



**Coimisiún na Scrúduithe Stáit
State Examinations Commission**

LEAVING CERTIFICATE EXAMINATION 2003

ACCOUNTING

ORDINARY LEVEL CHIEF EXAMINER'S REPORT

HIGHER LEVEL CHIEF EXAMINER'S REPORT

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1. GENERAL INTRODUCTION

The syllabus for this subject was revised in 1995 and assessed for the first time under a new examination format in June 1997. The format and time allocation for both levels of examination are identical.

The examination is a three hour terminal written one, without any other components. A written examination is, in fact, the preferred mode for assessment in Accounting, as relevant theory and applications can be realistically, and perhaps uniquely, combined in such a test.

The examination paper has 3 sections: Financial Accounting (120 marks), Financial Accounting (200 marks) and Management Accounting (80 marks). In Section 1 there are 4 questions: one carrying 120 marks while the other three carry 60 marks each: candidates can attempt either the 120 mark question or two 60 mark ones. In Section 2 there are three 100 mark questions and candidates are required to take any two. In Section 3 there are two 80 mark questions and candidates must answer one of these.

A table showing the number of candidates at both levels and their grades over the past three years is shown in Appendix E.

2. ORDINARY LEVEL

2.1. PERFORMANCE OF CANDIDATES

The number of candidates who sat the Ordinary Level Accounting paper in 2003 was **2,005**. This represents a decrease of 15% on the number who sat the subject at this level in 2002.

The following is a summary of the grades awarded to those candidates:

Grade	A	B	C	D	E	F	N/G
Number	431	597	397	292	106	128	54
Percentage	21.5	29.8	19.8	14.6	5.3	6.2	2.8

A fuller breakdown of all the grades is included in Appendix E, together with the full results for 2002 and 2001.

Although a large number of very well prepared candidates took Accounting at Ordinary Level, there was also a significant group with poor results, as indicated by the E, F and NG grade total of 14.3%. The standard of answering by these candidates provided clear evidence of a poor foundation in Accounting. It is disappointing that as many as 9.0% of candidates were unable to achieve a grade E.

2.2. ANALYSIS OF CANDIDATE PERFORMANCE

The order of popularity in answering and percentage marks earned per questions, together with their rankings, were as follows in the sample 20 returns:

Question	Topic	% Uptake	Popularity	% Earned	Ranking
Section 1 (120)	Financial Accounting				
1 (120 marks)	Accounts of Sole Trader	84%	1	80%	1
2 (60 marks)	Debtors/Crs Control	12%	8	72%	6
3 (60 marks)	Profit Appropriation	4%	9	78%	3
4 (60 marks)	Bank Reconciliation	14%	7	76%	4
Section 2 (100)	Financial Accounting				
5 (100 marks)	Interpretation of Accs.	84%	2	61%	8
6 (100 marks)	Accounts of Service Firm	28%	5	59%	9
7 (100 marks)	Cash Flow Statement	79%	3	78%	2
Section 3 (80)	Management				
8 (80 marks)	Marginal Costing	66%	4	73%	5
9 (80 marks)	Budgeting	25%	6	69%	7

The high standard of neatness and presentation of recent years was maintained. There was little or no evidence of time shortage. In Section 1 an extra question was attempted by 1% of candidates but as many as 4% of candidates answered an extra question in Section 2. However, in Section 3 about 9% of candidates did not attempt either question. These were generally the poorer performing candidates. There is also evidence that a small number of candidates answered 4 or 5 questions but not from the required sections. Some candidates answered Question 1 and also chose another superfluous question from Section 1.

Section 1: Financial Accounting (120 marks)

The vast majority of candidates (84%) choose Question 1 rather than the two sixty mark question option.

Question 1: Final Accounts of a Sole Trader

This was the joint most popular question overall with an uptake of 84%. The average mark gained was 96 or 80% of total marks. It is clear that candidates were well prepared for final accounts and this preparation was reflected in the way they presented their work. Many candidates showed headings in the profit & loss account, and the balance sheet caused little difficulty. This question was the main provider of marks even for those candidates who did not score high marks.

