



**Coimisiún na Scrúduithe Stáit
State Examinations Commission**

LEAVING CERTIFICATE EXAMINATION 2011

ACCOUNTING

ORDINARY LEVEL CHIEF EXAMINER'S REPORT

HIGHER LEVEL CHIEF EXAMINER'S REPORT

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1. General Introduction

The syllabus for Accounting at Leaving Certificate was revised in 1995 and assessed for the first time, using a new examination format in June 1997. The examination in 2011 was the fifteenth examination of the material in the revised syllabus.

There are two levels of examination, Higher Level and Ordinary Level. The format and time allocation for both levels are the same. The examination itself is a terminal, three hour written examination, without any other components.

The following table shows the number and percentage of candidates taking Accounting at Leaving Certificate from 2008 – 2011:

Table 1: Number of candidates sitting Leaving Certificate Accounting 2008 - 2011

Year	LC Candidates	Taking Accounting	%
2008	52143	6837	13.1
2009	54197	6893	12.7
2010	54480	6443	11.8
2011	54344	5824	10.7

Chart 1: Number of Leaving Certificate candidates opting for LC Accounting 2008 - 2011

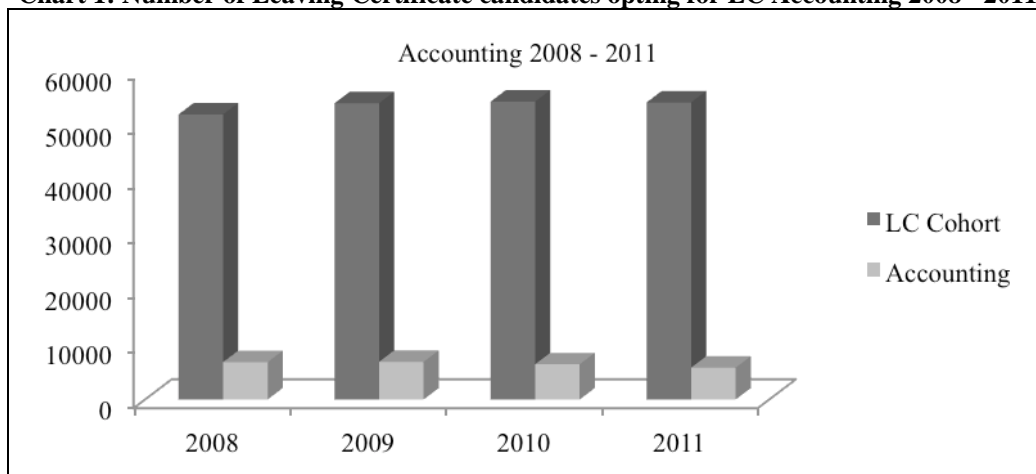


Table 1 and chart 1 indicate that the number of candidates taking Leaving Certificate Accounting as a percentage of the total cohort taking the established Leaving Certificate in the period 2008 – 2011 has fallen in recent years.

2. Ordinary Level

2.1 Introduction

The examination paper comprises three sections: Section 1 Financial Accounting (120 marks), Section 2 Financial Accounting (200 marks) and Section 3 Management Accounting (80 marks).

In Section 1 there are four questions, one carrying 120 marks while the other three carry 60 marks each. Candidates are required to attempt either the 120 mark question or two 60 mark questions.

In Section 2 there are three questions carrying 100 marks each. Candidates are required to answer any two of these three questions.

Section 3 contains two questions carrying 80 marks each. Candidates are required to answer one question in this section.

This report should be read in conjunction with the examination papers and marking schemes, which are available on the State Examinations Commission website: www.examinations.ie

Table 1 – Number of candidates sitting Leaving Certificate Accounting Ordinary Level 2008 - 2011

Years	2008	2009	2010	2011
Candidates	2026	2056	1900	1764
Total No. of Leaving Certificate Established Candidates	52143	54197	54480	54344
Percentage taking LC Accounting OL	3.9%	3.8%	3.5%	3.2%

Table 1 indicates the number of candidates taking Leaving Certificate Accounting Ordinary Level as a percentage of the total cohort taking the established Leaving Certificate in the period 2008 – 2011.

