Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2026

Marking Scheme

Accounting

Ordinary Level

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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 - Final Accounts Sole Trader **[120]**

[80]

Trading, Profit and Loss Account of John Byrne for the year ended 31/12/2025 [1]

	€		€		€	
Sales					664,000	[4]
Less sales returns					17,600	[4]
					646,400	
Less Cost of Sales						
Opening stock			26,000	[2]		
Purchases	285,000	[4]				
Less purchases returns	8,700	[4]	276,300			
Carriage In			7,300	[1]		
			309,600			
Less closing stock			19,500	[2]		
Cost of sales					290,100	
Gross profit					356,300	
Less Expenses						
Administration [1]						
Repairs and expenses	33,150	[4]				
Wages and salaries	78,000	[4]				
Stationery	700	[6]				
Insurance	20,800	[6]				
Depreciation - buildings	9,000	[4]				
Depreciation - office equipment	8,000	[4]	149,650			
Selling and Distribution [1]						
Discount allowed	1,800	[2]				
Advertising	4,200	[6]				
Depreciation - delivery vans	6,750	[4]	12,750		162,400	
					193,900	
Other operating Income						
Decrease in BDP					1,030	[4]
Operating profit					194,930	
Interest payable					3,200	[6]
Net profit					191,730	
Add profit and loss balance 01/01/2025					16,800	[2]
Profit and loss balance 31/12/2025					208,530	[4]

Balance Sheet of John Byrne as at 31st December 2025 [1] [40]

	Cost		Dep		NBV	
	€		**€**		**€**	
Intangible Assets						
Patents					45,000	[2]
Fixed Assets						
Buildings	450,000	[1]	9,000	[2]	441,000	
Equipment	40,000	[1]	23,000	[2]	17,000	
Delivery vans	76,000	[1]	15,250	[2]	60,750	
	566,000		47,250		518,750	
Current Assets						
Closing stock - goods			19,500	[2]		
Closing stock - stationery			750	[2]		
Debtors	39,500	[2]				
Less bad debt provision	(2,370)	[2]	37,130			
Advertising prepaid			2,100	[2]		
			59,480			
Creditors: amounts falling due within 1 year						
Creditors	22,400	[2]				
VAT	13,900	[2]				
Bank	15,000	[2]				
Loan interest due	200	[2]				
PRSI/USC	6,400	[2]	57,900			
Working capital					1,580	
Net worth					565,330	
Financed by:						
Creditors: amounts falling due after 1 year						
Loan					60,000	[2]
Capital			310,000	[2]		
Add profit and loss balance			208,530	[2]		
			518,530			
Less drawings			13,200	[2]	505,330	
					565,330	

Workings:

1.	Stationery	1,450 – 750	700
2.	Advertising	6,300 – 2,100	4,200
3.	Interest payable	60,000 x 8% x 8/12 3,000 + 200	3,200 3,200
4.	Interest due	3,200 – 3,000	200
5.	Insurance	22,000 – 1,200	20,800
6.	Drawings	12,000 + 1,200	13,200
7.	Provision for bad debt provision	39,500 x 6%	2,370
8.	Decrease in bad debts provision	3,400 – 2,370	1030
9.	Depreciation - buildings	450,000 x 2%	9,000
10.	Depreciation – office equipment	40,000 x 20%	8,000
11.	Accumulated depreciation – office equipment	8,000 + 15,000	23,000
12.	Depreciation – delivery van	(76,000 – 8,500) x 10%	6,750
13.	Accumulated depreciation – delivery	6,750 + 8,500	15,250

Question 1(b) Final Accounts a Company **[120]**

Trading, Profit and Loss Account of Hurley Ltd for the year ended 31/12/2025 [1] [80]

	€		€		€	
Sales					649,000	[4]
Less Cost of Sales						
Opening stock			81,500	[4]		
Purchases	258,800	[4]				
Less returns outwards	6,300	[4]	252,500			
			334,000			
Less closing stock			60,000	[4]		
Cost of sales					274,000	
Gross Profit					375,000	
Less Expenses						
Administration [1]						
Wages and general expenses	123,650	[4]				
Stationery	6,600	[6]				
Light and heat	23,000	[2]				
Directors fees	35,000	[2]				
Rent and rates	13,600	[2]				
Insurance	11,400	[4]				
Depreciation - buildings	12,200	[4]				
Depreciation - office equipment	3,800	[4]	229,250			
Selling and Distribution [1]						
Advertising	16,050	[4]				
Increase in BDP	1,740	[4]				
Depreciation - delivery vans	10,000	[4]	27,790		257,040	
					117,960	
Other Operating Income						
Discount received					4,500	[3]
Operating profit					122,460	
Less interest payable					8,100	[6]
Net Profit					114,360	
Less taxation					16,000	[3]
					98,360	
Add profit and loss balance 01/01/2025					90,000	[2]
Profit and loss balance 31/12/2025					188,360	[3]