When marks were lost, they were lost for the following reasons:

- failure to apportion carriage, wages and salaries
- returns in and returns out were confused
- incorrect figure for advertising prepaid
- incorrect figure for interest as well as failure to provide for interest due
- incorrect treatment of provision for bad debts
- incorrect treatment of drawings
- incorrect figure for depreciation on office equipment
- commission and discount incorrectly treated as expenses
- term loan incorrectly treated as part of capital

Question 2: Debtors and Creditors Control Accounts

This was eighth in the popularity list with an uptake of 12%. The average mark gained was 43 or 72% of total marks. In general, the question was well answered by those who attempted it.

When marks were lost, this was mainly for the following reasons:

- opening balances sometimes on incorrect side
- discount allowed and received confused
- closing debit and credit balances omitted or incorrectly treated
- cheques received and paid treated incorrectly
- bills receivable issued and bills payable accepted confused
- confused treatment of returns in and returns out

Question 3: Profit and Loss and Balance Sheet of a Limited Company

This question was attempted by only 4% of the candidates. The average mark gained was 47, or 78%, of total marks. In general the question was well answered. It was generally attempted by the better prepared candidates within the group, who had opted not to take Question 1.

When marks were lost, they were lost for the following reasons:

- incorrect calculation of interim dividends
- incorrect proposed dividends
- incorrect general reserve at 31/12/2002

- incorrect profit and loss balance on 31/12/2002
- omission of authorised capital in balance sheet
- omission of taxation in balance sheet

Question 4: Bank Reconciliation Statement

This was the most popular of the 60 mark questions with an attempt rate of 14%. The average mark gained was 46 or 76% of available marks. In general, the question was well answered and candidates received a reasonable return for their work. The adjusted bank account was well answered with some candidates gaining full marks.

The bank reconciliation statement was not as well answered, as some candidates had difficulty selecting the correct entries for the reconciliation statement. The poorer performing candidates either ignored this statement, or were so confused in their answer that they merited very few marks. A sizeable number merely reproduced both the bank account and the bank statement and made a few adjustments. The better prepared candidates had little difficulty with this section.

Most common mistakes were in dealing with:

- interest received
- dishonoured cheque
- error €240 on 26th March.

Section 2: Financial Accounting (200 marks)

By far the most favoured choice of candidates in this section were Interpretation of Accounts and Cash Flow Statement. The Accounts of Service Firm were least popular with an uptake of 28%.

Question 5: Interpretation of Accounts

This was second in the popularity list with an attempt rate of 84%. The average mark gained was 61, or 61%. The standard of answering in this topic has continued to show improvement. The candidates who had prepared thoroughly for this area fared well in this question and many of them gained in excess of 90 marks. However, this question was also attempted by a number of candidates who had a little knowledge of the topic and could probably have fared better had they attempted another 100 mark question. The average mark has been distorted by the attempts made by lower scoring candidates.

Part (a) was well answered, apart from the acid test ratio, where many candidates incorrectly used current assets. The less well prepared candidates also had difficulty with the percentage mark-up on cost and the calculation of the opening stock figure.

Part (b) in general was not as well answered as part (a). Many candidates had difficulty explaining intangible assets and capital employed. However, both debentures 2007/2009 and rate of stock turnover presented less difficulty.

Part (c) was poorly answered except by the better prepared candidates. Only these candidates commented on the liquidity and used the acid test ratio as a back up.

Part (d) was a mixture of good and poor answers. The better prepared candidates calculated the return on capital employed for 2002 but were unable to provide appropriate comment or comparison. Fewer still compared the 2002 figure with risk free investments. The lower scoring candidates merely used the gross profit percentage.

Question 6: Service Firm

This question was the least popular of the 100 mark questions, though fifth in the popularity list, with an attempt rate of 28%. Those who answered this question achieved a relatively poor return with an average mark of 59 or 59% of total marks, the lowest return of all the questions in the paper.

