Coimisiún na Scrúduithe Stáit
State Examinations Commission

LEAVING CERTIFICATE EXAMINATION, 2026

ACCOUNTING – ORDINARY LEVEL

(400 marks)

Wednesday, 17 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 Sole Trader

The following balances were extracted from the books of John Byrne, a sole trader as at 31/12/2025:

	€	€
Buildings	450,000	
Office equipment (cost €40,000)	25,000	
Delivery vans	76,000	
Accumulated depreciation – delivery vans		8,500
Patents	45,000	
Capital 01/01/2025		310,000
Sales		664,000
Purchases	285,000	
Returns inwards (sales returns)	17,600	
Returns outwards (purchases returns)		8,700
Carriage inwards	7,300	
Stock 01/01/2025	26,000	
Discount allowed	1,800	
Repairs and expenses	33,150	
Stationery	1,450	
Wages and salaries	78,000	
Drawings	12,000	
Advertising	6,300	
Insurance	22,000	
Debtors	39,500	
Creditors		22,400
Term loan (received 01/05/2025)		60,000
Loan interest paid	3,000	
Provision for bad debts		3,400
VAT		13,900
PRSI / USC		6,400
Bank		15,000
Profit and loss balance 01/01/2025		16,800
	1,129,100	1,129,100

You are given the following additional information:

(i) Stock for resale on 31/12/2025 was €19,500.

(ii) Stock of stationery on 31/12/2025 was €750.

(iii) Advertising is for the year ended 30/04/2026.

(iv) Provision should be made for interest due on the loan at 31/12/2025.
The rate of interest is 8% per annum.

(v) Included in the insurance is a cheque for €1,200, which is for John Byrne's private house insurance.

(vi) Provision for bad debts to be adjusted to 6% of debtors.

(vii) Depreciation is to be provided as follows:

Buildings	2% of cost
Office equipment	20% of cost
Delivery vans	10% of net book value.

Required:

(a) Prepare a **trading and profit and loss account** for the year ended 31/12/2025. (80)

(b) Prepare a **balance sheet** as at 31/12/2025. (40)

(120 marks)

1. (B) Final Accounts of a Company

The following balances were extracted from the books of Hurley Ltd as at 31/12/2025:

	€	€
Share capital Authorised - 900,000 ordinary shares of €1 each Issued - 480,000 ordinary shares of €1 each		480,000
Delivery vans at cost	50,000	
Buildings (cost €610,000)	582,000	
Office equipment	48,000	
Accumulated depreciation – office equipment		10,000
Patents	95,000	
Stock of goods for resale (01/01/2025)	81,500	
Stock of stationery (01/01/2025)	1,300	
Wages and general expenses	117,500	
Advertising	21,400	
Stationery	6,100	
Light and heat	23,000	
Purchases	258,800	
Sales		649,000
Returns outwards (purchases returns)		6,300
Debtors	142,000	
Creditors		62,000
VAT		5,000
Directors' fees	35,000	
Provision for bad debts		1,100
6% Debentures (issued 01/04/2025)		180,000
Debenture interest	6,500	
Bank		5,200
Profit and loss balance 01/01/2025		90,000
Rent and rates	13,600	
Insurance	11,400	
Discount		4,500
	1,493,100	1,493,100

You are given the following additional information:

(i) Stock for resale on 31/12/2025 was €60,000.
(ii) Stock of stationery on 31/12/2025 was €800.
(iii) Depreciation to be provided as follows:

Buildings	-	2% of cost
Office equipment	-	10% of <u>book value</u>
Delivery vans	-	20% of cost.

(iv) Advertising is for the year ended 31/03/2026.
(v) Provide for debenture interest due on 31/12/2025.
(vi) Wages and general expenses due on 31/12/2025 was €6,150.
(vii) Provision for bad debts to be adjusted to 2% of debtors.
(viii) Provide for corporation tax €16,000.

Required:

(a) Prepare a **trading and profit and loss account** for the year ended 31/12/2025. (80)

(b) Prepare a **balance sheet** as at 31/12/2025. (40)

(120 marks)

2. Correction of Errors and Suspense Account

The trial balance of Odhran Murphy failed to agree on 31/12/2025 and the difference was entered in a suspense account. On examination of the books, the following errors were revealed:

(i) Goods purchased on credit from Lisa Power €460 had been entered in Liam Power's account.

(ii) Goods for resale, taken by Odhran Murphy for private use, which cost €600, had not been entered in the books.

(iii) Interest received, €500 by cheque, had not been entered in the books.

(iv) The total of the sales book €14,200 had been posted to the sales account as €12,400.

(v) The sales returns book had been under totted by €700.

