



NCCA

An Chomhairle Náisiúnta
Curraclaim agus Measúnachta
National Council for
Curriculum and Assessment

Draft Leaving Certificate Accounting Specification

For consultation

February 2025

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Senior cycle

Senior cycle aims to educate the whole person and contribute to human flourishing. Students' experiences throughout senior cycle enrich their intellectual, social and personal development and their overall health and wellbeing. Senior cycle has 8 guiding principles.

Senior Cycle Guiding Principles	
Wellbeing and relationships	Choice and flexibility
Inclusive education and diversity	Continuity and transitions
Challenge, engagement and creativity	Participation and citizenship
Learning to learn, learning for life	Learning environments and partnerships

These principles are a touchstone for schools and other educational settings, as they design their senior cycle. Senior cycle consists of an optional Transition Year, followed by a two-year course of subjects and modules. Building on junior cycle, learning happens in schools, communities, educational settings, and other sites, where students' increasing independence is recognised. Relationships with teachers are established on a more mature footing and students take more responsibility for their learning.

Senior cycle provides a curriculum which challenges students to aim for the highest level of educational achievement, commensurate with their individual aptitudes and abilities. During senior cycle, students have opportunities to grapple with social, environmental, economic, and technological challenges and to deepen their understanding of human rights, social justice, equity, diversity and sustainability. Students are supported to make informed choices as they choose different pathways through senior cycle and every student has opportunities to experience the joy and satisfaction of reaching significant milestones in their education. Senior cycle should establish firm foundations for students to transition to further, adult and higher education, apprenticeships, traineeships and employment, and participate meaningfully in society, the economy and adult life.

The educational experience in senior cycle should be inclusive of every student, respond to their learning strengths and needs, and celebrate, value, and respect diversity. Students vary in their family and cultural backgrounds, languages, age, ethnic status, beliefs, gender, and sexual identity as well as their strengths, needs, interests, aptitudes and prior knowledge, skills, values and dispositions. Every student's identity should be celebrated, respected, and responded to throughout their time in senior cycle.

At a practical level, senior cycle is supported by enhanced professional development; the involvement of teachers, students, parents, school leaders and other stakeholders; resources;

research; clear communication; policy coherence; and a shared vision of what senior cycle seeks to achieve for our young people as they prepare to embark on their adult lives. It is brought to life in schools and other educational settings through:

- effective curriculum planning, development, organisation, reflection and evaluation
- teaching and learning approaches that motivate students and enable them to improve
- a school culture that respects students and promotes a love of learning.

Rationale

Accounting is a fundamental aspect of our economy, providing a language that allows organisations to communicate their financial performance and position to stakeholders, as well as providing important information for the effective and efficient running of the organisation. Accounting covers a wide range of financial management functions including recording of financial transactions, the preparation of accounts, analysis and interpretation of financial data, and the communication of financial information both internally and externally. As a result, accounting is key to supporting ethical and sustainable decision-making and practices within organisations.

A career in accounting is diverse, dynamic, and ever evolving. The role of the accountant includes the maintenance of financial records, preparation and analysis of financial reports, and the communication of findings to ensure legal and ethical compliance with regulations and laws. The accounting profession plays an important role in maintaining the financial health and integrity of organisations, economies, and individuals.

Through the study of Leaving Certificate Accounting, students will learn about how accounting tells the story of the business from a financial perspective. Students will use data and/or information to inform decisions that are critical to the future of businesses. The study of accounting provides opportunities for students to engage with contemporary accounting related themes including digitalisation, sustainability, decision-making, ethical and financial regulatory concerns.

In studying Leaving Certificate Accounting, students will learn how effective accounting practices and procedures provide helpful, timely and relevant information for organisations to operate successfully. Students will develop their financial literacy and be equipped with the necessary knowledge, skills, values and dispositions to navigate the financial and decision-making landscape they will encounter in their personal and future professional lives. Through practical engagement students will learn about the role played by accounting with respect to financial management, reporting and in making ethical and sustainable recommendations.

Aims

Students of Leaving Certificate Accounting will develop an appreciation of the importance of financial literacy in their lives, careers and in the world around them. Through studying accounting, students develop a broad range of competencies and will be able to apply their learning to a range of real-life personal and professional experiences.

The aims of Leaving Certificate Accounting are to empower students to:

- explore aspects of accounting and finance with a view to both personal and working life, and as a basis for further study.
- develop awareness and appreciation for how accounting plays a key role in the measurement, management and co-ordination of an organisation's resources.
- develop a comprehensive understanding of accounting principles, standards and concepts to support their financial literacy and wellbeing.
- develop the key competencies required to capture and manage financial information in order to analyse, interpret, evaluate and communicate findings.
- apply digital skills and appreciate the opportunities and challenges of digital technology.
- develop an informed understanding of ethical and sustainable practices in accounting.
- become, confident problem solvers, and informed decision-makers.

Continuity and progression

Junior Cycle

Junior Cycle Business Studies focuses on improving students' understanding of the business environment and on developing skills for life, work, and further study through the three inter-connected strands: Personal Finance, Enterprise, and Our Economy. Links to accounting are most prevalent in the learning outcomes outlined in Personal Finance and Enterprise. Topics addressed in these outcomes include income, expenditure, budgeting, cash flow, cash account and final accounts. One of the three options within CBA1 provides students with an opportunity to identify and research a financial challenge for a consumer or an organisation (for-profit or not-for-profit). As part of this project, students investigate a chosen financial challenge, evaluate their findings, and develop an action plan. Students develop accounting-related knowledge and understanding in several other junior cycle subjects such as

Mathematics where they solve money-related problems and home economics where they explore budgeting as part of Consumer Competence.

Beyond senior cycle

The study of Leaving Certificate Accounting offers students a solid foundation in financial decision-making and the language of business, which can lead to a wide range of exciting career opportunities. By mastering key concepts in accounting, students gain valuable skills that are essential for entrepreneurship, enabling them to manage their own businesses effectively. Additionally, these skills are sought after in the job market, opening doors to roles in finance, management, and other areas of the corporate world. For those interested in further education or higher education, Leaving Certificate Accounting provides a strong starting point for advanced studies in accounting, finance and business, paving the way for professional growth.

Student learning in senior cycle

Student learning in senior cycle consists of everything students learn **within** all of the subjects and modules they engage with **and** everything students learn which spans and overlaps **across** all of their senior cycle experiences. The overarching goal is for each student to emerge from senior cycle more enriched, more engaged and more competent as a human being than they were when they commenced senior cycle.

For clarity, the learning which spans **across** all of their senior cycle experiences is outlined under the heading 'key competencies'. The learning which occurs **within** a specific subject or module is outlined under the heading 'strands and learning outcomes'. However, it is vital to recognise that key competencies and subject or module learning are developed in an integrated way. By design, key competencies are integrated across the rationale, aims, learning outcomes and assessment sections of specifications. In practice, key competencies are developed by students in schools via the pedagogies teachers use and the environment they develop in their classrooms and within their school. Subjects can help students to develop their key competencies; and key competencies can enhance and enable deeper subject learning. When this integration occurs, students stand to benefit;

- during and throughout their senior cycle
- as they transition to diverse futures in further, adult and higher education, apprenticeships, traineeships and employment, and
- in their adult lives as they establish and sustain relationships with a wide range of people in their lives and participate meaningfully in society.

When teachers and students make links between the teaching methods students are experiencing, the competencies they are developing and the ways in which these competencies can deepen their subject specific learning, students become more aware of the myriad ways in which their experiences across senior cycle are contributing towards their holistic development as human beings.

Key competencies

Key competencies is an umbrella term which refers to the knowledge, skills, values and dispositions students develop in an integrated way during senior cycle.



Figure 1 The components of key competencies and their desired impact

The knowledge which is specific to this subject is outlined under 'strands of study and learning outcomes'. The epistemic knowledge which spans across subjects and modules is incorporated into the key competencies.