In part (a) candidates scored quite well with many candidates gaining full marks in this section. The common causes of loss of marks were the omission of the opening cash balance and incorrect treatment of booking deposits.

In part (b) the most common error was the incorrect inclusion of drawings in income and expenditure account. Other common mistakes were the incorrect calculation of receipts from guests and the incorrect cost of provisions for guesthouse.

The balance sheet section of this question was well answered. However a significant number of candidates did not attempt this part of the question. The most common errors in the balance sheet were the omission of drawings and the incorrect figure for them when they were included.

Question 7: Cash Flow Statement

This question was third in the popularity list with an attempt rate of 79%. The average mark gained was 78 or 78% of total marks. In general, this question was well answered and it turned out to be the second most rewarding for the candidates in the paper. This was the question that provided the highest number of fully correct scripts while most candidates earned a good return. The majority of candidates correctly selected the transactions that affected cash flow but fewer understood whether the result was an inflow or an outflow.

When marks were lost, they were lost for the following reasons:

- omission of depreciation.
- omission of the words increase or decrease in the reconciliation statement.
- incorrect cash inflow from operating activities.
- including 2002 dividends due and taxation due rather than amounts paid.
- cash flows entered under incorrect heading.
- incorrect increase in cash.

Section 3: Management Accounting (80 marks)

More than twice as many students picked the Marginal Costing question compared with those who attempted the Budgeting option.

Question 8: Cost Volume Profit Analysis (Marginal Costing)

This was fourth in the popularity list with an up take of 66%. The average mark gained was 58 or 73% of total marks putting it fifth in the overall return table. In general, this question was well answered, providing full marks for the well prepared candidates. It was also attempted by many of the lower scoring candidates, resulting in a lower than expected average mark in the question. However, many of the candidates achieving a grade C/D showed an understanding of this area and earned a good return in marks. Parts (a), (b) and (c) presented little difficulty to most candidates but parts (d), and (e) were less well answered even by some better prepared candidates.

When marks were lost, they were lost for the following reasons:

- not knowing break-even point formula in part (b).
- not showing contribution in marginal costing statements.
- wrongly using variable costs instead of contribution in part (d).
- little knowledge of how to arrive at margin of safety either in units or in sales revenue. All sorts of irrelevant data were used instead of correct figures.

Question 9: Budgeting

This was sixth in the popularity list with an attempt rate of 28%. The average mark gained was 55 or 69% of total marks, earning seventh place in the percentage marks gained table. Although this was not a popular question, those who attempted it were quite well rewarded.

Part (a) was well answered and most candidates gained most of the marks allocated.

In part (b) the most common error was the incorrect use of sales revenue figures instead of sales units. This often created difficulties in the remainder of the question.

Part (c) was in general well answered.

In part (d) many candidates were unsure as to how the budgeted opening and closing stocks of raw materials should be used to prepare the purchases budget and consequently lost marks.

Candidates produced varied solutions to part (e) but often scored well subsequently even though they based their work here on their own wrong figures from earlier sections.

2.3. CONCLUSIONS

While the overall decline in numbers taking this subject since 1991 has continued, the reduction this year was mainly concentrated at Ordinary Level with the Higher Level candidates remaining close to the 2002 level. The reduction in the proportion taking the Ordinary level would imply that more better prepared candidates tended to opt for the Higher Level and thus a larger proportion of the less well prepared remained at Ordinary Level. The results tend to bear this out in that the E, F and NG percentage of grades was quite high at 14.3% (compared with, say, the 6.3% in Ordinary level Business). It is clear that a sizeable number of candidates fail to master the basics of the subject and this is evidenced by the 9.0% who could not gain 100 marks out of the 400 available.

