

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

ΠΑΓΚΥΠΡΙΕΣ ΕΞΕΤΑΣΕΙΣ 2014

ΜΑΘΗΜΑ: ΛΟΓΙΣΤΙΚΗ

**ΗΜΕΡΟΜΗΝΙΑ ΚΑΙ ΩΡΑ ΕΞΕΤΑΣΗΣ: Πέμπτη, 22 Μαΐου 2014
08:00 - 11:00**

ΠΡΟΤΕΙΝΟΜΕΝΕΣ ΛΥΣΕΙΣ

Question 1

Exercise 1

$$(a) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit} \times 100}{\text{Net Sales}} = \frac{115.800 \times 100}{(50.200+194.800)-2.000} = 47.65\% \quad (\text{Marks1})$$

$$(b) \text{ Working Capital Ratio} = \frac{\text{Current Assets}}{\text{Current liability}} = \frac{\text{Stock+ debtors+ bank+ cash}}{\text{Creditors+ corp. tax+ prop. dividend.}}$$

$$= \frac{58.300 + 14.900 + 23.700}{17.400 + 15.000 + 21.000 + 4.000}$$

$$= \frac{96.900}{57.400} = 1.69:1 \quad (\text{Marks1})$$

$$(c) \text{ Debtors Ratio (days)} = \frac{\text{Debtors} \times 365}{\text{Credit Sales (net)}} = \frac{14.900 \times 365}{194.800 - 2.000} = 28.2 \text{ or } 28 \text{ days}$$

(Marks1)

$$(d) \text{ Creditors Ratio (days)} = \frac{\text{creditors} \times 365}{\text{credit purchases}} = \frac{17.400 \times 365}{125.000} = 50.8 \text{ or } 51 \text{ days}$$

(Marks1)

$$(e) \text{ Stock turnover Ratio} = \frac{\text{*cost of sale}}{\text{average stock}} = \frac{127.200}{(60.500+58.300)/2} = 2.14 \text{ times}$$

$$* \text{ Opening Stock} + \text{purchase} - \text{closing stock} = 60.500 + 125.000 - 58.300 = 127.200$$

$$\text{OR Sales} - \text{Gross Profit} = (50.200 + 194.800 - 2.000) - 115.800 = 127.200$$

(Marks2)

Exercise 2

(a) Machinery account

2012			2012		
		€			€
Jan. 1	B/ce b/d	144.000	Dec. 31	B/ce c/d	164.000
March 31	Bank	20.000			
		164.000			164.000
<hr/>			<hr/>		
2013			2013		
Jan. 1	B/ce b/d	164.000	Oct. 31	Disposal	17.400
April 30	SILVER Ltd (2X21.000)	42.000	Dec. 31	B/ce c/d	188.600
		206.000			206.000
<hr/>			<hr/>		
2014					
Jan. 1	B/ce b/d	188.600			

(Marks 6)

(b) Provision for depreciation of Machinery account

2012			2012		
		€			€
Dec. 31	B/ce c/d	73.800	Jan. 1	B/ce b/d	42.000
			Dec. 31	P&L – Depn (w1)	31.800
		<u>73.800</u>			<u>73.800</u>
2013			2013		
Oct. 31	Disposal (w3)	15.660	Jan. 1	B/ce b/d	73.800
Dec. 31	B/ce c/d	95.960	Dec. 31	P&L – Depn (w2)	37.820
		<u>111.620</u>			<u>111.620</u>
2014			2014		
			Jan. 1	B/ce b/d	95.960

(Marks 6)

(c) Disposal account

2013			2013		
		€			€
Oct. 31	Machinery	17.400	Oct. 31	Bank	3.340
Dec. 31	Profit on Disposal	1.600	Oct. 31	Prov. For Dep'n	15.660
		<u>19.000</u>			<u>19.000</u>

(Marks2)

(W1)

2012
 $144.000 \times 20\% = 28.800$
 $20.000 \times 20\% \times 9/12 = 3.000$
31.800

(W3)

2013 Disposal
 $17.400 \times 20\% \times 54/12 = 15.660$

(W2)

2013
 $(164.000 - 17.400) = 146.600 \times 20\% = 29.320$
 $17.400 \times 20\% \times 10/12 = 2.900$
 $42.000 \times 20\% \times 8/12 = 5.600$
37.820

(Total Marks 20)

Question 2

1) Books of the partnership

(a) Realisation A/C

		Realisation A/C		
Land and Buildings		332.000	Creditors	68.000
Furniture and Fittings		28.000	Lima P/c (W1)	549.200
Stock		178.000		
Debtors		30.400		
Cash-Realisation Exp		2.000		
Profit on Realisation:				
Capital A/cs:				
Flora (46.800x3/5)	28.080			
Nora (46.800x2/5)	18.720	46.800		
		<u>617.200</u>		<u>617.200</u>