2.2 Performance of Candidates

A total of 1764 candidates sat the Ordinary Level Accounting Examination in 2011 compared to 1904 in 2010. This represents a decrease of 140 (7.4%). The performance of candidates, in general, was similar to previous years and this is reflected in the grades awarded, as shown in Table 2 below:

Table 2: Accounting Ordinary Level 2008 - 2011

Year	Total	A	B	C	ABC	D	E	F	NG	EFNG
2008	2026	21.7	25.6	19.7	67.0	16.8	6.5	6.2	3.4	16.1
2009	2056	17.6	27.3	21.3	66.2	16.0	6.6	6.7	4.4	17.7
2010	1904	20.5	29.2	19.6	69.3	16.4	6.4	5.5	2.4	14.3
2011	1764	19.9	26.3	20.9	67.1	17.4	7.1	5.6	2.8	15.5

The ABC rate for 2011 was 67.1% compared to 69.3% in 2010. The EFNG rate for 2011 was 15.5% compared to 14.3% in 2010.

It should be noted that in the 2011 examination, 10% of candidates answered only one 60 mark question rather than the two required in Section 1. Section 3 was omitted by 1% of candidates.

2.3 Analysis of Candidate Performance

The table below shows the pattern of candidate answering for the Ordinary Level Accounting examination in 2011:

Table 3: Attempt frequency and average marks per question

Question	Marks	Topic	% Uptake	Popularity Ranking	Average Mark Earned	Average Percentage Mark Earned	Ranking of Marks
Section 1		Financial Accounting					
1	120	Departmental Accounts	68%	3	73	61%	4
2	60	Debtors and Creditors Control Accounts	21%	7	38	63%	3
3	60	Depreciation and Revaluation of Fixed Assets	14%	8	40	67%	2
4	60	Farm Accounts	11%	9	33	55%	7
Section 2		Financial Accounting					
5	100	Interpretation of Accounts	85%	2	59	59%	5
6	100	Club Accounts	30%	6	58	58%	6
7	100	Cash Flow Statement	88%	1	78	78%	1
Section 3		Management Accounting					
8	80	Absorption Costing	60%	4	47	59%	5
9	80	Cash Budgeting	39%	5	50	63%	3

The information in Table 3 has been derived from an analysis of the sample 20 scripts selected at random by each examiner.

Section 1: Financial Accounting (120 marks)

The majority of candidates (68%) opted to answer Question 1 rather than two 60 mark questions.

Question 1: Departmental Final Accounts of a Limited Company (120 marks)

Attempt Frequency: 68%

Average Mark: 73 (61%)

Most candidates put the correct heading in the Trading Account. The Balance Sheet was well answered and presented.

Marks were lost for the following reasons:

- a number of candidates did not appear to be familiar with the layout of Departmental Final Accounts and omitted either the total column or the department columns
- incorrect figures for advertising, and omission of advertising prepaid
- omission of debenture interest in the Profit and Loss Account, and omission of interest due in the Balance Sheet
- expenses were apportioned using the incorrect basis
- the Administration and Selling & Distribution headings were omitted by many candidates.

Question 2: Debtors and Creditors Control Accounts (60 marks)

Attempt Frequency: 21%

Average Mark: 38 (63%)

Question 2 was the most popular of the 60 mark questions and ranked seventh in popularity overall. It was generally well answered by those who attempted it.

Marks were lost for the following reasons:

- opening balances on the incorrect side
- discount allowed, received and disallowed were confused; discount disallowed was entered in both the debtors and creditors control accounts
- confusing bills payable accepted, and bills receivable issued
- incorrect treatment of the contra item.

Question 3: Depreciation and Revaluation of Fixed Assets (60 marks)

Attempt Frequency: 14%

Average Mark: 40 (67%)

This question was well answered by those with a good understanding of double entry principles.