The subject requires candidates to grasp a number of fairly difficult procedural and mathematical principles and lack of understanding of these tends to lead to difficulties across the board in the subject. Candidates tend to attempt a limited range of questions. This year they overwhelmingly concentrated on Question 1 (Sole Trader) from Section 1, Questions 5 (Interpretation of Accounts) and 7 (Cash Flow) from Section 2 and Question 8 (Marginal Costing) from Section 3. Candidates who earned the average mark in these popular questions would have gained a mark of 293, giving them a B3 grade. This average overall mark is, however, reduced for a large segment of the cohort because they do not perform as well as average in all the questions they attempt and in some cases are forced to take questions they are not well prepared for. This reduction in choice is specially evident in the case of almost one in ten candidates who spurned a potential 80 marks through not attempting either question in Section 3.

Lower scoring candidates tend to rely on Question 1 and, to a lesser extent, on Question 5, for the major proportion of their marks and tend to gain less than average marks in the other questions they attempt. Question 7 on Cash Flow came to the rescue of a sizeable proportion of candidates and it produced the 2nd overall best return to the 4 out of 5 candidates that attempted it. The fact that a similar question had been asked as recently as the previous year could have helped.

2.4. RECOMMENDATIONS TO TEACHERS AND STUDENTS

All students who opt for Accounting at senior cycle have displayed some interest in the mathematical focus of the subject. As much as possible they need to be encouraged by achieving a sense of success in the subject. For those who may be less mathematically inclined this would imply a straightforward introduction to topics with gradual addition of difficulties and complications. In examinations, both local and national, straightforward and recognisable questions can help these candidates to demonstrate their knowledge. Over the years the examination paper at Ordinary Level has been framed in conformity with these aims.

The normal environment in the subject of mixed ability classes can lead to diminished focus on the Ordinary Level students in the class. It can make it difficult to cater for students who are encountering difficulty with the subject, or aspects of it. The percentage of E, F and NG grades at Ordinary Level is higher at 14.3% than the 6.3% in Business and greater concentration on this group may help to reduce this proportion. In Accounting there can be a range of students who get discouraged early on with their lack of success in areas of the programme and these students need to gain competence and confidence in using correct approaches. Time spent on the basic framework for tackling a solution can be particularly fruitful with these candidates. Candidates taking the Ordinary Level examination can be helped by an approach which incorporates methodical practice and reinforcement.

This examiner's reports can be of use to teachers and students in identifying the areas of questions that can cause difficulty and can be used to develop the awareness of students of the common problems and help them to increase their competence in answering questions correctly. In this way students can be more capable of dealing accurately and competently with the different types of issues involved.

3. HIGHER LEVEL

3.1. PERFORMANCE OF CANDIDATES

The number of candidates who sat the Higher Level Accounting paper in 2003 was **4,694**. This represents a reduction of 12 (-0.3%) on the total who took this level in 2002.

The following is a summary of the number and percentage of grades awarded to those candidates:

Grade	A	B	C	D	E	F	N/G
Number	978	1629	1033	713	220	89	32
Percentage	20.8	34.7	22.0	15.2	4.7	1.9	0.7

A fuller breakdown of these numbers and grades and those relating to Ordinary Level is included in the Appendix, together with comparable figures for 2002 and 2001.

The order of popularity in answering and percentage marks and rankings per question were as follows in the sample 20 returns:

Question	Topic	% Uptake	Popularity	% Earned	Ranking
Section 1 (120)	Financial Accounting				
1 (120 marks)	Accounts of Sole Trader	54%	4	76%	1
2 (60 marks)	Published Accounts	15%	9	63%	9
3 (60 marks)	Debtors Control Account	41%	6	75%	3
4 (60 marks)	Revaluation of Fixed Assets	34%	7	70%	6
Section 2 (100)	Financial Accounting				
5 (100 marks)	Interpretation of Accounts	51%	5	64%	8
6 (100 marks)	Service Company Accounts	63%	3	71%	5
7 (100 marks)	Incomplete Records	85%	1	76%	2
Section 3 (80)	Management Accounting				
8 (80 marks)	FIFO and Product Costing	26%	8	66%	7
9 (80 marks)	Flexible Budgeting	70%	2	74%	4

The standard of answering was better than in recent years with the percentage of A's at the highest ever level. The percentage of candidates who failed to achieve a D grade this year at 7.3% was similar to the previous two years and an improvement on the 9.2% in 2000.

