

**ΥΠΟΥΡΓΕΙΟ ΠΑΙΔΕΙΑΣ ΚΑΙ ΠΟΛΙΤΙΣΜΟΥ  
ΔΙΕΥΘΥΝΣΗ ΑΝΩΤΕΡΗΣ ΚΑΙ ΑΝΩΤΑΤΗΣ ΕΚΠΑΙΔΕΥΣΗΣ  
ΥΠΗΡΕΣΙΑ ΕΞΕΤΑΣΕΩΝ**

**ΠΑΓΚΥΠΡΙΕΣ ΕΞΕΤΑΣΕΙΣ 2008**

**Μάθημα: ΛΟΓΙΣΤΙΚΗ**

**Ημερομηνία και ώρα εξέτασης: Παρασκευή 13 Ιουνίου 2008  
7:30 - 10:30**

**ΤΟ ΕΞΕΤΑΣΤΙΚΟ ΔΟΚΙΜΙΟ ΑΠΟΤΕΛΕΙΤΑΙ ΑΠΟ  
ΟΚΤΩ (8) ΣΕΛΙΔΕΣ**

**ΟΔΗΓΙΕΣ:**

- Να απαντήσετε σε όλες τις ερωτήσεις.
- Όλοι οι υπολογισμοί πρέπει να φαίνονται καθαρά στο γραπτό σας.
- Επισυνάπτεται Τυπολόγιο Λογιστικών Αριθμοδεικτών τεσσάρων (4) σελίδων.

## QUESTION 1

### Exercise 1

Alpha Ltd, invoices goods sent to its branch at cost plus 50% on cost. The branch makes both cash and credit sales. Branch expenses are paid by head office. Books are kept only by the head office.

The following information is related to the branch transactions that occurred during the year ended 31<sup>st</sup> December 2007:

	€
Allowances off selling price	480
Bad debts recovered	930
Bad debts written off	1.410
Cash received from branch debtors	120.600
Cash sales	5.330
Debtors 1 <sup>st</sup> January 2007	12.300
Debtors 31 <sup>st</sup> December 2007	24.150
Discounts allowed	2.400
Goods returned by branch to head office	5.700
Goods sent to branch	146.700
Rent paid	7.200
Returns from branch debtors direct to head office	3.300
Salaries	18.600
Stock 1 <sup>st</sup> January 2007 <b>(at cost price)</b>	21.400
Stock 31 <sup>st</sup> December 2007	?
Branch net profit	22.200
Branch gross profit	?

**REQUIRED:**

Show the following ledger accounts in the books of the head office:

- |  |           |
|--|-----------|
| (a) Branch stock account (with double money columns) | (marks 6) |
| (b) Goods sent to branch account                     | (marks 2) |
| (c) Branch debtors account                           | (marks 3) |
| (d) Branch Profit and Loss account.                  | (marks 2) |

**Exercise 2**

On 31<sup>st</sup> December 2005 the Machinery account in the books of Z Ltd showed a balance of €180.000. The Provision for depreciation on machinery account on the same date was €52.600.

The following transactions took place during the next two years:

**2006**

March 31: Z Ltd bought a machine for €24.000 and paid by cheque.

**2007**

April 30: Z Ltd bought 3 machines for €25.200 each, on credit from M.S. Ltd.

October 31: Z Ltd sold a machine for €5.700 cash. This machine was bought on 30<sup>th</sup> April 2002 for €21.600.

Depreciation is charged at the rate of 15% per annum using straight line method for each month of ownership.

**REQUIRED:**

Prepare the following accounts for the years 2006 and 2007 as they would appear in the ledger of Z Ltd:

- |   |           |
|---|-----------|
| (a) Machinery account                               | (marks 2) |
| (b) Provision for depreciation on machinery account | (marks 6) |
| (c) Disposal of machinery account.                  | (marks 4) |

**Show all your workings.**

**(Total marks 25)**

## QUESTION 2

A. Lefkios commenced business on 1<sup>st</sup> January 2007. He purchased all fixed assets on that date and provided depreciation at the year end 10% per annum (on a straight line basis) which amounted to €20.000. The stock turnover ratio for the year was six (6) times and the working capital on 31<sup>st</sup> December 2007 was €64.000.

The following ratios were also calculated from the first year's trading:

1.	Current ratio	3:2
2.	Ratio of annual sales to year end net assets (fixed assets plus working capital)	2:1
3.	Ratio of debtors to annual sales	1:5
4.	Quick (liquidity) ratio	1:1
5.	Ratio of general expenses (excluding depreciation) to sales	1:8

A. Lefkios withdrew €15.000 in cash during the year for his own private use.

Current assets consisted of stock, debtors and cash. Trade creditors were the only current liabilities.

### REQUIRED:

Prepare the following:

(a) Trading and Profit and Loss account for the year ended 31 December 2007

**(marks 10)**

(b) Balance Sheet as at 31 December 2007, either in vertical or horizontal form.