Required:

(a) **Journalise** the necessary corrections. (35)

(b) Prepare a **statement of corrected net profit** if net profit as per accounts is €15,400. (25)

(60 marks)

3. Farm Accounts

The following were the assets and liabilities of the O'Dwyer Family who carry on a mixed farming business on 01/01/2025:

Land €985,000; farm buildings €470,000; machinery at cost €188,000;
cash in bank €16,750; value of cattle/cows €134,000; value of sheep €31,000;
electricity due €830; wages due €1,200.

Required:

(a) Calculate the O'Dwyer family **capital** on 01/01/2025. (20)

The following is a summary of the farm's receipts and payments for the year ended 31/12/2025.

Receipts	**€**	**Payments**	**€**
Sale of wool	400	Purchase of sheep	5,300
Sale of sheep/lambs	62,200	Purchase of cattle	71,700
Milk	91,000	Fertiliser	26,800
Single farm payment	22,000	Electricity	7,900
Sale of cattle/cows	69,200	Repairs	19,300
		Wages	41,400

The following additional information is available:

(i) Closing stock 31/12/2025:
Value of cattle/cows €145,000
Value of sheep €34,000

(ii) The single farm payment is to be divided (allocated) between the two enterprises in the ratio:
Cattle/milk 75%
Sheep 25%

(iii) Electricity due on 31/12/2025 was €520.

(iv) Fertiliser, electricity, repairs and wages to be divided (allocated) **equally** between the two enterprises.

(v) Lamb used by the family during the year €850.
Milk used by the family during the year €1,380.

Required:

(b) **(i)** Prepare an **enterprise analysis account** for '**cattle/milk**' for the year ended 31/12/2025. (20)

(ii) Prepare an **enterprise analysis account** for '**sheep**' for the year ended 31/12/2025. (20)

(60 marks)

4. Incomplete Records – Net Worth

O'Keeffe, a sole trader, has not been keeping a full set of accounts. The following figures relating to the business were supplied on the 01/01/2025:

	€
Premises	620,000
Furniture and equipment at cost	92,000
Motor vehicles at book value	38,600
Accumulated depreciation on furniture and equipment	29,400
Stock	42,200
Debtors	33,800
Insurance prepaid	1,200
Creditors	18,900
Expenses due	3,100
Bank overdraft	21,500

Required:

(a) Prepare a statement showing O'Keeffe's **net worth/capital** on 01/01/2025. (30)

O'Keeffe also supplied the following additional information on 31/12/2025:

(i) During the year €16,000 was transferred from a personal bank account to the business bank account.

(ii) During the year, O'Keeffe had paid €3,600 out of business funds for private house repairs and had also taken goods to the value of €900 per month for private use.

O'Keeffe estimated that on 31/12/2025 the business assets and liabilities were €940,000 and €87,000 respectively, before allowing for the following:

- Depreciation on furniture and equipment at the rate of 20% of **cost**.
- Depreciation on motor vehicles at the rate of 10% of **book value**.
- Expenses due of €950.

(b) Prepare a **statement** showing O'Keeffe's **profit or loss** for the year ended 31/12/2025. (30)

(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 Kenny Ltd for the year ended 31/12/2025:

Trading and Profit and Loss Account for the year ended 31/12/2025

	€	€	€
Credit sales			660,000
Less: Cost of sales			
Stock 01/01/2025		38,000	
Add: credit purchases (including carriage in €6,000)		345,000	
		383,000	
Less: stock 31/12/2025		33,000	
Cost of sales			350,000
Gross profit			??????
Less: Total expenses (including interest)			160,000
Net profit for year			?????

Balance Sheet as at 31/12/2025

	€	€	€
	Cost	**Depreciation**	**NBV**
Fixed Assets	980,000	60,000	920,000
Current Assets (including trade debtors €36,000)		92,000	
Less Creditors: amounts falling due within 1 year			
Trade creditors		42,000	
			50,000
			970,000
Financed by:			
Creditors: amounts falling due after more than 1 year			
9% Debentures (2031)			120,000
Capital and Reserves	**Authorised**	**Issued**	
Ordinary shares of €1 each	920,000	700,000	700,000
Profit and loss account			150,000
			970,000

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

(i) The net profit margin.

(ii) The acid test ratio.

(iii) The period of credit given to trade debtors.

(iv) How many more ordinary shares can Kenny Ltd sell/issue? (40)

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

(i) 9% Debentures (2031).

(ii) Carriage inwards.

(iii) Depreciation.

(iv) Capital employed. (40)

(c) Would Kenny Ltd have difficulty in paying bills as they fall due?

Explain your answer. (10)

(d) The return on capital employed for Kenny Ltd in **2024** was 8%.

(i) Calculate the return on capital employed of Kenny Ltd for **2025**.