(Marks 4)

(b) Partners' Capital A/cs

	Flora	Nora		Flora	Nora
Current A/c	-	6.000	B/ce b/d	300.000	200.000
Shares in Lima Plc	288.000	192.000	Current A/c	18.000	-
Cash	58.080	20.720	Realization – Profit	28.080	18.720
	346.080	218.720		346.080	218.720

(Marks 2)

(c) Lima Plc A/c

Realisation	549.200	Shares in Lima Plc 800.000x[0.50+(0.50x20%)]	480.000
		Cash (549.200 – 480.000)	69.200
	549.200		549.200

(Marks 2)

(d) Shares in Lima Plc A/c

Lima Plc	480.000	Capital A/cs: Flora (480.000x3/5) Nora (480.000x2/5)	288.000 192.000
	480.000		480.000

(Marks 2)

(e) Cash A/c

B/ce b/d	11.600	Realization – expenses	2.000
Lima Plc	69.200	Capital Flora	58.080
		Capital Nora	20.720
	80.800		80.800

(Marks 2)

2) Books of LIMA Plc

(a)

Cash A/c

Ordinary Shareholders (320.000x€0.60)	192.000	Flora & Nora	69.200
Debenture holders (24.000x€9.50)	228.000	Preliminary expenses	8.000
		B/ce c/d	342.800
	420.000		420.000
B/ce b/d	342.800		

(Marks 4)

(b)

Share Premium A/c

Preliminary Expenses	8.000	Flora & Nora (800.000x €0.10)	80.000
Debenture Discount (24.000 bonds x 0.50)	12.000	Ordinary Shareholders (320.000x€0.10)	32.000
B/ce c/d	92.000		
	112.000		112.000
		B/ce b/d	92.000

(Marks 4)

Workings

(W1) Calculation of Purchase Price

	€	€
Assets taken over:		
Land & Buildings	360.000	
Furniture & Fittings	28.000	
Stock	168.000	
Debtors	30.400	
Goodwill	32.000	618.400
Less Liabilities undertaken:		
Provision for Bad Debts	(1.200)	
Creditors	(68.000)	(69.200)
PURCHASE PRICE		€549.200

(Total Marks 20)

Question 3

Workings:

Shares to be issued: 250.000 Ordinary Shares of €2 each at a premium 10%

Selling Price $2 + (2 \times 10\%) = €2,20$

Application	$250.000 \times 0,50 = 125.000$
Allotment	$250.000 \times 0,70 = 175.000$
Share Premium	$250.000 \times 0,20 = 50.000$
First Call	$250.000 \times 0,60 = 150.000$
Second and final Call	$250.000 \times \underline{0,20} = \underline{50.000}$
	€ 2,20 550.000

- **Application money Received:** 350.000 shares $\times 0,50 = €175.000$

(350.000) Applicants	(250.000) Shares allotted
50.000	0
300.000	250.000
350.000	250.000

Money Refund: $50.000 \times 0,50 = €25.000$

Overpayment/Money against allotment $50.000 \times 0,50 = €25.000 \Rightarrow$

B/c of Allotment: $225.000 - 25.000 = €200.000$

- **Calls in Arrear:** $2.500 \times 0,60 = €1.500$ (First Call)
- **Calls in Advance:** $3.000 \times 0,20 = €600$ (Final Call)
- **Calls in Arrear:** $2.500 \times 0,20 = €500$ (Final Call)

1. Books of OLIVE Plc

Journal

Application & Allotment (€125.000+€175.000+€50.000) Ordinary Share Capital (€125.000+€175.000) Share Premium (250.000 x 0.20)	350.000	300.000 50.000
Bank (Applic. Money received: 350.000 X 0,50) Application & Allotment	175.000	175.000
Application & Allotment Bank (money returned: €50.000 X 0,50)	25.000	25.000
Bank (B/ce of Allotment: €225.000 - €25.000) Application & Allotment	200.000	200.000
First Call (250.000 X 0,60) Ordinary Share Capital	150.000	150.000
Bank (€150.000 - €1.500) Calls in Arrear (2.500 X 0,60) First Call	148.500 1.500	150.000
Bank (3.000 X 0,20) Calls in Advance (300.000 X 0,20)	600	600
Final Call (250.000 X 0,20) Ordinary Share Capital	50.000	50.000
Bank (50.000 – 600 – 500) Calls in Arrear (2.500 X 0,20) Call in Advance Final Call	48.900 500 600	50.000

(Marks 15)

2.