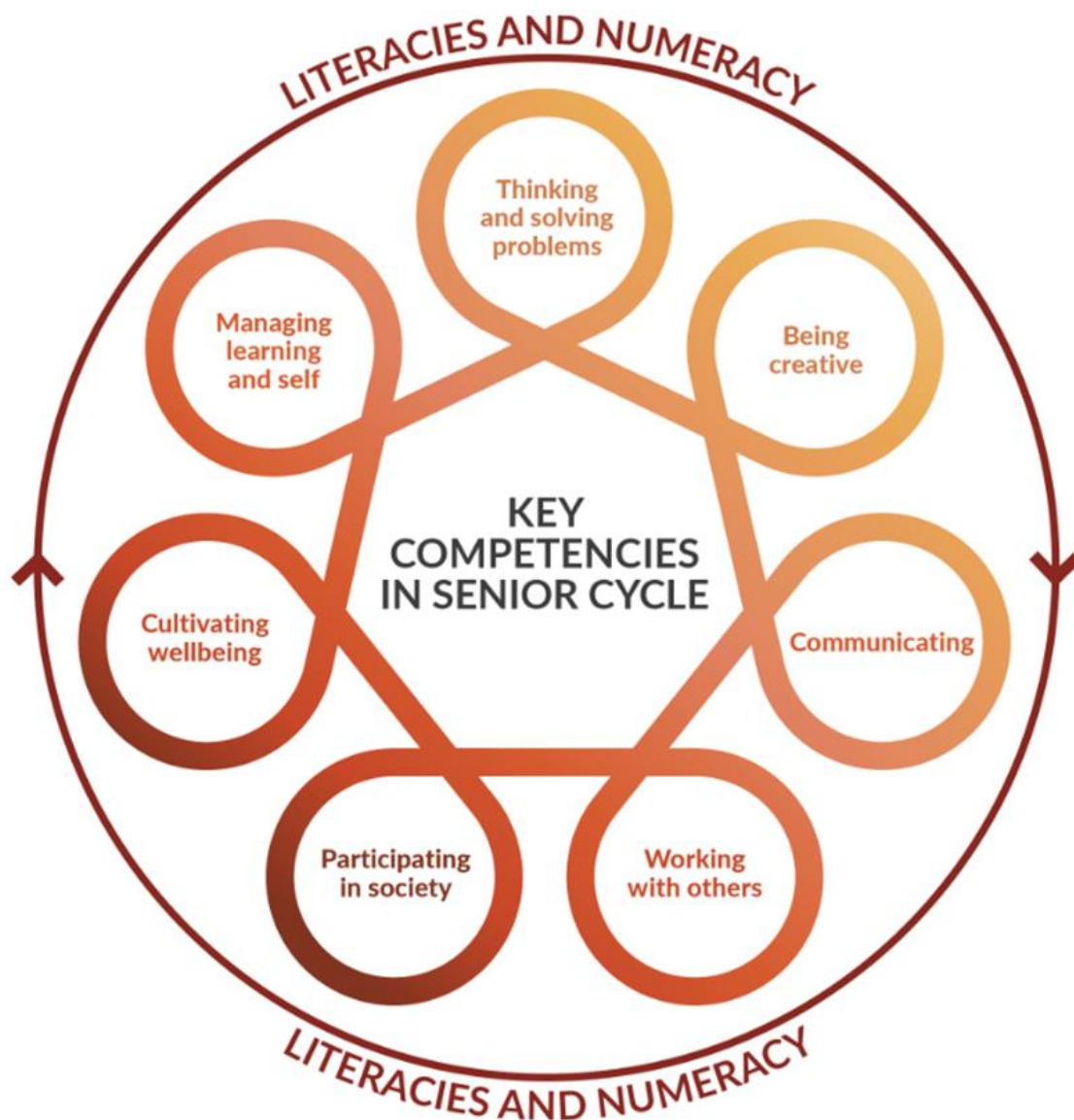


Figure 2 Key Competencies in Senior Cycle, supported by literacies and numeracy.

These competencies are linked and can be combined; can improve students' overall learning; can help students and teachers to make meaningful connections between and across different areas of learning; and are important across the curriculum.

The development of students' literacies and numeracy contributes to the development of competencies and vice-versa. Key competencies are supported when students' literacies and numeracy are well developed and they can make good use of various tools, including technologies, to support their learning.

The key competencies come to life through the learning experiences and pedagogies teachers choose and through students' responses to them. Students can and should be helped to develop their key competencies irrespective of their past or present background, circumstances or experiences and should have many opportunities to make their key

competencies visible. Further detail in relation to key competencies is available at <https://ncca.ie/en/senior-cycle/senior-cycle-redevelopment/student-key-competencies/>

The key competencies can be developed in Leaving Certificate Accounting in a range of ways through student engagement with the learning outcomes.

In Leaving Certificate Accounting, students develop and apply problem-solving skills where they focus on the use of financial data to gain insights into the financial position of an organisation. Students are engaged in gathering, recording and summarising financial information from a range of sources. They explore this data to gain deeper insights and understanding, and can also draw conclusions about the future financial position of themselves and of a business. Through their engagement with financial information and data, students can evaluate both the short-term and long-term consequences of decisions and can make observations, estimations and calculations.

Communication is an important aspect of accounting where students gather information and data and use a variety of tools to communicate this information clearly to a diverse range of stakeholders. Leaving Certificate Accounting provides opportunities for students to collaborate and work together and through their classroom experiences, students will learn to work co-operatively. This contributes to an appreciation of the potential advantages and challenges of working with others.

The integration of ethics supports students in meaningfully participating in society through developing an understanding of the importance of acting ethically, informed by individual and collective rights and responsibilities when dealing with financial information and data.

Engaging with the process of accounting supports students in developing the capacity to manage their own learning. Students will develop a rhythm of work, learn to respond effectively to complex financial situations, and cultivate the ability to reflect on and evaluate their learning. In preparing and interpreting accounts, students identify the financial position of a business and develop a sense of self-efficacy and achievement which is further bolstered by developing the capacity to learn from errors and mistakes.

The development of numeracy is a fundamental aspect of accounting, and the subject provides students with the opportunity to combine their numerical and financial understanding to develop, analyse and communicate information. Through their study of accounting students apply their numeracy skills to their daily lives and the world of business and enterprise. Student numeracy development is supported through their engagement with

numerical data and the need to apply a range of numerical skills including computation and the use of decimals, fractions, percentages and ratios. The capacity for problem solving based on numbers and data is developed both when engaging with manual and computerised accounts.

Accounting also provides students with an opportunity to further develop and expand their financial literacy which is important for students in their daily lives now and in the future and supports their capacity to make informed financial decisions. This allows students to also develop skills which will allow them to cultivate wellbeing in their current and future lives.

Strands of study and learning outcomes

This specification is made up of four strands: The Fundamentals of Accounting, The Preparation and Analysis of the Financial Statements of a Sole Trader, The Preparation and Analysis of the Financial Statements of a Company, and Informed Decision Making. The Fundamentals of Accounting strand contains the roots of student learning and should be the starting point for each new area of learning. The strand is designed to be woven throughout the two years of senior cycle as appropriate and the learning set out for students in this strand links with the learning in the other three strands.



Figure 2: Specification overview

Two cross-cutting themes are identified: Digital Technology in Accounting, and Ethics and Sustainability in Accounting, both of which can provide a lens for the learning within the specification and should be interlinked throughout the learning. These themes are woven throughout student learning where appropriate. The cross-cutting themes are outlined briefly below.

Theme One: Digital Technology in Accounting

The development of digital skills is a cross-cutting theme of this specification. There is an outcome in each of the four strands highlighting the importance of students developing both financial and digital literacy skills and focuses on students demonstrating their digital skills. The development of digital skills is an integral part of teaching and learning. Students should be offered practical opportunities to develop and apply knowledge and digital skills. Students explore the core concepts in accounting while building proficiency in digital accounting functions.