Balance Sheet of Hurley Ltd as at 31st December 2025 [1] [40]

	Cost		Dep		NBV	
	€		**€**		**€**	
Intangible Assets						
Patents					95,000	[2]
Fixed Assets						
Buildings	610,000	[1]	40,200	[2]	569,800	
Equipment	48,000	[1]	13,800	[2]	34,200	
Delivery vans	50,000	[1]	10,000	[2]	40,000	
	708,000		64,000		644,000	
					739,000	
Current Assets						
Closing stock			60,000	[2]		
Stock of stationery			800	[1]		
Debtors	142,000	[2]				
Less bad debt provision	2,840	[2]	139,160			
Advertising prepaid			5,350	[2]		
			205,310			
Creditors: amounts falling due within 1 year						
Creditors	62,000	[2]				
VAT	5,000	[2]				
Bank	5,200	[2]				
Loan interest due	1,600	[2]				
Wages due	6,150	[2]				
Corporation tax	16,000	[2]	95,950			
Working capital					109,360	
					848,360	
Financed by						
Creditors: amounts falling due after 1 year						
Loan					180,000	[2]
Capital and Reserves	**Authorised**	[1]	**Issued**	[1]		
Capital	900,000	[1]	480,000	[1]		
Add profit and loss balance			188,360	[1]	668,360	
					848,360	

Workings:

1.	Stationery	6100 + 1300 – 800	6,600
2.	Depreciation - buildings	610,000 x 2%	12,200
3.	Accumulated depreciation - buildings	28,000 + 12,200	40,200
4.	Dep – office equip	(48,000 – 10,000) x 10%	3,800
5.	Accumulated depreciation – office equipment	10,000 + 3,800	13,800
6.	Depreciation – delivery vans	50,000 x 20%	10,000
7.	Advertising	21,400 – 5,350	16,050
8.	Interest payable	180,000 x 6% x 9/12 6,500 + 1,600	8,100
9.	Interest payable due	8,100 - 6,500	1,600
10.	Wages	117,500 + 6,150	123,650
11.	Provision for bad debts	142,000 x 2%	2,840
12.	Increase in BDP	2,840 – 1,100	1,740

Question 2 – Suspense Accounts **[60]**

(a) [35]

Journal Entries	Debit		Credit	
(i) Liam Power	460	[3]		
To Lisa Power			460	[3]
Being correction of an error of posting goods purchased on credit to Liam Powers account and not Lisa Powers. [1]				
(ii) Drawings	600	[3]		
To Purchases			600	[3]
Being correction of an error of omitting drawings of stock. [1]				
(iii) Bank	500	[3]		
To Interest received			500	[3]
Being correction of an error of omitting interest received. [1]				
(iv) Suspense	1,800	[3]		
To Sales			1,800	[3]
Being correction of an error of incorrect amount posted to Sales [1]				
(v) Sales Returns	700	[3]		
To Suspense			700	[3]
Being correction of an error of under totting sales returns book. [1]				

(b) Statement of corrected Net Profit				[25]
Original Net Profit			15,400	[4]
Add				
Purchases (ii)	600	[4]		
Interest received (iii)	500	[4]		
Sales (iv)	1800	[4]	2,900	
Less				
Sales returns (v)	700	[4]	(700)	
Corrected Net Profit			17,600	[5]

Question 3 Farm Accounts **[60]**

(a) **_O'Dwyer Family Capital 01/01/2025** [20]

Assets		€		€	
	Land	985,000	[2]		
	Farm buildings	470,000	[2]		
	Machinery	188,000	[2]		
	Stock of cattle/cows	134,000	[2]		
	Stock of Sheep	31,000	[2]		
	Bank	16,750	[2]		
				1,824,750	
Liabilities					
	Electricity due	830	[3]		
	Wages due	1,200	[3]	(2,030)	
	Capital on 01/01/2025			1,822,720	[2]