Work presented by candidates was neat and, although there was an increase in the use of pencil, this led to a corresponding decrease in the use of correcting fluid. There was little evidence of time shortage, whether the candidates chose question 1 or two other questions from Section 1.

A small number of candidates answered an extra question in either Section 1 or 2, while in Section 3 about 4% of candidates did not attempt any question. In this section also, a smaller than usual 2% of candidates attempted both questions. There is also evidence that a small number of candidates answered 4 or 5 questions but not from the required sections.

3.2. ANALYSIS OF CANDIDATE PERFORMANCE

Section 1: Financial Accounting (120 marks)

More than half of the candidates attempted Question 1 while 46% took the two sixty mark question option.

Question 1: Final Accounts of a Sole Trader

This question was fourth in the popularity list with an uptake of 54%. It was, however, the best answered question, with many candidates scoring over 112 marks. The average mark earned for this question was 91 marks or 76% of total marks. In most cases work was presented neatly and workings clearly shown. Lower scoring candidates, although failing to show workings and consequently losing marks, nevertheless, fared better than in the other questions in this section.

The areas that caused most difficulty and consequent loss of marks were:

- incorrect figure for purchases as a result of payment for the delivery van
- incorrect figure for closing stock due to incorrect treatment of damaged stock
- incorrect write off for patents
- incorrect figure for insurance
- incorrect depreciation on buildings
- incorrect depreciation on delivery vans
- omission of loss on sale of delivery vans
- incorrect figure for provision for bad debts
- incorrect figure for mortgage interest
- incorrect figure for discount
- incorrect figure for delivery vans
- incorrect figure for investment income
- incorrect figure for mortgage interest due
- incorrect figure for VAT through incorrect treatment of VAT on new warehouse
- incorrect revaluation reserve

Question 2: Published Accounts

This question, as well as being the least popular of the 60 mark questions, was also last in the overall popularity list with an attempt rate of 15%. The popularity of this question matched previous years. It was well answered by most of the small number who attempted it. The average mark gained was 38 or 63% of available marks, with higher scoring candidates gaining marks in excess of 50. It seems that some students who were stuck for choice attempted this question and fared badly. The majority of candidates gained high marks from their presentation of “notes” but part (b) (name the agencies that regulate...) was often badly answered or not attempted at all.

When marks were lost it was mostly as a result of:

- incorrect sequence of entries in the profit and loss account

- incorrect figures for administrative costs and cost of sales
- incorrect figures for distribution costs
- incorrect figures for patent and depreciation
- incorrect figures for dividends paid and dividends proposed
- incorrect figures for debenture interest and investment income
- omission of part (b) or poor attempts. Limited understanding of this area

Question 3: Debtors Control Account

This question was the most popular of the 60 mark questions and sixth in the overall popularity list with an uptake of 41%. The average mark gained was 45 or 75% of total marks. It was the third best answered question overall. The higher scoring candidates gained marks in the high fifties and a sizeable number gained full marks. The adjusted Debtors' Ledger control account was a more regular source of marks than the adjusted Schedule of Debtors.

The areas that caused most difficulty and consequently caused loss of marks were:

- reversal of entries in the control account
- adding instead of subtracting in the schedule
- incorrect figure for interest
- incorrect treatment of dishonoured cheque
- incorrect treatment of cash sales
- restocking charge incorrectly treated or use of incorrect figure
- incorrect final balance

Question 4: Revaluation of Fixed Assets

This question was the second most popular of the 60 mark questions and seventh in the overall popularity list with an uptake of 34%. The average mark gained was 42 or 70% of total marks. In general the attempts were good, particularly in the Buildings account. When marks were lost they were as a result of:

- incorrect opening balance in provision for depreciation account
- incorrect transfer from buildings account to disposal account
- incorrect depreciation charged to profit & loss account
- incorrect transfers from buildings and provision accounts to revaluation reserve account
- omission of transfers from revaluation account to revenue reserve account
- omission of revenue reserve account

Section 2: Financial Accounting (100 marks)

More than four out of five students attempted the Incomplete Records question and almost five out of seven took the Service Company Accounts question.