The 'demonstrating digital accounting skills' learning outcomes in each strand serve as a gateway for students to experience the use of technology in performing essential accounting functions. Working both independently and collaboratively, students will progress through the accounting cycle, applying digital tools to solve problems, analyse financial data, and make informed recommendations and decisions. This process encourages critical thinking, fosters active learning and can support the development of teamwork skills.

Reflection and refinement are central to the digital accounting skills learning outcomes. Students will regularly evaluate their work, engage in problem-solving, and justify the decisions and processes that underpin their solutions. They will also have ongoing opportunities to learn from and respond to feedback provided by their peers and teachers,

The knowledge, skills, values and dispositions students develop through completing the demonstrating digital accounting skills learning outcomes will help inform their learning throughout the subject and support their preparations for the Additional Assessment Component: Applied Accounting.

Theme Two: Ethics and Sustainability in Accounting

Ethics and sustainability in accounting is a further cross-cutting theme of the specification. Accounting relies heavily on trust and integrity. Introducing ethical principles early helps students understand that beyond technical skills, moral responsibility is crucial in maintaining transparency and credibility in financial practices. This sets a strong foundation for future professional and personal behaviour and lends itself to values and dispositions we are trying to instil in students of Senior Cycle Accounting.

Ethical dilemmas are common in accounting (e.g., managing conflicts of interest, ensuring honest reporting). Learning about ethics equips students with critical thinking skills to navigate complex situations and make morally sound decisions.

Ethical themes create opportunities for engaging debates and discussions, promoting deeper understanding and reflection on values and responsibilities. By integrating ethics as a cross-cutting theme, teachers can help students develop a well-rounded view of accounting, emphasising its role not just in business, but in promoting fairness, accountability, and societal trust.

Sustainability is a crucial component of modern business decision-making. Students will explore how sustainability principles can and should complement financial considerations in decision-making processes. Corporate Social Responsibility as referenced in Irish legislation has elevated sustainability to a central position in the business landscape. Through this lens, students will gain a comprehensive understanding of how this directive influences business operations and shapes strategic decisions.

The inclusion of ethics and sustainability encourages students to think beyond profit and consider broader societal impacts. This fosters a sense of responsibility and awareness, shaping them into more responsible individuals and professionals.

The Leaving Certificate Accounting specification is designed for a minimum of 180 hours of class contact time. An overview of each strand is provided, followed by a table. The right-hand column contains learning outcomes which describe the knowledge, skills, values and dispositions students should be able to demonstrate after a period of learning. The left-hand column outlines specific areas that students learn about. Taken together, these provide clarity and coherence with the other sections of the specification. Appendix 1 sets out a glossary of the Action Verbs used in the Specification. Some concepts and terms within the learning outcomes have been marked with an asterisk (*) to indicate that the concept is explored further in the glossary of terms in Appendix 2.

Learning outcomes should be achievable relative to students' individual aptitudes and abilities. Learning outcomes promote teaching and learning processes that develop students' knowledge, skills, values and dispositions incrementally, enabling them to apply their key competencies to different situations as they progress. Students studying at both ordinary level and higher level will critically engage with accounting, but the context, information and results arising from that engagement will be different.

Ordinary level	Higher level
Students develop their knowledge, understanding and application of accounting and financial literacies, which helps them to identify and explain fundamental aspects of the world of business and finance as they relate to their own lives, sole traders and companies.	Students develop sophisticated knowledge, understanding and application of accounting and financial literacies, which helps them to identify and explain fundamental aspects of the world of business and finance as they relate to their own lives, sole traders and companies.
Students prepare complete sets of accounts with limited errors and misstatements to meet the requirements.	Students prepare a complete set of accounts free from errors and misstatements.
Students complete an analysis and evaluation of the financial data and identify and evaluate the potential value of a range of actions in familiar situations.	Students complete an in-depth analysis and evaluation of the financial data and identify and evaluate the potential value of a wide range of actions in familiar and unfamiliar situations.
Students demonstrate competent use of the software applications to prepare and analysis accounts.	Students demonstrate proficient use of the software applications to prepare and analysis accounts.

Table 1 Design of learning outcomes for ordinary and higher levels

Strand 1: The Fundamentals of Accounting

This strand supports students in developing an understanding of the core principles and values that underpin accounting. Through engaging with the learning in this strand students will develop their understanding of the rules of accounting and will have opportunities to develop their knowledge and experience of the practical application of the accounting equation, and the double-entry system of bookkeeping; skills which are further applied when engaging with the learning in Strands 2, 3 and 4. This strand is designed as the roots of the specification. It is envisaged that students will revisit the concepts in this strand and build on them throughout their two years of study. Students will appreciate the value of maintaining accurate and consistent financial records and learn how to record financial transactions, extract a trial balance and deal with common year-end adjustments. As they engage with the learning in this strand students will gain an understanding and appreciation for the role accounting plays in telling the financial story of a business. Through engaging with this strand across the two years of senior cycle students will gain insights and practical knowledge about how the preparation and analysis of financial data can help inform decision making within a business and their own personal financial lives. Within this strand and across the specifications students will develop a range of accounting skills and will be able to prepare accounts both manually and digitally.

Strand 1 Learning outcomes

Students learn about:	Students should be able to:
<p>1.1 The World of Accounting</p> <p>-the purpose and scope of accounting including the role of the accountant in making informed recommendations.</p> <p>-financial accounting and its role in recording, summarising, interpreting and reporting on the financial transactions of a business. Management accounting including product costing, budgeting and forecasting.</p>	<ol style="list-style-type: none"> 1. explain the purpose of accounting and its role in recording and analysing accounting information. 2. outline the role of the accountant in managing accounting - information to examine a business's performance. 3. compare the role of the Financial Accountant and the role of the Management Accountant.

<p>-the relevance of the study of accounting both personally and professionally including the range of potential career pathways, the variety of roles within an accounting department, and the responsibilities that come with these roles.</p> <p>-the principles of ethics including:</p> <ul style="list-style-type: none"> • Integrity • Objectivity • Professional Competence and Due Care • Confidentiality • Professional Behaviour <p>-the ethical, legal and sustainability requirements on accountants when reporting financial information and the impact of these on the accounts of a business.</p>	<ol style="list-style-type: none"> 4. outline different personal and professional opportunities offered by studying accounting. 5. outline the principles of ethics and their impact on the role of the accountant. 6. illustrate the importance of ethical principles in accounting practice. 7. compare the ethical, legal and sustainability requirements that impact the preparation of the accounts of a business.
<p>1.2 Forms of Business Structures</p> <p>-the forms of Business structures that exist and how they differ from each other including Sole Trader, Private Limited Company (Designated Activity Companies and Private Companies Limited by Shares), Public Limited Company and Not for Profit Organisations.</p> <p>-the role of the Companies Registration Office (CRO) and the requirements they have in place for Private Limited Companies.</p>	<ol style="list-style-type: none"> 1. identify the ownership, liability, legal and reporting differences between the different forms of business. 2. explain the role of the CRO and Investigate the registration and reporting requirements placed on companies by the CRO.

<p>1.3 Key users of financial information and financial statements</p> <p>-the interaction of stakeholders with financial statements* and how they use financial statements to satisfy some of their diverse needs for information.</p> <p>-the need for consistency in the presentation of financial statements from one accounting period to the next to allow stakeholders to easily compare data.</p>	<ol style="list-style-type: none"> 1. compare the information needs of stakeholders for financial decision making. 2. illustrate how stakeholders analyse and interpret this information to make decisions. 3. recognise the need for consistency in the presentation of financial statements.
<p>1.4 The conceptual framework of Financial Reporting*.</p> <p>-the key concepts and principles that underpin financial accounting including:</p> <ul style="list-style-type: none"> • Business Entity Principle* • The Accounting Equation* • Going Concern* • Matching Principle* • Prudence* • Revenue Recognition* • Consistency* • Materiality* <p>-the distinction between current and capital income and expenditure items and how these are recorded through the accounting cycle*.</p>	<ol style="list-style-type: none"> 1. Explain and apply the key concepts and principles. 2. Recognise the steps of the Accounting Cycle* 3. Demonstrate the recording of accruals and prepayments through the accounting cycle*. 4. compare current and capital income and expenditure items and record these items through the accounting cycle.
<p>1.5 Double Entry Bookkeeping</p> <p>-the purpose of Double Entry bookkeeping identifying the source documents for</p>	<ol style="list-style-type: none"> 1. record transactions using a double entry system.

transactions and outlining how they should be recorded.