Marks were lost for the following reasons:

- a number of candidates omitted the dates in all accounts
- the Buildings Account was generally well done but candidates used the word purchases instead of bank and omitted the revaluation; the word building was used instead of disposal in the details column; a number of candidates completed the account for one year only
- there was a complete reversal of entries in the Provision for Depreciation Account, even though the Buildings Account was completed correctly; the depreciation charge to the Profit and Loss Account was incorrect in some cases, and the revaluation and disposal were omitted
- there was a complete reversal of entries in the Buildings Disposal Account; candidates used the word balance instead of profit and loss; the buildings figure €240,000 was omitted by some candidates
- some candidates omitted the Revaluation Reserve Account.

Question 4: Farm Accounts (60 marks)

Attempt Frequency: 11%

Average Mark: 33 (55%)

Part (a) was generally answered well, with many candidates scoring the full 20 marks.

In the remainder of the question, marks were lost for the following reasons:

- the single farm payment was treated as an expenditure item
- drawings were treated incorrectly and included as an expenditure item or omitted altogether
- the calculation of the figure for electricity was challenging for a number of candidates
- the apportionment of expenses was incorrect
- very few candidates scored the full six marks in part (c); some candidates made no attempt to answer the theory part of the question.

Section 2: Financial Accounting (200 marks)

Question 5: Interpretation of Accounts (100 marks)

Attempt Frequency: 85%

Average Mark: 59 (59%)

Examiners reported that candidates were well prepared for this question; particularly part (a), where a large number of candidates scored the full 50 marks.

Marks were lost for the following reasons:

- in part (b), many candidates had great difficulty in explaining Ordinary Dividend, making no reference to either profit or ordinary shareholders; the explanation of Capital Employed also caused difficulty for some candidates; the majority of candidates referred to the amount invested in the business but not the components of Capital Employed
- in part (c), some candidates confused the acid test ratio with the current ratio; a number of candidates stated that the ratio shows that for every €1 the company owes it has liquid assets of €1.76, but did not develop the point, as required
- in part (d), candidates generally compared the Return on Capital Employed for the two years, as required, but made no reference to the return compared with risk free investments.

Question 6: Club Accounts (100 marks)

Attempt Frequency: 20%

Average Mark: 78 (78%)

The majority of candidates who opted for this question performed well and appeared to be well prepared for this type of question.

Examiners reported the following:

- part (a) was well answered with many candidates scoring full marks. However, marks were lost because subscriptions due was treated as a liability and the cash figure was omitted
- the main issue in part (b) was that candidates were not able to deal with creditors correctly or omitted them completely
- common errors in part (c) were: incorrectly treating subscriptions due and subscriptions prepaid; treating lotto receipts and payments separately; expenses due were treated incorrectly or omitted; a number of candidates omitted the heading Surplus of Income over Expenditure
- part (d) was generally well answered but the bank balance was often omitted
- part (e) was not well answered with few candidates scoring full marks. Candidates were unable to explain the difference between the balance in the Income and Expenditure Account and the closing balance in the Receipts and Payments Account.

Question 7: Cash Flow Statement (100 marks)

Attempt Frequency: 88%
Average Mark: 78 (78%)

This was the most popular and highest scoring question on the examination paper. It was, generally, well answered. There was, however, some evidence of rote learning in this question. The majority of candidates correctly identified the transactions that affected cash flow. However, fewer understood whether the result was an inflow or an outflow and, therefore, produced incorrect computations for the Cash Flow Statement.

Marks were lost for the following reasons:

- omission of the words increase or decrease in the reconciliation statement
- the figure for depreciation was incorrect or omitted
- the figure for taxation given by candidates was €38,000, rather than the amount actually paid, €23,000
- the issuing of shares was subtracted rather than added
- the debentures were added instead of subtracted.