**(marks 10)**

**Show all your workings.**

**(Total marks 20)**

### QUESTION 3

M. Michael and N. Nicolaou are trading in partnership sharing profits and losses in proportion of their capital.

The Balance Sheet as at 31<sup>st</sup> May 2008 is as follows:

	€		€	€
Premises	40.700	Partners' Capital:		
Motor vans	28.300	M. Michael	55.000	
Stock	18.100	N. Nicolaou	<u>45.000</u>	100.000
Debtors	32.500	Creditors		25.000
Cash at bank	5.400			
	<u>125.000</u>			<u>125.000</u>

On 1<sup>st</sup> June 2008 they decided to admit P. Petrides as a new partner who is to introduce €25.000 in cash for his share of capital.

The agreement of admission provided for the following:

- The new profit sharing ratio is going to be  $\frac{3}{6}$  for M. Michael,  $\frac{2}{6}$  for N. Nicolaou and  $\frac{1}{6}$  for P. Petrides.
- Goodwill valued €18.000 is to be introduced into the partnership's books.
- Premises, motor vans and stock to be revalued at €65.900, €14.250 and €24.500 respectively.
- Provision for bad debts equal to 6% on debtors is to be created.

*One month after the admission, the partners decided to write off the goodwill.*

#### REQUIRED:

Prepare the following accounts to post the above transactions:

- Revaluation account (marks 6)
- Partners' capital accounts (in columnar form) (marks 6)
- Goodwill account. (marks 3)

**(Total marks 15)**

**QUESTION 4:**

Lewis Plc decided to raise additional capital by issuing ordinary shares. The following information is relevant:

Authorised Share Capital	€1.200.000
Par value per share	€5,00
Ordinary shares already in issue	160 000 shares
Issue to be made	the balance of shares
Issue price (selling price)	€6,00

The issue is payable as follows:

15 February, 2007	On application	€2,00
15 March, 2007	On allotment (including premium)	€2,50
15 October, 2007	On First call	€1,00
15 December, 2007	On Second and Final call	the balance

Applications were received for 150 000 shares. The directors decided to proceed with the allotment as follows:

Applicants for 55 000 shares were satisfied in full, 50 000 by 1/2 (one-half) and the balance was rejected.

Excess monies received on application were carried forward against the amount due on allotment.

Allotment monies were duly received, but when the First call was asked one shareholder who held 400 shares paid them in full, while another shareholder who held 2 000 shares failed to pay.

When the Second and Final call was asked, all shareholders paid their obligations, except from the above mentioned shareholder who held 2 000 shares.

**REQUIRED:**

Prepare the journal entries (including those relating to Cash) to record the above transactions. Narrations are not required.

**Show all your workings.**

**(Total marks 20)**

**QUESTION 5:**

Link Plc was formed on 1<sup>st</sup> May 2008 in order to take over the private business of T. Theodosiou, whose Balance Sheet as at 30<sup>th</sup> of April 2008 is as follows:

	€	€		€
<b>FIXED ASSETS</b>			<b>CAPITAL</b>	200.000
Buildings	140.000		<b>LONG TERM LIABILITIES</b>	
Office Equipment	9.400		Loan	39.500
Motor Vans	27.800	177.200	<b>CURRENT LIABILITIES</b>	
<b>CURRENT ASSETS</b>			Creditors	23.500
Stock	43.400			
Debtors	35.500			
Bank	6.900	85.800		
		263.000		263.000

The authorised ordinary share capital of Link Plc was €700.000 consisting of shares of €2 each.

It was agreed that:

- (a) The purchasing Company (Link Plc) will take over all assets with the exception of the bank balance and all liabilities with the exception of the loan balance.
- (b) For the calculation of the purchase price the following revised values were agreed:

Buildings	€195.000
Office Equipment	€ 7.200
Motor Vans	€ 17.600
Stock	€ 48.600

- (c) A provision for bad and doubtful debts of 4% is to be made on debtors.
- (d) The goodwill of the business should be valued at two (2) years' purchase of the average profits of the last three (3) years, which were the following:

Year	Profit / (Loss) €
2005	(3.300)
2006	14.700
2007	35.400

Additionally, for full settlement of the purchase price T. Theodosiou was given €100.180 by cheque and the balance by issuing 100 000 ordinary shares in Link Plc. Link Plc raised cash by issuing a further 120 000 ordinary shares at the same price as those issued to T. Theodosiou.

**REQUIRED:**

You are asked to prepare:

- (a) Journal entries (including those relating to Cash) to record the transactions in the books of Link Plc. Narrations are not required. **(marks 14)**
- (b) The Balance Sheet of Link Plc as at 1<sup>st</sup> May 2008 (*Vertical or Horizontal form*). **(marks 6)**

**Show all your workings.**

**(Total marks 20)**

**(Grand total marks 100)**

**THE END**