-how to record transactions including;

- Loans and borrowings
- Purchases/Sales and Purchases/Sales Returns
- Revenue Commissioners' Payments and Receipts
- Import Duty
- Discounts allowed/received
- Inventories
- Reserves
- Other operating incomes and expenses including accruals and prepayments.
- Any other revenue(s) and expenses

-accounting for items of inventory including damaged inventory, goods in transit and goods on a sale or return basis.

-the methods of depreciation including straight line and reducing balance.

-the acquisition, disposal, revaluation and writing off of non-current assets.

-the concept of bad and doubtful debts including bad debts, bad debts written off,

2. record inventory adjustments to accounting for items of inventory.

3. illustrate the concept of depreciation using straight line and reducing balance methods.

4. record transactions relating to the acquisition, depreciation, disposal and revaluation of non-current assets.

5. explain bad debts, bad debts written off, bad debts recovered, and how and why a business

<p>bad debts recovered, and how to provide for and record these.</p> <p>-the bank reconciliation process and its impact on the double entry system.</p> <p>-the introduction of capital to a business and the treatment of drawings taken by the owner in the form of stock, cash, expenses paid or non-current assets.</p> <p>-the purpose, meaning and limitations of the trial balance and how it is extracted from the double entry system.</p> <p>-the correction of errors in the double entry process using a relevant accounting method such as Suspense Accounts/Exception Reports.</p>	<p>should make provision for bad and doubtful debts.</p> <p>6. record bad debts written off, recovered and provision for bad and doubtful debts using the double entry system.</p> <p>7. explain bank reconciliation and prepare a bank reconciliation statement and record any transactions initiated by the bank reconciliation process.</p> <p>8. explain and record capital introduced and drawings.</p> <p>9. identify the purpose and limitations of a trial balance and prepare a trial balance</p> <p>10. apply a relevant accounting method to correct errors made in the double entry system.</p>
<p>1.6 Cashflow Management</p> <p>-the importance of cashflow management for a business's viability and the impact of cash shortages and developing practical skills in cashflow management.</p>	<p>1. compare a business's cash position and profit position.</p> <p>2. recognise the significance of cash flow in maintaining business operations and ensuring financial stability.</p>

<p>-strategies for effective cashflow management (including budgeting, forecasting, and managing income receivable and expenses payable) and how cashflow management influences key financial decisions (including investment opportunities and financing options)</p> <p>-the potential consequences of poor cashflow management for a business, including the risk of insolvency and inability to meet financial obligations.</p>	<p>3. identify strategies for prudent cashflow management and explain how cashflow management influences key financial decisions.</p> <p>4. outline the potential consequences of poor cashflow management on a business.</p>
<p>1.7 Dealing with Personal and Business Taxation ¹</p> <p>-the taxes that an individual and businesses may be liable to pay including:</p> <ul style="list-style-type: none"> • Income Tax • PRSI • USC • Capital Acquisition Tax • Capital Gains Tax • Local Property Tax • VAT • Import Duties • Corporation Tax <p>-the tax credits that an individual may be entitled to (including Personal Tax Credit, Employee Tax Credit, Rent Tax Credit, Age Tax Credit and Flat Rate Expenses)</p>	<p>1. identify the different types of tax which must be paid by an individual, sole trader and company.</p> <p>2. outline the tax credits that an individual may be entitled to claim.</p>

¹ Students are required to engage with current personal and business taxation to ensure that they explore relevant information as it relates to existing tax liabilities. Where a relevant taxation is introduced or removed in a National Budget during the two years of study, students can engage with the existing or newer taxation measures.

<p>The steps involved and information required to use the Revenue Online System (ROS) for claiming tax credits and submitting income tax returns.</p> <p>-the components of a payroll system including gross pay, deductions, tax credits, employers PRSI and net pay.</p> <p>-business taxation (including VAT, Corporation Tax and import duties).</p>	<ol style="list-style-type: none"> 3. recognise the steps involved in submitting, amending and claiming tax credits from Revenue and in preparing a Statement of Liability. 4. outline the components of payroll and appraise payroll records. 5. prepare payroll records digitally. 6. explain and calculate key aspects of business taxation 7. recognise the information required and the steps involved in preparing VAT returns. 8. explain corporation tax and list the types of organisations that are liable to pay it.
<p>1.8 The Role of Technology in Accounting</p> <p>-the importance of technology for accounting practices.</p> <p>-the ethical implications of using technology in accounting, such as data privacy, cybersecurity, and the impact on the accounting profession.</p> <p>-the importance of data management, backup, and security measures in the context of accounting technology.</p>	<ol style="list-style-type: none"> 1. outline the importance of technology in accounting and explain how software supports and enhances the preparation of accounts. 2. outline the ethical implications of using technology in accounting. 3. explain the need for effective data management, backup and security measures for digital data and information.

1.9 Demonstrating digital accounting skills

-the application of digital skills in accounting and how to use a prescribed software application to demonstrate the following:

- numerical functions
- conditional formulae – IF statements only
- relative and absolute formulae, and named cells
- replicating formulae
- charts and graphs
- working with multiple worksheets

1. use a prescribed software application to apply digital skills to complete the skills-based elements of this strand including double entry bookkeeping, payroll and tax records.

Strand 2: Preparation and Analysis of Financial Statements of a Sole Trader

Strand two focuses on the sole trader as a form of business and the preparation, analysis and interpretation of relevant accounts. Through engaging with the learning in this strand, students will develop an understanding of how financial statements provide a financial picture for a Sole Trader business. This strand provides opportunities for students to develop and apply their learning from Strand 1. In learning how to prepare, analyse and interpret the financial statements of a Sole Trader, students will gain a valuable understanding of how businesses operate, as well as learning about how to interpret financial information and how it impacts on the performance of the business. As they develop their knowledge and understanding of accounting through engaging with the learning in this strand students will prepare, analyse and interpret sole trader accounts and financial statements both manually and digitally which will help to develop their capacity and confidence in dealing with financial data.

Strand 2 Learning outcomes

Students learn about	Students should be able to
2.1 Sole Trader Businesses -sole trader businesses and the importance of keeping accurate accounting records.	1. outline what is meant by a sole trader and explain the importance of keeping accurate accounting records for sole traders.
2.2 Preparation of Final Accounts -the preparation of the Financial Statements* of a Sole Trader including Statement of Profit and Loss and Statement of Financial Position using data gathered from a trial balance, end of year adjustments and information provided after the trial balance date, incorporating learning from the double entry bookkeeping. -accounting for capital introduced and drawings in the financial statements	1. prepare a set of financial statements of a sole trader business. 2. record capital introduced and drawings.

2.3 Accounting for Incomplete Records

-the concept of incomplete records and situations where they may occur and its impact on a business.

-the financial information needed from the source documents to allow the preparation of the control accounts.

-the preparation of a financial statement for a business.

1. explain the concept of incomplete records and outline the impact of incomplete records on the accounts of a business.
2. prepare Accounts Receivable and Accounts Payable control accounts.
3. prepare financial statements from incomplete records.

2.4 Interpretation of Sole Trader Financial Statements

-the patterns and potential issues in financial statements and how they can be used to assess the financial status of a sole trader's business.