Section 3: Management Accounting (80 marks)

Question 8: Absorption Costing

Attempt Frequency: 60%
Average Mark: 47 (59%)

This was the most popular question in Section 3.

Examiners reported as follows:

- in part (a), the standard of answering was good, but the label was often missing from the answer e.g. monetary amounts missing the €symbol
- parts (b) and (c) were badly answered. Candidates had difficulties calculating the direct labour figure and the factory overheads
- part (d) was well answered by those candidates who correctly answered part (b)
- the majority of candidates were able to apply the mark-up correctly
- in part (e), the theory element of the question was poorly answered or ignored completely
- the concept of Absorption Costing and the technical terms associated with it appeared to be challenging for Ordinary Level candidates.

Question 9: Cash Budgeting (80 marks)

Attempt Frequency: 39%
Average Mark: 50 (62%)

This was the least popular of the two management questions.

Part (a) was well answered with no major areas of difficulty. Candidates scored high marks in this section.

In the remainder of the question marks were lost for the following reasons:

- in part (b), a large number of candidates used opening stock and opening cash figures in the Balance Sheet
- the theory element in part (c) of the question was not answered well, or was omitted.

2.4 Conclusions

- There was general agreement among examiners that the paper was fair and that it represented a good sample of the syllabus.
- There has been a slight decrease in the numbers taking Ordinary Level Accounting in recent years.
- Results in the Ordinary Level examination for the last four years remain stable. The average A rate is 19.9% and the ABC rate has an average of 67.4%. The EFNG rate in 2011 was 15.5% compared with an average of 15.9% over the last four years.
- There were many excellent answers which showed a very good understanding of accounting principles and also demonstrated excellent teaching.
- The majority of candidates (68%) answered Question 1 in Section 1. The average percentage mark earned was 61%, which was slightly lower than in previous years. Candidates did not do as well on Departmental Accounts as on other types of final accounts. The remaining candidates opted for two 60 mark questions in Section 1. There was a wide range of responses for the 60 mark questions. Those who achieved high results demonstrated a good knowledge and understanding of double entry principles. However, it should be noted, that all questions in Section 1 require a thorough understanding of the principles of double entry.

2.5 Recommendations for Teachers and Students

It is recommended that teachers:

- ensure that students practise examination type questions and are familiar with the layout and selection choices on the examination paper
- use the published marking scheme as a resource and guide when teaching Accounting (www.examinations.ie)
- cover the syllabus fully to give students maximum potential in the examination
- encourage students both in their classwork and homework, to show as much work as possible in answering questions.

It is recommended that students:

- practise past examination questions under timed conditions
- read each question carefully before selecting the questions to be answered
- answer the required number of questions
- show all workings in order to obtain marks for work presented
- start each question on a separate page and allow adequate space between questions
- number each question and parts carefully
- present neat and accurate work
- answer all required parts of every question attempted, including theory elements
- use any spare time to check the accuracy of figures presented.

3. Higher Level

3.1 Introduction

The examination paper comprises three sections: Section 1 Financial Accounting (120 marks), Section 2 Financial Accounting (200 marks) and Section 3 Management Accounting (80 marks).

In Section 1 there are four questions, one carrying 120 marks, while the other three carry 60 marks each. Candidates are required to attempt either the 120 mark question or two 60 mark questions.

In Section 2, there are three questions carrying 100 marks each. Candidates are required to answer any two of these three questions.

Section 3 contains two questions carrying 80 marks each. Candidates must answer one question in this section.

This report should be read in conjunction with the examination papers and marking schemes, which are available on the State Examinations Commission website: www.examinations.ie.

Table 1 – Number of candidates sitting Leaving Certificate Accounting Higher Level 2008 - 2011

Years	2008	2009	2010	2011
Candidates	4811	4837	4543	4060
Total No. of Leaving Certificate Established Candidates	52143	54197	54480	54344
Percentage taking LC Accounting HL	9.2%	8.9%	8.3%	7.5%

3.2 Performance of Candidates

The number of candidates who sat the Higher Level Accounting paper in 2011 was 4060. The paper was considered to be fair. Candidates were, generally, well prepared for the examination.