(ii) Comment on the profitability of Kenny Ltd for **2025**. (10)

(100 marks)

6. Cash Flow Statement

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

Profit and Loss (extract) for year ended 31/12/2025	**€**
Operating profit	146,000
Interest paid	(16,800)
	129,200
Taxation	(36,200)
	93,000
Dividends paid	(45,000)
Retained profit	48,000
Profit and loss balance 01/01/2025	28,000
Profit and loss balance 31/12/2025	76,000

Balance Sheets as at	**31/12/2025**		**31/12/2024**	
	€	**€**	**€**	**€**
Fixed Assets				
Land and buildings	880,000		690,000	
Less depreciation provision	(134,000)	746,000	(88,000)	602,000
Current Assets				
Stock	77,000		72,000	
Debtors	37,000		54,000	
Bank	28,000		15,000	
	142,000		141,000	
Less Creditors: amounts falling due within 1 year				
Creditors	55,800		51,800	
Taxation	36,200		43,200	
	(92,000)		(95,000)	
Net Current Assets		50,000		46,000
Total Net Assets		796,000		648,000
Financed by:				
Creditors: amounts falling due after 1 year				
7% Debentures		240,000		200,000
Capital and Reserves				
Ordinary share capital issued		470,000		420,000
Share premium		10,000		
Profit and loss account		76,000		28,000
		796,000		648,000

Required:

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

(b) Prepare the **cash flow statement** of Carroll Ltd for the year ended 31/12/2025 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. Club Accounts

Included in the assets and liabilities of Southside baseball club on 01/01/2025 were the following:

Clubhouse €920,000; equipment €32,000; investments €90,000; land €480,000; bar stock €7,300; members' subscriptions prepaid €1,300; bar creditors €3,450; cash in hand €4,100.

Required:

(a) Prepare a statement showing the club's **accumulated fund** 01/01/2025. (20)

The following is a summary of the club's receipts and payments for the year 2025:

Receipts and Payments Account for the year ended 31/12/2025

Receipts	€	Payments	€
Cash on hand 01/01/2025	4,100	Club lotto prizes	42,000
Investment interest	2,800	Bar purchases	24,900
Bar sales	48,100	General expenses	19,800
Club lotto receipts	61,530	Insurance	7,200
Subscriptions	69,700	Purchase of equipment	5,400
Annual sponsorship	11,000	Cash balance 31/12/2025	97,930
	197,230		197,230

The treasurer also supplied the following information as at **31/12/2025**:

(i) Bar stock was €6,250.
(ii) Bar creditors were €2,440.
(iii) General expenses due were €2,100.
(iv) Subscriptions due were €3,050.
(v) Depreciate the clubhouse by 4% of cost.
(vi) Equipment held on 31/12/2025 is to be depreciated by 20%.

Required:

(b) Prepare a **bar trading account** for the year ended 31/12/2025. (8)

(c) Prepare the club's **income and expenditure** account for the year ended 31/12/2025. (34)

(d) Prepare the club's **balance sheet** as at 31/12/2025. (30)

(e) Explain the difference between the closing balance in the income and expenditure account as calculated in part (c) above **and** the closing balance of €97,930 in the receipts and payments account shown above. (8)

(100 marks)

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

8. Marginal Costing

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

	€	€
Sales (60,000 units)		900,000
Variable Costs	540,000	
Fixed Costs	159,540	(699,540)
Net Profit		200,460

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 **36,000** units.

(f) Prepare a **marginal costing statement** which includes the following:

- Increase the selling price by €2
- Reduce sales volume by 5%
- All other costs remain the same

(g) Explain the term ‘Variable Cost’ in relation to Lohan Ltd.
Give **one** example of a variable cost that Lohan Ltd might incur.

(80 marks)

9. Cash Budgeting

Kelly Hayes had the following assets, liabilities and capital on the 01/06/2026:

Assets	**€**
Fixed Assets	490,000
Stock	88,000
Cash	42,000
Debtors	103,400
	723,400

Liabilities	**€**
Creditors	73,400
Capital	650,000
	723,400

The expected sales and purchases for the next five months are as follows:

	June	**July**	**August**	**September**	**October**
Sales	€75,600	€113,200	€107,800	€96,400	€89,800
Purchases	€55,400	€71,500	€77,600	€58,900	€61,700

- All sales are on credit and are paid for one month after sale.
- All purchases are on credit and are paid for one month after the month of purchase, **except** €24,000 for cash in August.
- Kelly rents the premises for €72,000 **per annum**, payable monthly.
- A motor van will be purchased in August for €29,000 cash.
- Wages per month will be €23,400.
- Closing stock on 31/10/2026 is expected to be €79,000.
- Net profit for the five months is expected to be €1,700.

Required:

(a) Prepare a **cash budget** showing Kelly Hayes's expected monthly receipts and payments for the five months June to October 2026 and also the total column for the period.

(b) Prepare a budgeted balance sheet as at 31/10/2026.

(c) Outline **two** benefits for Hayes in preparing a cash budget. **(80 marks)**

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Leaving Certificate – Higher Level

Accounting

Wednesday 17 June

Afternoon 2:00 – 5:00