-the use of ratios² to analyse the profitability, activity and liquidity of a sole trader including:

Profitability

- Gross Profit Margin
- Net Profit Margin
- Return on Investments

Activity

- Asset Turnover
- Inventory Days
- Receivables Days
- Payables Days
- Cash Conversion Cycle

Liquidity

- Current Ratio
- Acid Test (Quick) Ratio

1. explain the reason for using each of the given ratios and what information they provide regarding the financial position of the business.
2. outline the benefits and limitations of each of the given ratios and calculate ratios using given formulas.
3. analyse trends in income and expenses over a three-year period and identify areas for improvement based on this analysis.
4. report on these findings, including proposals and justifications for these proposals.

² The ratios are included in Appendix 3.

<p>-the signs of overtrading* and potential solutions a business can put in place to address overtrading.</p>	<p>5. investigate a set of accounts for signs of overtrading and suggest solutions.</p>
<p>2.5 Comparing a Sole Trader and Company</p> <p>-the reasons for changing from a sole trader to a company including limited liability, access to funding and taxation implications.</p> <p>-the financial reporting requirements on a company as opposed to a sole Trader.</p> <p>-the tax implications of trading as a company as opposed to a sole trader, such as the need for companies to pay corporation tax.</p> <p>-the requirements on a company to hold an AGM (Annual General Meeting) and present audited accounts to shareholders at the AGM.</p> <p>-the legal implications for company directors continuing to trade when the company has become insolvent or attempting to trade the company out of insolvency.</p>	<p>1. identify why a sole trader would decide to register as a company.</p> <p>2. outline the additional financial reporting requirements for a company.</p> <p>3. compare the tax treatment of companies and sole traders.</p> <p>4. outline the requirements on a company to hold an AGM and present audited accounts to shareholders at the AGM.</p> <p>5. outline the implications for company directors of continuing to trade when the company is insolvent.</p>
<p>2.6 Demonstrating digital accounting skills</p> <p>-the application of digital skills in accounting and how to use a prescribed software application to demonstrate the following:</p> <ul style="list-style-type: none"> • numerical functions • conditional formulae – IF statements only 	<p>1. use a prescribed software application to apply digital skills to complete the skills-based elements of this strand including presentation, interpretation and analysis of Financial Statements.</p>

- relative and absolute formulae, and named cells
- replicating formulae
- charts and graphs
- working with multiple worksheets

Strand 3: Preparation and Analysis of Financial Statements of a Company

Strand three focuses on the finances of a company. In this strand, students will learn about and engage with the financial statements that help to display the financial picture of a company. In learning how to prepare, analyse and interpret the financial statements of a company, students will gain a valuable understanding of how companies operate, as well as learning about how to communicate and interpret financial information on a company's performance, to the appropriate stakeholders.

Students will develop an understanding of The Regulatory Framework of Accounting, and the legal and ethical requirements on companies. They will be able to apply their learning from Strand One and Strand Two as they engage with the preparation, analysis and interpretation of the financial data related to a company.

Students will complete the accounting functions of this strand using both manual and digital approaches which will help to develop their capacity and confidence in dealing with financial data. As they develop and apply their accounting knowledge and understanding they will be able to compare the accounting requirements of a sole trader with those of a company which will help to deepen their understanding of the importance of accounting in business.

Strand 3 Learning outcomes

Students learn about	Students should be able to
<p>3.1 The Legal and Regulatory Framework of Accounting</p> <p>-the need for accuracy, consistency, and transparency in financial statements.</p> <p>-the interaction between Accounting Standards, Irish Company Law and European Directives in maintaining accounting standards.</p>	<ol style="list-style-type: none"> 1. outline the need for accuracy, consistency, and transparency in financial statements. 2. outline how accounting standards ensure comparability of financial statements* nationally and internationally. 3. recognise how European Directives impact Irish Company Law.

-the role auditors play in maintaining the integrity of financial reporting and compliance.

-the audit report* given by the auditor at the end of their audit engagement.

4. outline the role and responsibilities of the auditor.

5. explain the purpose of the audit report and its limitations.

3.2 Principles and Practice for Private Limited Companies

-preparation of the Financial Statements of a Limited Company including Statement of Profit and Loss and Statement of Financial Position (using data gathered from a trial balance, end of year adjustments and information provided after the trial balance date and incorporating learning from the double entry bookkeeping.)

Managing items specific to companies including:

- Calculation of Dividends and reserves
- Issue of shares
- Share capital (Ordinary and Preference Shares)
- Corporation Tax

-preparation of a Statement of Cashflows in line with Irish Company Law.

-the difference between a Company's Cash position and it's profit position.

1. prepare a Statement of Profit and Loss for a limited company.

2. prepare a Statement of Financial Position for a limited company.

3. prepare a Statement of Cashflows and identify the impact of non-cash items on the cash flow statement.

4. compare a company's profit position and cash position.

-the positive and negative impacts of debt on the financial position and the ownership structures of the company.

5. outline the positive and negative impacts of debt.

3.3 Interpretation of Accounts

-the main components of financial statements and explain the strengths and weaknesses they reveal about a company's financial performance and position.

1. analyse the financial statements of a company.

-the use of ratios ³to analyse the profitability, activity, liquidity and solvency of a Limited Company including:

Profitability

- Gross Profit Margin
- Net Profit Margin
- Return on Capital Employed

Activity

- Asset Turnover
- Inventory Days
- Receivables Days
- Payables Days
- Cash Conversion Cycle*

Liquidity Ratios

- Current Ratio
- Acid Test (Quick) Ratio

Solvency Ratios

- Gearing [Debt to Equity]
- Interest Cover

Investor Ratios

- Dividend Cover
- Dividend Per Share
- Earnings Per Share

2. demonstrate how the financial users use given ratios to analyse and interpret the accounts.

3. assess a company's performance and position using the given ratios.

4. examine the accounts for evidence of overtrading* and if evident suggest possible solutions.

5. identify the strengths and weaknesses in a company's financial position.

6. compare the performance and position of the company over time.

-non-financial Indicators such as sustainability and ethical issues and the impact these will have on the company's financial performance.

7. examine the impact of non-financial indicators on the financial performance of the company.

-recommendations based on the financial statements* for stakeholders.

³ The ratios are included in Appendix 3.

<p>-the availability of Company Accounts from the CRO (Companies Registration Office) and the use of assessing these accounts for comparisons.</p> <p>-making comparisons with prior years and other companies in the same sector.</p>	<p>8. analyse the financial statements of a company to make recommendations for the key users.</p> <p>9. identify the steps involved in obtaining company accounts from the CRO.</p> <p>10. compare the performance of two companies in the same sector.</p>
<p>3.4 Key Notes for the Ltd Company Financial Statements</p> <p>-the key notes to company final accounts in accordance with established accounting principles and standards including:</p> <ul style="list-style-type: none"> • Contingent Liability* • Post Balance Sheet Events* • Segmental Reporting* 	<p>1. explain the impact of the named notes on the three financial statements.</p>
<p>3.5 Filing Financial Statements</p> <p>-the process of filing company accounts in Ireland in compliance with the legal and regulatory requirements and the potential consequences including penalties and the legal repercussions of not meeting these obligations.</p> <p>-the requirements on a company to report on sustainability.</p>	<p>1. identify the steps involved in filing Company Accounts and outline the potential consequences of failing to comply with filing requirements.</p> <p>2. outline the sustainability reporting requirements on a company.</p>
<p>3.6 Demonstrating digital accounting skills</p> <p>-the application of digital skills in accounting and how to use a prescribed software application to demonstrate the following:</p> <ul style="list-style-type: none"> • numerical functions 	<p>1. use a prescribed software application to apply digital skills to complete the skills-based elements of this strand including presentation</p>

- conditional formulae — IF statements only
- relative and absolute formulae, and named cells
- replicating formulae
- charts and graphs
- working with multiple worksheets

and analysis of Financial Statements and to employ benchmarks for assessing financial statements.