Question 5: Interpretation of Accounts

This question was seventh in the popularity list and the least popular of the 100 mark questions with an attempt rate of 51%. The average mark gained was 64 or 64% of total marks, 2nd last in return of all the questions. Compared with previous years the popularity of this question has increased and the standard of answering has improved. The less well prepared candidates, as in previous years, had difficulty with this area of the syllabus, but better prepared candidates earned a good reward for their efforts. The average mark for this question has been adversely affected because it was attempted by candidates who, perhaps, were stuck for choice within this section.

Part (a) of the question was well answered and was a source of high marks for most candidates, with a good percentage of them gaining full marks.

When marks were lost it was mostly as a result of:

- not deducting credit sales from overall sales when calculating cash sales
- not adjusting earnings with preference dividend when calculating earnings per ordinary share
- not adjusting earnings with preference dividend when calculating dividend cover
- use of incorrect ordinary dividend when calculating dividend yield. Some students used total dividend

Part (b) (Advice on purchasing shares) of this question was not as well answered as part (a). Candidates displayed a good ability to provide relevant figures but were unable to provide adequate comment on these figures. Not enough information was extracted by many candidates from the given accounts and vital information was omitted, particularly by less well prepared candidates, such as:

- trends
- sector
- market value of share
- gearing and interest cover
- return to shareholders
- dividends and dividend cover

Question 6: Service Company Accounts

This question was the second most popular of the 100 mark questions and third in the overall popularity list with an attempt rate of 63%. The average mark gained was 71 or 71% of total marks, representing 5th in the overall return list. This question was considered long but not unduly difficult by the examiners. Candidates who attempted this question received a fair return for their efforts.

The areas that caused most difficulty, with consequent loss of marks, were:

- incorrect figure for assets in opening statement
- incorrect capital and incorrect reserves in opening statement

- incorrect figure for customers fees
- incorrect profit from shop
- incorrect figure for light & heat
- loan interest either omitted or incorrect figure used
- incorrect depreciation
- incorrect figure for bank
- incorrect revaluation reserve
- omission of prepayments and accruals

Question 7: Incomplete Records

This question was the 2nd most popular overall having been attempted by 85% of the candidates. The average mark gained was 76 or 76% of total marks. It was evident that most of these candidates had a clear understanding of incomplete records. This was the best answered of the 100 mark questions and most candidates gained a good return for their work, with a sizeable number of them gaining full marks. Candidates had their work well laid out, showing workings where necessary.

When marks were lost it was mostly as a result of:

- incorrect drawings figures deducted from expenses
- incorrect figures for equipment and investments
- omission of goodwill or incorrect figure used
- dividends incorrectly treated as income instead of capital introduced
- incorrect figure for interest
- omission of interest due
- incorrect treatment of rates prepaid on 1/1/2002
- incorrect drawings figure
- incorrect capital - €320,000 instead of €350,000

Section 3: Management Accounting (80 marks)

The Flexible Budgeting question attracted almost three times more candidates than the alternative FIFO and Product Costing one.

Question 8: Stock Valuation and Product Costing

This question was eighth in the overall popularity list with an attempt rate of 26%. The average mark gained was 53 or 66% of total marks. In general, part (a) was poorly answered. Candidates who approached the question systematically, by first calculating the closing stock in units and then ascertaining the stock value, had little difficulty in gaining full marks. However, many candidates tried to value the stock without first calculating the number of units and, consequently, lost some marks, through not understanding First in First out (FIFO) or not applying it.

The trading account part was well answered and when marks were lost it was generally because of incorrect gross profit.

In respect of part (b), pricing of Job 999 was well answered by most candidates and many gained full marks in this section. The miscalculation of selling price using a mark up of 25% was a common error.

