available:

	01/01/2023	31/12/2023
	€	€
Premises	760,000	760,000
Equipment	42,000	42,000
Debtors	15,900	19,100
Stock	38,400	33,700
Creditors	14,500	17,100
Expenses prepaid	2,200	2,900

Note: Depreciate equipment by 10% of cost per annum.

Required:

- (a) Calculate Anna Watson's **capital** on 01/01/2023. (10)
- (b) Calculate Anna Watson's **total sales** and **total purchases** using **control accounts**. (20)
- (c) Prepare a **trading and profit and loss account** for the year ended 31/12/2023. (30)
- (d) Prepare a **balance sheet** as at 31/12/2023. (40)

(100 marks)

SECTION 3 (80 Marks)Answer **ONE** question**8. Marginal Costing**

Jones Ltd manufactures a single product. The following is the proposed annual budget for the coming year:

	€	€
Sales (40,000 units)		600,000
Variable costs	320,000	
Fixed costs	<u>143,185</u>	<u>(463,185)</u>
Net profit		<u><u>136,815</u></u>

Required:

- (a) Calculate the selling price **per unit**.
- (b) Calculate the variable cost **per unit**.
- (c) Calculate the **contribution** per unit sold.
- (d) Calculate the **break-even** point in volume (units) **and** sales value (€).
- (e) Calculate the **margin of safety** in units **and** sales value, if the budgeted sales for the period are **35,000** units.
- (f) Prepare a **marginal costing statement** which includes the following:

- Increase the selling price by €1.50
- Reduce sales volume by 10%
- All other costs remain the same

- (g) Explain the term 'Fixed Cost' in relation to Jones Ltd.
Give **one** example of a 'fixed cost' that Jones Ltd might incur.

(80 marks)

9. Cash Budgeting

Fiona Doyle provided the following information at the end of March 2024:

Debtors 01/04/2024 (February sales €63,000 and March sales €76,000)	€139,000
Creditors 01/04/2024	€43,000
Bank balance 01/04/2024	€27,600

Fiona expects her sales, purchases and expenses for the next five months to be:

	April	May	June	July	August
Sales	€53,400	€83,600	€87,200	€72,200	€69,800
Purchases	€35,200	€51,200	€40,600	€38,700	€37,400
Expenses	€8,700	€9,200	€7,600	€9,800	€8,500

You are given the following additional information:

- All sales are on credit and are paid for two months after the month of sale.
- All purchases are on credit, **except** €14,000 for cash in May, and are paid for one month after the month of purchase.
- Expenses are paid as they are incurred.
- Motor Van will be purchased in June for €18,000 cash.
- Wages per month will be €16,400 and will increase to €17,200 on 1 June. (Wages are not included in the expenses above).

Required:

- (a) Prepare a **cash budget** on a monthly basis for the period April to August inclusive and also the **total** column for the period.
- (b) Outline **two** benefits for Doyle in preparing a cash budget.

(80 marks)

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Leaving Certificate – Ordinary Level

Accounting

Wednesday 19 June

Afternoon 2:00 – 5:00