Strand 4: Informed Decision Making

In this strand, students will explore the role of management accounting and how this provides key financial information for short term, medium term and long-term decision making in business. The learning in this strand supports students in examining different scenarios and in developing the capacity to make informed decisions.

Through their engagement with the learning in this strand students will gain valuable insights into the process of costing. Students will learn how to apply the principles of costing to assist in identifying correct courses of action for a business and will explore how budgeting and budgetary control plays an integral role in planning across all businesses. In doing so students will learn about the advantages and opportunities of preparing effective and accurate budgeting models. This strand helps students to recognise the limitations of budgeting and the impact of making decisions based on estimates of future performance.

Students will use manual accounting skills and digital tools throughout this strand to prepare and adjust a breakeven analysis, to prepare and adjust production, purchases, sales and cash budgets. Students will demonstrate marginal costs changes based on different production levels thereby providing valuable financial information to managers to support making informed operational and business recommendations and decisions.

Strand 4 Learning outcomes

Students learn about	Students should be able to
4.1 Cost Classification -the various cost classifications including Direct Costs, Indirect Costs, Relevant Costs, Irrelevant Costs, Sunk Costs* and Opportunity Costs. -the application of cost classifications to various business decisions, including make/buy analysis*, product continuation/discontinuation, and resource allocation.	<ol style="list-style-type: none">1. explain and give examples of each of the cost classifications.2. identify sunk costs from a given a scenario and outline why sunk costs* should not influence future business decisions.3. assess opportunity costs in decision-making processes to evaluate the

<p>-non-financial elements such as sustainability and social responsibility that must be considered in the decision-making process</p>	<p>potential benefits of alternative courses of action.</p> <p>4. assess the non-financial elements that need to be considered when making a business decision.</p>
<p>4.2 Types of Costing</p> <p>-the types of costing including, absorption costing (including job costing) and marginal costing and how they are valuable in business planning and decision making.</p> <p>-absorption costing (Including job costing) and its use in capturing all the manufacturing costs associated with production. This includes the cost of materials and labour, as well as fixed and variable overhead costs.</p>	<p>1. distinguish between absorption costing and marginal costing.</p> <p>2. identify the direct and indirect costs in a given scenario.</p> <p>3. calculate the cost of a job or a production process using job costing.</p> <p>4. apply absorption costing principles to allocate both fixed and variable costs to products, show its impact on profit.</p>
<p>4.3 Breakeven and Sensitivity Analysis</p> <p>-the breakeven point as the point at which the business is not making a profit or a loss, but all costs are covered.</p> <p>-the concept of contribution and its impact on breakeven point.</p>	<p>1. explain the breakeven point and outline what it represents for a business.</p> <p>2. calculate the contribution per unit breakeven point given information about a business's fixed costs, variable costs, mixed costs and selling price.</p>

-the margin of safety and its importance when planning production levels.

-adjusting breakeven analysis to model different situations and make informed decisions around pricing and production strategies.

-the relationship between production volume, fixed costs and variable costs, and how it influences marginal cost.

-the use of marginal costing/sensitivity analysis to predict profit levels for different production and sales levels.

-evaluating the results of a sensitivity analysis and using the information to make informed business decisions including how a business uses it to determine the minimum sales needed to cover costs and the minimum price that could be placed on a product or service.

3. explain the concept of margin of safety and its importance in production planning.

4. prepare a breakeven analysis.

5. adjust the breakeven analysis to model different situations, inform decision making and recommend a minimum selling price.

6. examine the relationship between production volume, fixed costs, and variable costs, and how this influences marginal cost.

7. evaluate the profitability of different pricing and production strategies.

8. analyse how changes in fixed costs, variable costs, and sales volume impact the breakeven point.

9. interpret breakeven analysis results to make informed recommendations for a business and suggest courses of action.

10. demonstrate how management uses marginal costing to predict profit levels for different sales volumes.

11. determine sales volume required to reach given profit or revenue targets.

12. compare different scenarios based on varying inputs.

	13. suggest courses of action based on the analysis of possible outcomes.
4.4 Sales, Production and Cash Budgeting -the purpose and elements of the Sales, Purchases, Production and Cash Budgets. -estimating the income a business expects to generate over a specified period, using predictions of sales volumes and unit prices. -how the Sales Budget allows a company to plan and manage its expected income, cash flow, and other financial objectives. -the purpose and preparation of a Sales, Production, Raw Materials Purchases, Labour and manufacturing cost budget. -the preparation of a Budgeted Profit and Loss Statement and Statement of Financial Position. -the importance of cash budgeting in managing liquidity, planning for cash needs,	1. identify the elements of each type of budget. 2. estimate the income a business expects to generate. 3. explain how the Sales Budget supports financial planning and achieving objectives. 4. explain the importance of the Sales, Production, Raw Materials Purchases, Labour and manufacturing cost budget. 5. prepare a Sales, Production, Raw Materials Purchases, Labour and manufacturing cost budgets. 6. recognise the relationship between the budgets. 7. prepare a budgeted Profit and Loss Statement (Income Statement) and a Statement of Financial Position. 8. explain the importance of cash budgeting and prepare a cash

and as a tool for financial control and risk management.

-the cash budget and its use in identifying periods and causes of surpluses or deficits and making informed recommendations.

-the role of Financial Institutions as providers of business finance in the short, medium and long term. The methods a business can use to address cash shortfalls and surpluses.

4.6 Demonstrating my digital accounting skills

-the application of digital skills in accounting and how to use a prescribed software application to demonstrate the following:

- numerical functions
- conditional formulae – IF statements only
- relative and absolute formulae, and named cells
- replicating formulae
- charts and graphs
- working with multiple worksheets

budget to accurately project cash inflows and outflows over a period identify periods and causes of surpluses or deficits.

9. identify periods and causes of surpluses or deficits and demonstrate how to make informed decisions based on the cash budget analysis.

10. explain how financial institutions assist businesses in dealing with surpluses or deficits.

1. use a prescribed software application to apply digital skills to complete the skills-based elements of this strand including:
 - the preparation and adjustment of a breakeven analysis,
 - Preparation and adjustment of production, purchases, sales and cash budget.
 - demonstrating marginal costs changes based on different production levels.

Teaching for student learning

The learning outcomes outlined in the specification encourage the use of a variety of teaching and learning approaches to ensure a dynamic and engaging experience for students. These approaches include discussing issues, solving problems using software tools, thinking critically, working collaboratively, and making informed, well-justified business decisions.

When planning for teaching and learning, it is important to consider how students will engage with Strand 1, the Fundamentals of Accounting throughout the two years of study. Teachers can use this strand as a foundation for learning and then deepen students' understanding by connecting it to the other three strands. Adopting a developmental approach, with repeated exposure to key concepts in diverse contexts over time ensures that students build a robust and enduring knowledge base.

As students' progress through their learning, they will develop a range of key competencies and literacies that are transferable across different tasks and different disciplines. These skills will enable them to draw meaningful connections between Leaving Certificate Accounting, other subjects, the dynamic world of finance, and their own daily lives. Teachers should help students recognise the skills they are developing and provide guidance on how to practice and refine these skills effectively.

Teachers should use a wide range of activities and assignments that foster mastery of fundamental concepts while developing students' abilities in accounting, reporting, interpreting, and decision-making. Students should be encouraged to relate the knowledge and skills they acquire to real-world business contexts. Highlighting the connection between accounting and its applications beyond the classroom will help students appreciate the subject's value—not just as a school topic but as a gateway to personal and professional opportunities in the broader world.

The development of the capacity to work with others and communicate effectively through the choice of learning activities in the classroom can support students in developing the attributes necessary for those engaged in accounting practice as it has become more client-facing and requires a high level of collaboration and communication.