(b) **(i)** [20]

Enterprise Analysis Account "Cattle/Milk" for the year ended 31/12/2025

Income		€		€	
	Sale of milk	91,000	[1]		
	Sale of cattle	69,200	[1]		
	Single farm payment	16,500	[2]		
	Drawings	1,380	[1]	178,080	
Less Cost of Sales					
	Stock 01/01/2025	134,000	[1]		
	Purchases	71,700	[1]		
		205,700			
	Less Closing stock 31/12/2025	145,000	[1]	(60,700)	
				117,380	
Expenditure					
	Fertiliser	13,400	[2]		
	Electricity	3,795	[4]		
	Repairs	9,650	[2]		
	Wages	20,100	[3]	(46,945)	
	Profit			70,435	[1]

(b) (ii) [20]

Enterprise Analysis Account "Sheep" for the year ended 31/12/2025

Income		€		€	
	Sale of lambs	62,200	[1]		
	Sale of wool	400	[1]		
	Single farm payment	5,500	[2]		
	Drawings	850	[2]	68,950	
Less Cost of Sales					
	Stock 01/01/22025	31,000	[2]		
	Purchases	5,300	[1]		
		36,300			
	Less closing stock 31/12/2025	34,000	[2]	(2,300)	
				66,650	
Expenditure					
	Fertiliser	13,400	[2]		
	Electricity	3,795	[2]		
	Repairs	9,650	[2]		
	Wages	20,100	[2]	(46,945)	
	Profit			19,705	[1]

Question 4 - Incomplete Records **[60]**

(a) Statement of Net Worth/Capital [30]

Assets	**€**		**€**	
Premises	620,000	[3]		
Furniture and equipment	92,000	[3]		
Less depreciation	(29,400)	[3]		
Motor vehicles	38,600	[2]		
Stock	42,200	[2]		
Debtors	33,800	[2]		
Insurance prepaid	1,200	[3]	798,400	
Liabilities				
Creditors	18,900	[3]		
Expenses due	3,100	[3]		
Bank overdraft	21,500	[3]	43,500	
Capital 01/01/2025			754,900	[3]

(b) Statement showing Profit or Loss [30]

Assets	**€**		**€**	
Assets			940,000	[3]
Less depreciation motor vehicles	3,860	[3]		
Less depreciation furniture/equipment	18,400	[3]	(22,260)	
			917,740	
Less Liabilities				
Liabilities	87,000	[3]		
Expenses due	950	[3]	87,950	
Net worth 31/12/2025			829,790	
Less net worth 01/01/2025			(754,900)	[1]
Apparent profit for the year			74890	
Less capital introduced	16,000	[5]	(16,000)	
			58,890	
Add drawings				
Repairs	3,600	[3]		
Stock	10,800	[3]	14,400	
Net profit for the year 2025			73,290	[3]

Question 5 -Interpretation **of Accounts** **[100]**

(a) [40]

(i) Net Profit Margin [10]

$$\frac{\text{Net profit}}{\text{Sales}} \times \frac{100}{1} \qquad \frac{150,000}{660,000} \times \frac{100}{1} = 22.73\%$$

(ii) Acid Test Ratio [10]

Current assets – closing stock: current liabilities

92,000 – 33,000 : 42,000

59,000 : 42,000

1.40 : 1

(iii) Period of Credit given to Debtors [10]

$$\frac{\text{Debtors}}{\text{Credit sales}} \times \frac{365}{1} = \frac{36,000}{660,000} \times \frac{365}{1} = 19.91 \text{ days}$$

(iv) How many more ordinary shares can Kenny sell/issue [10]

Authorised – Issued

920,000 – 700,000 = 220,000 shares

(b) [40]

(i) 9% Debentures 2031

Debentures are a long term loan. They carry a fixed annual rate of interest, in this instance 9%. They will be repaid in full in the year 2031.
In this question 9% Debentures 2031 of €120,000. [10]

(ii) Carriage inwards

This is the delivery charge on goods purchased for resale by the business. It is added to the purchases/cost of sales. In this question, Kenny Ltd, carriage in is €6,000. [10]

(iii) Depreciation

This is the loss in value of a fixed asset due to the passage of time or wear and tear. In this question, depreciation is €60,000. [10]