Examiners noted that there was little evidence of time shortage, whether candidates chose Question 1 or two other questions from Section 1. A small number of candidates answered only one 60 mark question in Section 1, while in Section 3 both questions were attempted by 2% of candidates. A small number of candidates answered 4 or 5 questions but not from the required sections. It is essential that candidates read questions and rubrics carefully before selecting the questions to be answered.

Although the overall standard of presentation has improved, there are still many candidates who need to take greater care with their presentation in order to improve their marks. Some candidates compressed their answers for questions 3 and 6 onto one single page, rather than spreading out their answers in a more presentable fashion, making it difficult for examiners to read figures and calculations.

It is important that candidates number each question and part carefully. A small number of candidates used abbreviations instead of full terms and, consequently, lost marks.

A significant number of candidates did not perform well in the theory elements of the questions.

The performance of candidates, in general, was similar to previous years and this was reflected in the grades awarded as shown in Table 2 below:

Table 2: Accounting Higher Level 2008 - 2011

Year	Total	A	B	C	ABC	D	E	F	NG	EFNG
2008	4812	20.5	28.5	24.0	73.0	18.5	5.6	2.2	0.7	8.5
2009	4837	20.2	35.1	23.5	78.8	14.4	4.7	1.7	0.5	6.9
2010	4544	20.6	31.0	25.1	76.7	16.0	4.8	2.0	0.5	7.3
2011	4060	20.7	33.5	24.0	78.2	15.5	3.8	1.9	0.6	6.3

3.3 Analysis of Candidate Performance

The table below shows the pattern of candidate answering for the Higher Level Accounting examination in 2011:

Table 3: Attempt frequency and average marks per question

Question	Marks	Topic	% Uptake	Popularity Ranking	Average Mark Earned	Average Percentage Mark Earned	Ranking of Marks
Section 1		Financial Accounting					
1	120	Manufacturing Accounts	54%	3	90	75%	1
2	60	Debtors' Control Accounts	17%	9	45	75%	1
3	60	Published Accounts	33%	8	42	70%	4
4	60	Incomplete Records	38%	7	41	68%	6
Section 2		Financial Accounting					
5	100	Interpretation of Accounts	48%	6	63	63%	7
6	100	Club Accounts	87%	1	68	68%	6
7	100	Tabular Statement	65%	2	69	69%	5
Section 3		Management Accounting					
8	80	Marginal Costing	50%	5	59	74%	2
9	80	Budgeting	52%	4	57	72%	3

The information in Table 3 has been derived from an analysis of the sample 20 scripts selected at random by each examiner.

Section 1: Financial Accounting (120 marks)

Question 1: Final Accounts of a Manufacturing Company

Attempt Frequency: 54%

Average Mark: 90 (75%)

This question was ranked third in popularity. Better performing candidates scored high marks on this question. In most cases, work was presented neatly and workings were clearly shown. Some candidates, although failing to show workings and consequently losing marks, nevertheless performed better than in the other questions. However, it was clear that a small number of candidates had not adequately prepared for Manufacturing Accounts and consequently did not perform well. In some instances, candidates attempted this question, abandoned it and then attempted two 60 mark questions instead. It is essential that candidates read questions and rubrics carefully before selecting the questions to be answered. A common error among those who did not perform well was misplacing the manufacturing expenses and profit and loss expenses.

The areas that caused most difficulty, resulting in loss of marks were:

- patent write off was incorrect
- incorrect figure for sales due to incorrect treatment of sale or return
- incorrect figure for closing stock of finished goods as a result of sale or return
- provision for bad debts omitted from the Profit and Loss Account
- omission of bad debt written off
- incorrect figure for selling expenses due and suspense items
- incorrect debenture interest and incorrect accrual
- incorrect debtors and creditors figures
- incorrect revaluation figure.