The use of digital technology has been woven into the four strands in the specification and supports students in developing the capacity and confidence to use appropriate software to prepare, analyse and interpret financial data and information. These skills are developed incrementally over time and the learning outcomes across the four strands provide students with an opportunity to apply their understanding of accounting when working with financial data and/or information both manually and digitally. Preparing, analysing and interpreting financial data /information both manually and digitally helps to consolidate the student's understanding of accounting, and the use of appropriate software applications also provides opportunities for the presentation of financial information and the communication of key data and insights.

Assessment

Assessment in senior cycle involves gathering, interpreting, using and reporting information about the processes and outcomes of learning. It takes different forms and is used for a variety of purposes. It is used to determine the appropriate route for students through a differentiated curriculum, to identify specific areas of strength or difficulty for a given student and to test and certify achievement. Assessment supports and improves learning by helping students and teachers to identify next steps in the teaching and learning process.

As well as varied teaching strategies, varied assessment strategies will support student learning and provide information to teachers and students that can be used as feedback so that teaching and learning activities can be modified in ways that best suit individual learners. By setting appropriate and engaging tasks, asking questions and giving feedback that promotes learner autonomy, assessment will support learning and promote progression, support the development of student key competencies and summarise achievement.

Assessment for certification

Assessment for certification is based on the rationale, aims and learning outcomes of this specification. There are two assessment components: a written examination and an additional assessment component (AAC), Applied Accounting. The written examination will be at higher and ordinary level. The Applied Accounting component will be based on a common brief. Each component will be set and examined by the State Examinations Commission (SEC).

In the written examination, Leaving Certificate Accounting will be assessed at two levels, Higher and Ordinary (Table 2). Examination questions will require students to demonstrate learning appropriate to each level. Differentiation at the point of assessment will also be

achieved through the stimulus material used, and the extent of the structured support provided for examination students at different levels.

Table 2: Overview of assessment for certification

Assessment component	Weighting	Level
Applied Accounting	40%	Common brief
Written examination	60%	Higher and ordinary level

Additional assessment component: Applied Accounting

Applied Accounting is designed to motivate and support students in demonstrating their knowledge, skills and understanding of accounting through practical applications of accounting principles. It provides an opportunity to integrate practical, real-world applications into students' learning. Through this component, students engage with adapted realistic financial scenarios, demonstrating their capacity to manage, analyse and interpret accounting data to identify the current and/or potential future financial position of a business and present recommendations. The Applied Accounting AAC is designed to give students practical opportunities to apply the knowledge, skills, values, and dispositions developed through their engagement with the learning in the specification. Students will also apply the key competencies developed through their engagement with Leaving Certificate Accounting, including numerical reasoning critical thinking, problem-solving, self-management, and effective communication as they complete this component.

The component will be completed in an environment as prescribed by the SEC and will be completed using a prescribed software application, guided by a brief which will be published annually by the SEC. This brief will set out the specific requirements of the AAC and will also support teachers in planning for teaching learning and assessment to support students in focusing on the knowledge, skills, values and dispositions that will be required to complete the AAC.

Upon completion, students will prepare their submission in accordance with the brief provided and submit in a format specified by the SEC.

A separate document, Guidelines to Support the Applied Accounting AAC gives guidance on a range of matters related to the organisation, implementation, and oversight of the AAC.

Descriptors of quality for additional assessment component:

Applied Accounting

The descriptors set out in table 3 below relate to the learning achieved by students in the Applied Accounting component. In particular, the component requires students to:

- Manage accounting data and information, presenting it effectively in a digital format.
- Analyse and interpret accounting data and information and make recommendations using a prescribed digital platform.
- Communicate and justify the recommendations they have made based on their analysis.

Table 3: Descriptors of Quality

Descriptors of Quality for Applied Accounting

	Students demonstrating a high level of achievement	Students demonstrating a moderate level of achievement	Students demonstrating a low level of achievement
Managing Accounting data and/or information digitally	Manage accounting data and/or information in a digital format free from errors and misstatements to fulfil the requirements of the task.	Manage accounting data and/or information in a digital format with a small number of errors and misstatements to fulfil the requirements of the task.	Manage accounting data and/or information in a digital format with errors and misstatements and do not completely fulfil the requirements of the task.
Analysing and interpreting	Analyse and interpret potential scenarios demonstrating highly effective use of digital skills. Demonstrate an in-depth analysis and evaluation of	Analyse and interpret potential scenarios demonstrating effective use of digital skills. Demonstrate an analysis and evaluation of	Limited analysis and interpretation of potential scenarios demonstrating limited use of digital skills. Demonstrate a limited analysis and evaluation of

	accounting data and/or information, appropriate to the task.	accounting data and/or information, appropriate to the task.	accounting data and/or information, appropriate to the task.
	Identify clear limitations in their analysis	Identify some limitations in their analysis	Identify few limitations in their analysis
Recommending	Reflect on their analysis and recommend a clear and coherent course of action.	Reflect on their analysis and recommend a course of action.	Reflect on their analysis and recommend a limited course of action.
Communicating	Present accounting information, analysis and recommendations clearly and coherently in a digital format	Present accounting information, analysis and recommendations clearly in a digital format.	Present accounting information, analysis and recommendations in a digital format.

Written examination

The written examination will consist of a range of question types. The senior cycle key competencies (figure 2) are embedded in the learning outcomes and will be assessed in the context of the learning outcomes. The written examination paper will include a selection of questions that will assess, appropriate to each level:

- the learning outcomes across the strands of study and the integration of the Fundamentals of Accounting across the other strands of study
- application of the cross-cutting themes of Digital Technology in Accounting and Ethics and Sustainability in Accounting
- the student's capacity to engage effectively and efficiently with financial information and data

Reasonable accommodations

This Leaving Certificate Accounting specification requires that students engage with the nature of the subject on an ongoing basis throughout the course. The assessment for certification in Leaving Certificate Accounting involves a written examination worth 60% of the available marks and an additional component worth 40%. In this context, the scheme of Reasonable Accommodations, operated by the State Examinations Commission (SEC), is designed to assist students who would have difficulty in accessing the examination or communicating what they know to an examiner because of a physical, visual, sensory, hearing, or learning difficulty. The scheme assists such students to demonstrate what they know and can do, without compromising the integrity of the assessment. The focus of the scheme is on removing barriers to access, while retaining the need to assess the same underlying knowledge, skills, values, and dispositions as are assessed for all other students and to apply the same standards of achievement as apply to all other students. The Commission makes every effort when implementing this scheme to accommodate individual assessment needs through these accommodations.

There are circumstances in which the requirement to demonstrate certain areas of learning when students are being assessed for certification can be waived or exempted, provided that this does not compromise the overall integrity of the assessment.

More detailed information about the scheme of Reasonable Accommodations in the Certificate Examinations, including the accommodations available and the circumstances in which they may apply, is available from the State Examinations Commission's Reasonable Accommodations Section.

Before deciding to study Leaving Certificate Accounting, students, in consultation with their school and parents/guardians should review the learning outcomes of this specification and the details of the assessment arrangements. They should carefully consider whether or not they can achieve the learning outcomes, or whether they may have a special educational need that may prevent them from demonstrating their achievement of the outcomes, even after reasonable accommodations have been applied. It is essential that if a school believes that a student may not be in a position to engage fully with the assessment for certification arrangements, they contact the State Examinations Commission.

Leaving Certificate Grading

Leaving Certificate Accounting will be graded using an 8-point grading scale. The highest grade is a Grade 1; the lowest grade is a Grade 8. The highest seven grades (1-7) divide the

marks range 100% to 30% into seven equal grade bands 10% wide, with a grade 8 being awarded for percentage marks of less than 30%. The grades at Higher level and Ordinary level are distinguished by prefixing the grade with H or O respectively, giving H1 -H8 at Higher level, and O1-O8 at Ordinary level.