(iv) Capital Employed

This is the total amount of money that is invested in the business. It is made up of debentures, issued ordinary share capital and retained profit. Kenny Ltd has capital employed of €970,000. [10]

(c) Kenny Ltd has an acid test ratio of 1.40:1 which is higher than the ideal ratio of 1:1 which is good. This means the Kenny Ltd is liquid, for every €1 owed in the short term they have €1.40 available in liquid assets. Kenny Ltd will have no problem paying their short term debts as they fall due. [10]

(d)

(i) Return on capital employed

$$\frac{\text{Net profit + interest}}{\text{Capital employed}} = \frac{150{,}000 + 10{,}800}{970{,}000} \times \frac{100}{1} = 16.58\%$$

Return on capital employed for Kenny Ltd in 2025 is 16.58% which is an increase of 8.58% from 8% in 2024. This is a very good return and indicates a healthy trend. Kenny Ltd is making efficient use of their resources. The current return available from the banks or risk free investments is approx. 1/3%. Overall, Kenny Ltd is performing well and is profitable. [10]

Question 6 - Cash flow Statement **[100]**

[30]

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	€	
Operating profit	146,000	[3]
Add depreciation	46,000	[6]
Increase in stock	(5,000)	[6]
Decrease in debtors	17,000	[6]
Increase in creditors	4,000	[6]
Net cash inflow from operating activities	208,000	[3]

[65]

(b) Cash Flow Statement of Carroll Ltd for the year ended 31/12/2025			€	
Operating Activities [2]				
Net cash inflow from operating activities			208,000	[4]
Return on Investment and Servicing of Finance [2]				
Interest paid			(16,800)	[8]
Taxation [2]				
Tax paid			(43,200)	[6]
Capital Expenditure and Financial Investment [2]				
Purchase of land/buildings			(190,000)	[6]
Equity Dividend Paid [2]				
Dividends paid			(45,000)	[8]
Net cash outflow before liquid resources and financing			(87,000)	
Financing				
Issue of ordinary share capital	50,000	[6]		
Share premium	10,000	[6]		
Issue of debentures	40,000	[6]	100,000	
Increase in cash			13,000	[5]

[5]

(c) Reconciliation of Net cashflow to movement in Net Debt		
Increase in cash in the period	13,000	[1]
Debentures	(40,000)	[1]
Change in net debt	(27,000)	[1]
Net debt 01/01/2025	(185,000)	[1]
Net debt 31/12/2025	(212,000)	[1]

Question 7 – Club Accounts **[100]**

(a) [20]

Assets		€		€	
	Clubhouse	920,000	[2]		
	Land	480,000	[2]		
	Equipment	32,000	[2]		
	Investments	90,000	[2]		
	Bar stock	7,300	[2]		
	Cash in hand	4,100	[2]	1,533,400	
Liabilities					
	Bar creditors	3,450	[3]		
	Subs prepaid	1,300	[3]	4,750	
	Accumulated Fund			1,528,650	[2]

(b) Bar Trading Account [8]

Sales			48,100	[2]
Less Cost of Sales				
Opening stock	7,300	[1]		
Purchases (24,900 – 3,450 +2,440)	23,890	[3]		
	31,190			
Less closing stock	6,250	[1]		
Cost of sales			24,940	
Bar profit			23,160	[1]

(c) Income and Expenditure Account for year ended 31/12/2025 [34]

Income	€		€	
Investment interest	2,800	[2]		
Bar profit	23,160	[2]		
Club lotto profit	19,530	[4]		
Subscriptions	74,050	[6]		
Annual sponsorship	11,000	[2]	130,540	
Expenditure				
General expenses	21,900	[4]		
Insurance	7,200	[2]		
Depreciation - clubhouse	36,800	[4]		
Depreciation - equipment	7,480	[4]	73,380	
Excess Income			57,160	[4]

(d) Balance Sheet as at 31/12/2025 [30]

Fixed Assets	**Cost**		**Dep**		**N.B.V**	
Clubhouse	920,000	[2]	36,800	[1]	883,200	[1]
Equipment	37,400	[2]	7,480	[1]	29,920	[1]
Land	480,000	[2]			480,000	[1]
	1,437,400		44,280		1,393,120	
Investments					90,000	[1]
					1,483,120	
Current Assets						
Bar stock	6,250	[2]				
Subs due	3,050	[2]				
Cash	97,930	[2]	107,230			
Current Liabilities						
Bar creditors	2,440	[3]				
General expenses due	2,100	[3]	4,540			
Working capital					102,690	
Total net assets					1,585,810	
Financed by						
Capital					1,528,650	[3]
Net profit					57,160	[3]
					1,585,810	

(e) Theory [8]

The closing balance in the receipts and payments account is the amount of money the club has in the bank at the end of the year - €97,930, while the balance in the income and expenditure account of €57,160 is the excess income(profit) that the club made this year.