Other areas that resulted in loss of marks to a lesser degree were:

- incorrect figure for purchases of raw materials due to the incorrect treatment of the invoice for goods in transit or completely omitting it from answers
- omission of profit on the sale of machinery or incorrectly entered in Profit and Loss Account
- incorrect depreciation on plant and machinery
- debentures included in 'Capital and Reserves'
- omission of closing stocks of raw materials and work in progress from the Balance Sheet
- direct expenses and overhead expenses were misplaced
- VAT was treated incorrectly as a liability
- omission of Authorised Capital.

Question 2: Control Accounts

Attempt Frequency: 17%

Average Mark: 45 (75%)

This question was the least popular of the 60 mark questions. The average mark achieved was the same as the mark achieved in Question 1. The high average mark indicates that the majority of candidates who attempted this question had a very good understanding of Control Accounts. A significant number of candidates gained marks in excess of 50 whilst many earned full marks. The adjusted control account was a better source of marks than the adjusted schedule of debtors. Some candidates failed to enter labels to their figures in both the control account and schedule, consequently losing marks.

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

- reversal of entries in the control account
- adding instead of subtracting items in the schedule
- some items treated as debit and credit
- incorrect figure for interest
- incorrect treatment of cash sales
- restocking charge incorrectly treated or incorrect figure entered
- incorrect figure for the bad debt recoverable
- incorrect final balance in the adjusted schedule of debtors.

Part (c) was either poorly answered or omitted by many candidates. However, a number of better performing candidates did gain full marks by clearly explaining the importance of control accounts. A significant number of candidates were unable to state which books of first entry are used in the production of Debtors Control Accounts.

Question 3: Published Accounts

Attempt Frequency: 33%

Average Mark: 42 (70%)

This question was the second most popular of the 60 mark questions and eighth in the overall popularity list. In general, it was well answered. The majority of candidates gained high marks from their presentation of 'notes' but part (b) was badly answered or not attempted at all.

Published Accounts must be presented in the format required by the Companies Act. Some candidates are showing their workings as part of the Profit and Loss Account and consequently incurring penalties. Workings should be shown separately from the Published Accounts. The presentation of 'Notes to the Accounts' has, in general, improved. However, in many cases, the wording was somewhat inadequate in the case of the note on the accounting policy for tangible fixed assets and stock.

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

- incorrect sequence of entries in the Profit and Loss Account
- incorrect figures for cost of sales as a result of not including the patent write off
- incorrect figures for distribution costs and administrative expenses
- incorrect figures for patents amortisation and depreciation of buildings
- incorrect figures for debenture interest and investment income.

Part (b) was omitted by the some candidates. Many candidates failed to state clearly how to treat a 'Probable Contingent Liability'. The majority of candidates displayed a good knowledge and understanding of the difference between a 'qualified' and an 'unqualified' auditor's report.

Question 4: Incomplete Records

Attempt Frequency: 38%

Average Mark: 41 (68%)

This was the most popular of the 60 mark questions. It was evident that the majority of candidates who attempted this question had a clear understanding of Incomplete Records. A number of candidates prepared a Profit and Loss Account which was not required in this question. Very few candidates computed the correct figure for bank balance on 31/12/2010, and consequently failed to arrive at the correct net profit. The answers to part (b) were often short, inadequate, and did not address the record keeping of R. O'Hagan, as was required. Most candidates had their work well laid out, showing workings where necessary.

The areas that caused most difficulty, resulting in loss of marks were:

- omission of goodwill or the incorrect figure for goodwill
- incorrect figure for equipment
- investment interest not added to the investment figure
- incorrect treatment of rates prepaid on 1/1/2010
- incorrect figure for rates prepaid on 31/12/2010, or the figure was omitted
- incorrect drawings figure
- incorrect figure for capital
- receipts from the cash register treated incorrectly as capital introduced
- omission of interest due or incorrect figure.

Part (c) produced a wide range of answers. Some candidates failed to gain any marks as they did not answer the question asked. Those candidates who explained the inadequacy of incomplete records performed well.