Table X: Leaving Certificate Grading

Grade	% marks
H1/O1	90 - 100
H2/O2	80 < 90
H3/O3	70 < 80
H4/O4	60 < 70
H5/O5	50 < 60
H6/O6	40 < 50
H7/O7	30 < 40
H8/O8	< 30

Appendix 1 Glossary of Action Verbs

Action verb	Students should be able to
Adjust	modify or correct financial entries, balances, or accounts to reflect accurate and updated information.
Analyse	study or examine something in detail, break down in order to bring out the essential elements or structure; identify parts and relationships, and to interpret information to reach conclusions
Apply	select and use information and/or knowledge and understanding to explain a given situation or real circumstances
Appraise	evaluate, judge or consider text or a piece of work
Appreciate	recognise the meaning, value or importance of
Assess	judge, evaluate or estimate the nature, ability, quality or value of something
Calculate	obtain a numerical answer showing the relevant stages in the working
Classify	group things based on common characteristics
Compare	give an account of the similarities and (or) differences between two (or more) items or situations, referring to both (all) of them throughout
Demonstrate	prove or make clear by reasoning or evidence, illustrating with examples or practical application
Estimate	determine an approximate value or amount for financial items based on available information, assumptions, or historical data.
Evaluate (data/information)	collect and examine data to make judgments and appraisals; describe how evidence supports or does not support a conclusion in an inquiry or investigation; identify the limitations of data in conclusions; make judgments about the ideas, solutions or methods
Examine	look closely at arguments, data, information and/or stories in order to uncover origins, assumptions, perspectives, trends and/or relationships
Explain	to clearly convey information, concepts, or processes in a way that ensures understanding, often by breaking them down into simpler terms and illustrating key points using examples, where appropriate.
Identify	recognise patterns, facts, examples or details; provide an answer from a number of possibilities; recognise and state briefly a distinguishing fact or feature

Illustrate	use examples to describe something
Interpret	use knowledge and understanding to recognise trends and draw conclusions from given information
Investigate	observe, study or examine in detail in order to establish facts, and reach new insights and/or conclusions
Justify	give valid reasons or evidence to support an answer or conclusion
List	provide a number of points, or facts, with no elaboration
Manage	recording, analysing and interpreting financial transactions to achieve the goals of the task.
Model	represent an idea, structure, process or system through a variety of means such as words, diagrams, equations, physical models or simulations; use models to describe, explain, make predictions and solve problems, recognising that all models have limitations
Outline	give the main points, restricting to essential pieces of information
Predict	give an expected result of an event; explain a new event based on observations or information using logical connections between pieces of information
Prepare	the process of systematically calculating, compiling, organising, and presenting financial information both manually and digitally.
Provide	make provision in the accounts for events that may occur.
Recognise (data/information)	identify facts, characteristics or concepts that are critical (relevant/appropriate) to the understanding of a situation, event, process or phenomenon
Recommend	suggest a course of action, financial strategy, or decision based on analysis, data, or professional judgment.
Record	document a financial transaction in the accounting cycle, ensuring that it is accurately calculated and entered in the appropriate accounts or ledgers. This involves applying manual and digital skills to determine the correct amounts.
Reflect	give thoughtful consideration to actions, experiences, values and learning in order to gain new insights and make meaning

Appendix 2 Glossary of Terms

Concept/Term	Understanding
Accounting Cycle	The cycle begins with Source Documents (invoice, purchase order etc.) and this information is entered into Day Books. Data from the Day Books is then extracted to a Trial Balance. Data from the Trial Balance is used to create the Final accounts.
Audit Report	An auditor's report is a written report from the auditor containing their opinion on whether a company's financial statements comply with relevant accounting standards and are free from material misstatement.
Business Entity Principle	The business entity concept states that the business is separate from the owner(s) of the business. Therefore, the accounting records for even the simplest business, the sole trader, must be kept separate from the personal affairs of the owner or owners
Cash Conversion Cycle	A metric which expresses how many days the business takes to convert the cash spent on inventory back into cash from selling its product or service. The shorter the cash conversion cycle, the better. Refer to Appendix 3 for the formula.
Contingent Liability	A contingent liability is a disclosure note shown in the notes to the accounts when it appears that there is a possible expenditure for which no provision is recorded.
Financial Statements	End of year summaries of the financial position of a business including the Statement of Profit or Loss, Statement of Financial Position and Statement of Cashflows.
Going Concern	An assumption that the business will continue trading for a period of more than 12 months
Insolvency	The business or individual is unable to pay their debts as they fall due.
Make - Buy Decisions	The act of choosing between manufacturing a product in-house or purchasing it from an external supplier.
Matching Principle	An accounting concept that dictates that businesses report expenses in the same period as the revenues to which they are related.
Materiality	An accounting principle which states that all items that are reasonably likely to impact investors' decision-making must be reported in the financial statements.
Overtrading	Overtrading occurs when a business may not have the cash to support its current level of trading.
Post Balance Sheet Events	Events after the end of the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Prudence	This means that accountants should not overestimate revenues or underestimate expenses, but instead, they should err on the side of caution and make conservative judgements.
Revenue Recognition	A generally accepted accounting principle which requires that businesses recognise revenue when it's earned rather than when payment is received.
Sunk Costs	Management Accounting concept typically used to describe cost already incurred.
The Conceptual Framework of Financial Reporting	A set of guiding principles that provides a foundation for financial reporting and accounting practices. It helps to ensure that financial statements are prepared in a consistent and logical manner.

Appendix 3 Interpretation of Accounts Ratios

Profitability		
Profitability ratios assess how effective a company is at generating profits and how efficiently the company uses its capital to generate those profits.		
Ratio	Formula	Expressed As
Gross Profit Margin	$\frac{\text{Gross Profit}}{\text{Revenue}}$	%
Net Profit Margin	$\frac{\text{Net Profit}}{\text{Revenue}}$	%
Return on Capital Employed	$\frac{\text{Operating Profit}}{(\text{Equity} + \text{Non-Current Liabilities})}$	%

Activity [Efficiency] Ratios		
Activity ratios assess how efficient a company is at using its assets to generate revenue and cash.		
Ratio	Formula	Expressed As
Inventory Days	$\frac{\text{Average Inventories} \times 365}{\text{Cost of Sales}}$	Days
Receivables Days	$\frac{\text{Average Trade Receivables} \times 365}{\text{Credit Sales}}$	Days
Payables Days	$\frac{\text{Average Trade Payables} \times 365}{\text{Credit Purchases}}$	Days
Cash Conversion Cycle	$\text{Inventory Days} + \text{Receivables Day} - \text{Payable Days}$	Days
Asset Turnover	$\frac{\text{Total Sales}}{\frac{\text{Beginning of year assets} + \text{End of Year assets}}{2}}$	X:1

Liquidity Ratios		
Liquidity ratios assess the ability of a Business to pay its short terms debts as they fall due.		
Ratio	Formula	Expressed As
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	X:1
Acid Test [Quick] Ratio	$\frac{(\text{Current Assets} - \text{Inventories})}{\text{Current Liabilities}}$	X:1

Solvency		
Solvency ratios assess a company's ability to meet long-term obligations.		
Ratio	Formula	Expressed As
Gearing [Debt to Equity]	$\frac{\text{Total Financial Debt}}{\text{Equity}}$	Number*
Interest Cover	$\frac{\text{Operating Profit before Interest}}{\text{Interest Payable}}$	Multiple (Times)

*Example D/E =0.8 then for every €1 of equity there is 80 cent of debt.

Investor Ratios		
These ratios measure the returns the company is generating for its ordinary shareholders		
Ratio	Formula	Expressed As
Dividend Cover	$\frac{\text{Profit attributable to equity holders}}{\text{Total ordinary dividends}}$	Multiple (times)
Dividends Per Share (DPS)	$\frac{\text{Total Ordinary Dividend}}{\text{Number of ordinary shares in Issue}}$	Euros and cents
Earnings Per Share (EPS)	$\frac{\text{Net Profit}}{\text{Number of ordinary shares in Issue}}$	Euros and cents