The balance in the income and expenditure account includes expenses due and prepaid even though they are not yet paid or received and therefore not in the receipts and payments account.

The balance in the receipts and payment account includes payment /receipts for purchases/sales of fixed assets which are not entered in the income/expenditure account as they are not regular or day to day income/expenditure.

Question 8. Marginal Costing **[80]**

(a)

Selling price per unit = $\frac{900,000}{60,000 \text{ units}}$ = €15 per unit [15]

(b)

Variable cost per unit = $\frac{540,000}{60,000 \text{ units}}$ = €9.00 per unit [15]

(c)

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

€15 - €9.00 = €6 per unit

(d)

Break-even point = $\frac{\text{Fixed Costs}}{\text{C.P.U}}$ $\frac{€159,540}{€6}$ = 26,590units [10]

Sales Value 26,590 x €15 = €398,850

(e)

Margin of Safety = Budgeted Sales - Break Even Sales [10]

36,000 units – 26,590 units = 9,410 units

Sales Value = 9,410 x €15 = €141,150

(f)

Marginal Costing Statement [15]

	€
Sales (57,000 x €17)	969,000
Variable cost (57,000 x €9)	513,000
Contribution	456,000
Fixed cost	(159,540)
Profit	296,460

(g) A variable cost is a cost that changes as the number of units produced increases or decreases, e.g. direct materials, direct wages, direct expenses. [5]

Question 9. Cash Budgeting **[80]**

Cash Budget [58]

Receipts	**June**	**July**	**Aug**	**Sept**	**Oct**	**Total**
Debtors	103,400[1]	75,600[1]	113,200[1]	107,800[1]	96,400[1]	496,400[2]
Payments						
Creditors	73,400[1]	55,400[1]	71,500[1]	53,600[1]	58,900[1]	312,800[2]
Cash purchases			24,000[1]			24,000[2]
Rent	6,000[1]	6,000[1]	6,000[1]	6,000[1]	6,000[1]	30,000[2]
Motor van			29,000[2]			29,000[2]
Wages	23,400[1]	23,400[1]	23,400[1]	23,400[1]	23,400[1]	117,000[2]
Total Payments	102,800	84,800	153,900	83,000	88,300	512,800
Net cash	600[1]	(9,200)[1]	(40,700)[1]	24,800[1]	8,100[1]	(16,400)[2]
Opening cash	42,000[2]	42,600[1]	33,400[1]	(7,300) [1]	17,500[1]	42,000[2]
Closing cash	42,600[1]	33,400[1]	(7,300) [1]	17,500[1]	25,600[2]	25,600[2]

Balance Sheet of Kelly Hayes as at 31st October 2026 [17]

			NBV	
	€		€	
Fixed Assets				
Fixed assets			490,000	[4]
Motor van			29,000	[2]
			519,000	
Current Assets				
Closing stock	79,000	[2]		
Debtors	89,800	[1]		
Cash	25,600	[2]		
	194,400			
Creditors: amounts falling due within 1 year				
Creditors	61,700	[2]		
Working capital			132,700	
Net worth			651,700	
Financed by:				
Capital	650,000	[2]		
Net profit	1,700	[2]		
Capital employed			651,700	

(b) Two benefits [5]

- It shows the surplus/deficit at the end of each month
- It can help Kelly to decide when a bank overdraft is needed
- It can help Kelly to decide how to invest the surplus
- A cash budget can show the inflows and outflows for a period of time

Annotation	Use
✓n	Correct element (n marks)
0	No marks awarded. Answer incorrect or insufficient
N	Refer to notes
	Page seen by examiner / Information not valid
[	Surplus answer or part of answer. Marks awarded elsewhere.
P-	Minus one mark - Penalty, Incorrect Calculation, Misplaced Figure, Non-Transfer, Incorrect transfer and Repeated work
✓½	Indicates that half marks have been awarded.
	Underline.