Candidates produced varied answers to the theory part of this question. Generally, their reasons for product costing, and explanations of them, were somewhat vague.

Question 9: Flexible Budgeting

This question was second in the popularity list with an attempt rate of 70%. It was by far the more popular question in section 3, being three times more popular than the alternative. The average mark gained was 59, or 74% of total marks, putting it into 4th position overall in terms of % marks earned. There were many variations in the presentation of this question but generally it was well answered.

When marks were lost it was mostly as a result of:

- inability to separate fixed and variable costs
- failure to establish the number of units at 96% activity
- failure to show contribution in Marginal Costing Statement
- failure to calculate production overheads at 96% activity
- failure to calculate other overheads at 96% activity

Part (b) was poorly answered and candidates struggled to gain marks: many answers were vague and displayed limited understanding of the purpose of preparing a Flexible Budget and almost none of the Principal Budget Factor.

3.3 CONCLUSIONS

The steady decline in the numbers taking this subject since 1991 has continued this year, with an overall reduction of 371 (-5.2%), the vast majority of these at Ordinary Level. The performance of the diminishing band of candidates at Higher Level has continued to improve, resulting in the best ever results this year. If the average marks earned in the most popular combination of questions, viz. questions 1, 6, 7 and 9 are combined, they would total 297 marks, or almost a B2 Grade.

The consistent reduction in numbers increases the trend in the subject of mixed class groups where Higher and Ordinary Level students must be taught together. This is very different to the more mainline subjects, eg Maths, English, Biology, where there will normally be a separate Higher Level and Ordinary Level class, often taught by different teachers.

The revised syllabus seems to have 'settled down' and the new areas of the programme appear to be quite accessible. This, allied to candidates' familiarity with some of the question types used and the ready availability of the model solutions and marking schemes, have helped contribute to the improved overall performance. The improved standards evident in the examination are also a tribute to the work of the dedicated and focussed teachers who continue to promote the subject and develop the specialised knowledge and diverse skills required by candidates.

Question 1 is the most popular option, just, in Section 1 and the average percentage marks earned here are the highest overall in the paper. It is, however, normally a long and relatively complex question and the other half of the students prefer to take two others from the Section (this year, Questions 3 and 4) as they perceive that these are shorter and more straightforward, provided that they know how to complete them. These candidates may, however, be reducing their chances of performing well in Section 2 where a mastery of final accounts will often be the basis of the answers required here. Both of the popular questions in Section 2, Questions 6 and 7 this year, together with Question 5, required an understanding of final accounts and mastery of Question 1 would have formed a secure basis for these also.

In Section 2, Question 5, Interpretation of Accounts, was the least favoured choice. It is a difficult area in that candidates were asked to analyse a business and assess its performance and prospects. It effectively produced the worst return of all the questions in the paper (apart from Question 2, which had an unrepresentative uptake of only 15%). It is likely that the question was taken by some students who could only attempt one of the other two questions in the section and this would have affected the average marks earned.

Section 3 had an overwhelming favourite question in Question 9, which was three times more popular than the alternative Question 8. The average percentage mark earned by candidates who took this question was around mid table in 4th place overall. Many students were expecting a Marginal Costing problem and Question 9 was the closest to this area for which they had prepared. The % return was also reduced for many candidates by somewhat vague responses to the theory parts of the question, particularly Principal Budget Factor which was almost universally unknown.

3.4. RECOMMENDATIONS TO TEACHERS AND STUDENTS

Most teachers of Accounting could accurately predict the likely popularity of the questions in this year's paper. Similarly, they would not be surprised at the areas within the questions, outlined in this report, which caused the most difficulty for the candidates. The syllabus topics are quite technical/mathematical and students tend to make predictable errors and omissions.

Constant practice at problems covering the topics is required, particularly for candidates who have to work hard to master principles and procedures. Candidates tend to perform better in areas where they have an overall understanding of the framework on which topics are based. A methodical approach, and strategy specific to each area, can be of considerable help to candidates in assisting them to produce correct and valid answers. The listing of areas that tend to cost marks in Part 3 above can be used in classes to highlight the possible pitfalls and can also be used as an aide memoire before, and after, attempting revision exercises in the topics.