Question 5: Interpretation of Accounts

Attempt Frequency: 48%

Average Mark: 63 (63%)

This question was sixth in the popularity list. There was some evidence of rote learning in the approach to the answering of this topic. Many answers given were more relevant to shareholders' or debenture holders' interests rather than to prospective lenders, as required by the question. Trends were often stated as up or down, without qualifying whether this was positive or negative for the company. Candidates often failed to explain how the granting of the loan would impact on gearing and interest cover/liquidity. Having calculated the required ratios correctly, candidates failed to state whether the company was profitable or liquid.

Part (a) of the question was well answered. Most candidates performed well and were awarded full marks.

The areas that caused most difficulty, resulting in loss of marks were:

- not multiplying average stock by 2 when calculating opening stock
- not adjusting earnings with preference dividend when calculating earnings per ordinary share
- using total dividend rather than ordinary dividend when calculating dividend yield
- not adjusting earnings with preference dividend when calculating dividend per share
- incorrectly using earnings per share (EPS) rather than dividend per share (DPS) to calculate the period to recover value of one share.

Part (b) of this question was not as well answered as part (a). Candidates displayed an ability to provide relevant figures but had difficulty providing adequate comment on these figures. Many failed to investigate the purpose of the loan and whether security was adequate. Some candidates lost marks for a lack of in-depth analysis in relation to the construction industry. Candidates did not extract sufficient information from the given accounts and vital information was omitted by candidates, such as:

- whether the firm was profitable/unprofitable
- whether the firm was liquid or had a liquidity problem
- trends over the two years
- the sector (construction) and its current difficulties; prospects for the industry
- gearing and interest cover
- dividend cover.

There was a wide range of answers to Part (c). Some candidates produced excellent answers and scored high marks. The majority of candidates were able to explain one limitation i.e. that ratio analysis deals only with past figures. A number of candidates omitted part (c).

Question 6: Club Accounts

Attempt Frequency: 87%

Average Mark: 68 (68%)

This was the most popular question on the examination paper. It was considered a long but fair question. Candidates were well prepared for a question on Club Accounts and, consequently, performed well. The Accumulated Fund in part (a) was very well done. Parts (b) and (c) were well done. The theory element in part (d) was not answered well.

The areas that caused most difficulty, resulting in loss of marks were:

- omission of government investment or incorrect figure in part (a)
- omission of loan and loan interest due or incorrect figures in part (a)
- subscriptions due on 1/1/2010 incorrectly treated as a liability
- incorrect profit from the bar as debtors and creditors were not included
- incorrectly treating prize bonds as an expense
- failure to include wages prepaid in sundry expenses
- life membership written off treated incorrectly as an expense
- incorrect investment interest and incorrect loan interest in the Income and Expenditure account
- omission of the loss on disposal of equipment
- incorrect depreciation
- omission of prepayments and accruals from the Balance Sheet
- subscriptions prepaid on 31/12/2011 incorrectly treated as a current asset.

Part (d), when answered, seldom achieved full marks. Neither limitations of receipts and payments account nor advice to the treasurer were well answered. Many of the limitations stated by candidates were not relevant. Marks were lost because of a failure to quantify how the floodlights could be financed and very few candidates referred to the levy already in existence.

Question 7: Tabular Statement

Attempt Frequency: 65%
Average Mark: 69 (69%)

This question was the second most popular question overall. It was the sixth in term of marks awarded. The standard of answering was quite good with some candidates scoring high marks. Very few candidates calculated the correct profit figure. A number of candidates did not ascertain the total assets and liabilities on 31/12/2010. Some ascertained only bank and profit and loss figures.