The choice given in the various sections of the paper is for the purpose of enabling students to maximise their performance in the subject by attempting the questions with which they are most comfortable. It is not intended that candidates will use this choice to limit their programme of study. It is evident that this is the approach adopted by some candidates, and by entire examination centres where all the candidates show an identical pattern of questions attempted. It is worth proposing that students who gain mastery in Question 1 type questions find that the overall understanding and framework here can have a valuable beneficial and supportive role in many other areas of the programme.

4. GENERAL CONCLUSIONS

Accounting is sometimes seen as a complex subject in which it is difficult to get a high grade. The results last year show that over one fifth of Higher Level candidates gained an A grade and 77.6% achieved an A, B or C grade. This compares very well with the percentage of candidates achieving an A grade in all the “optional” subjects (all subjects except Mathematics, English and Irish) in 2003 at 11.9% and with the ABCs averaging 74.7%.

At Ordinary Level, also, one fifth of Accounting candidates achieved an A grade and 71% earned an A, B or C grade. This also compares very well with the percentage of candidates achieving an A grade in all the “optional” subjects (all subjects except Mathematics, English and Irish) in 2003 at 7.4% and with the ABCs averaging 66.7%.

At Higher Level last year the percentage of candidates gaining an A grade was just twice as high as the average of the “optional” subjects while at Ordinary level the A grade percentage in Accounting was three times better. At both levels the percentage of ABC grades was comfortably in excess of the average percentage. These figures demonstrate that, compared with the results achieved by candidates in all the ‘choice’ subjects, candidates who commit themselves to Accounting at both levels are very well rewarded.

Accounting is not a subject in which business or general knowledge will necessarily help students to augment their formal textbook material. It is very specific and is oriented towards mathematical accuracy and problem-solving. There is almost no opportunity for ‘padding’: there is little leeway for ‘winging’ it. The answers required are clear and precise and concentrated preparation and method should yield a satisfactory return in terms of grades.

Students who do well in the subject have gained a head start for relevant programmes after school such as commerce, accountancy, computing and engineering. They have also learned the principles of preparing accounts and keeping books which can be valuable for young people who become involved with clubs and for entrepreneurs in setting up and running their own businesses. Knowledge of it can form a useful theoretical basis for the large proportion of computing applications that are based on data processing, manipulation and mining central to business management.

All these specific benefits should help the subject to retain a core of interested students even if the numbers do not rival those taking the more general Business programme.

APPENDIX

TABLE OF RESULTS IN ACCOUNTING FOR THE PAST 3 YEARS

HIGHER LEVEL

Year	Total	%A1	%A2	%B1	%B2	%B3	%C1	%C2	%C3	%D1	%D2	%D3	%E	%F	%NG
2003	4694	8.9	11.9	12.2	12.0	10.5	7.7	7.9	6.4	4.9	4.8	5.5	4.7	1.9	.7
2002	4706	8.0	10.9	10.9	10.4	10.8	8.5	8.1	7.6	6.2	5.1	6.5	4.7	1.8	.5
2001	4941	7.6	11.0	11.9	11.0	10.7	8.3	8.1	7.8	5.8	5.2	5.3	4.7	2.0	.6

ORDINARY LEVEL

Year	Total	%A1	%A2	%B1	%B2	%B3	%C1	%C2	%C3	%D1	%D2	%D3	%E	%F	%NG
2003	2005	11.5	10.0	9.7	8.9	11.5	7.1	6.2	6.5	4.2	3.7	6.4	5.3	6.2	2.8
2002	2364	9.9	10.1	6.3	8.2	9.8	6.4	6.3	7.4	4.2	5.1	8.2	6.4	7.1	4.3
2001	2458	8.5	9.4	6.2	9.0	10.6	7.5	7.6	7.5	4.8	5.1	8.3	6.5	6.2	2.8