The areas that caused most difficulty, resulting in loss of marks were:

- incorrect revaluation reserve figure
- omission of goodwill or incorrect figure
- incorrect provision for bad debts figure
- failure to record the profit on the sale of the vehicle
- incorrect treatment of rent and advertising
- failure to arrive at the correct final figures on 31/12/2010
- the Stock Account and Profit and Loss Account were not adjusted in August for goods returned
- incorrect figures for Share Capital and Share Premium in December
- incorrect depreciation on buildings
- incorrect entries for rent and advertising in the Profit and Loss Account in December
- omission of expenses due at 31/12/2010
- omission of the rent receivable prepayment at 31/12/2010.

Question 8: Marginal Costing

Attempt Frequency: 50%
Average Mark: 59 (74%)

This question was the fifth most popular question and was third in the ranking of marks. Candidates used a wide variety of answering approaches but, nonetheless, produced the correct answers in most cases. Parts (d) and (e) caused more difficulty than the other parts. The answering of part (f) ranged from excellent to poor. Answering in relation to both limitations/assumptions and step fixed costs was incomplete and imprecise in many cases. Candidates, in general, performed well in sketching the graph of step fixed costs.

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

- incorrect calculation of contribution per unit and use of figure in break-even point
- commission, 5% of sales, incorrectly included in fixed costs
- failure to include the 5% commission for new sales figure when calculating the new contribution
- incorrect variable cost used to calculate new profit at the new selling price of €1 in part (c)
- failure to round up units
- failure to show labels with answers e.g. omitting the word units
- sloped straight line instead of steps sketched in the graph
- failure to label both axes in the graph.

Question 9: Budgeting

Attempt Frequency: 52%
Average Mark: 57 (72%)

This question was the fourth most popular question. It was a well-answered question except for part (d) and the theory element in part (e). Some candidates did not understand how to calculate the unit cost of closing stocks and prepared a Budgeted Trading Account using the opening stock figures provided. Many candidates were unable to explain the term 'Master Budget' and could not list the components. A small number listed the budgets as required.

The areas that caused most difficulty, resulting in loss of marks were:

- mixing up the treatment of opening and closing stocks or omitting them in parts (a) and (b)
- mathematical errors
- incorrect calculation of fixed overheads per direct labour hour.

3.4 Conclusions

- There was general agreement among examiners that the paper was fair and represented a good sample of the syllabus.
- There has been a decline in the number of candidates taking Higher Level Accounting for the years 2010 and 2011.
- Results in the Higher Level examination for the last four years remain stable. The average A rate is 20.5% and the ABC rate has an average of 76.7%. These results show that approximately one fifth of candidates taking Higher Level Accounting achieve an A grade. The EFNG rate in 2011 was 6.3% compared with an average of 7.2% over the last four years.
- There were many excellent answers which showed a very good understanding of accounting principles and also demonstrated excellent teaching.
- There was some evidence of rote learning with candidates presenting incorrect analysis rather than addressing the question asked. For example, in Section 2, Question 5, many answers given were more relevant to shareholders' or debenture holders' interests rather than to prospective lenders, as required by the question. .

3.5 Recommendations to Teachers and Students

It is recommended that teachers:

- ensure that students practise examination type questions and are familiar with the layout and selection choices on the examination paper
- use the published marking scheme as a resource and guide when teaching Accounting (www.examinations.ie)
- cover the syllabus fully to give students maximum potential in the examination. It is not intended that the choice given in the various sections of the examination paper should be used to limit the coverage of the programme of study
- encourage students, both in their classwork and homework, to show as much work as possible in answering questions
- provide designated classroom time to engage in discussion and analysis of accounting ratios and the theory of accounting
- ensure that students have a thorough understanding of the principles of double entry bookkeeping. This will improve results for all question types in Sections 1 and 2 of the examination paper.

It is recommended that students:

- practise past examinations questions under timed conditions
- read each question and all rubrics carefully before selecting the questions to be answered
- focus on the question asked
- show all workings in order to obtain marks for work presented
- show workings for Published Accounts separately from the accounts
- present neat and accurate work
- ensure all headings and labels are shown where required
- start each question on a separate page
- attempt all parts of each question including theory
- use any spare time to check the accuracy of figures presented.