(a)

Application & Allotment A/c

Ordinary Share Capital	300.00	Bank (Applic. Money received)	175.000
Share premium	50.000	Bank (B/ce of Allotment)	200.000
Bank (money refunded)	25.000		
	375.000		375.000

(Marks 2,5)

(b)

Ordinary Share Capital A/c

B/ce c/d	800.000	B/ce b/d (150.000 X €2)	300.000
		Application & Allotment	300.000
		First Call	150.000
		Final Call	50.000
	800.000		800.000
		b/e b/d	800.000

(Marks 2,5)

(Total Marks 20)

Question 4

(a)

PAPHOS Plc

Profit & Loss and Appropriation A/c For the year ended 31 December 2013

	€	€	€
Gross Profit			450.000
Add Additional Income:			
Profit on disposal		3.000	
Provision for Bad Debts		2.120	
Interest on investment (Receivable) (360.000 X 10%)		36.000	41.120
			491.120
Less Expenses :			
Bad Debts (8.000 + 2.000)		10.000	
Auditors' Fees		24.000	
Salaries (160.000 – 12.000)		148.000	
Directors remuneration		50.000	
Debenture Interest	3.000		
Add Due (400.000 x 6%) – 3.000	9.000	12.000	
Depn on : Del. Van (100.000 – 40.000) X 20%	12.000		
F + F (160.000 X 10%)	16.000	28.000	(272.000)
Net Profit before tax			219.120
Less Corporation Tax (219.120 X 10%)			(21.912)
Net Profit after tax			197.208
Less Appropriations:			
Goodwill written off		12.000	
Transfer to General Reserve		32.000	
Interim Dividends:			
7% Preference Shares	15.000		
Ordinary Shares	12.000	27.000	
Proposed Dividends:			
Preference Shares (7% X 500.000) – 15.000	20.000		
Ordinary Shares (1.400.000/5) X €0.10	28.000	48.000	(119.000)
Retained Profit for the year			78.208
Retained Loss b/f			(5.000)
Retained Profit c/d			<u>73.208</u>

(Marks 10)

OR Alternative Solution

PAPHOS PLC
Profit & Loss and Appropriation A/c for the year ended 31

	€	€		€	€
Bad Debts (8.000 + 2.000)		10.000	Gross Profit		450.000
Auditor Fees		24.000	Profit on Disposal	3.000	
Salaries	160.000		Prov. for Bad Debts	2.120	
Less Prepaid	12.000	148.000	Interest on Invest. (Receivable)	36.000	41.120
Director Remuneration		50.000			
Debenture Interest	3.000				
Add Due (400.000 x 6%) – 3.000	9.000	12.000			
Dep on: Del. Van	12.000				
Furniture	16.000	28.000			
Net Profit		219.120			
		491.120			491.120
Retained Loss b/f		5.000	Net Profit b/d		219.120
Corporation Tax		21.912			
Goodwill written off		12.000			
Transfer to Gen. Reserves		32.000			
Interim Dividend:					
7% Pref. Shares	15.000				
Ordinary Shares	12.000	27.000			
Proposed Dividend:					
7% Pref. Shares	20.000				
Ordinary Shares	28.000	48.000			
Retained Profit c/d		73.208			
		219.120			219.120

(Marks 10)

(b)

Balance Sheet of Paphos Plc
As at 31 December 2013

FIXED ASSETS	COST	DEPN	N.B.V.
	€	€	€
Intangible Assets			
Goodwill	116.000	12.000	104.000
Tangible Assets			
Freehold Property	1.752.000	-	1.752.000
Furniture & fittings	160.000	48.000	112.000
Delivery van	100.000	52.000	48.000
	2.128.000	112.000	2.016.000
Investment			360.000
CURRENT ASSETS			
Stock		60.000	
Debtors (300.000 – 2.000)	298.000		
Less Provision for bad debts	(17.880)	280.120	
Bank		85.000	
Salaries prepaid		12.000	
Interest on investment Receivable		36.000	
		473.120	
Less Current Liabilities			
Creditors	140.000		
Corporation Tax	21.912		
Proposed Dividend (20.000 +28.000)	48.000		
Debenture interest due	9.000		
Carriage inwards due	5.000	223.912	
Working Capital – Net Current Assets			249.208
Total Assets less Current Liabilities			2.625.208
SHARE CAPITAL		Authorised	Issued
Ord. Shares of €5 each		4.000.000	1.400.000
7% Pref. Shares of €2 each		600.000	500.000
		4.600.000	1.900.000
RESERVES			
General Reserve (220.000 + 32.000)			252.000
Profit & Loss a/c			73.208
LONG TERM LIABILITIES			
6% Debentures			400.000
Total Capital Employed			2.625.208

(Marks 10)
(Total Marks 20)

Question 5

(1) Revaluation A/c

	€	€		€
Plant & Machinery		34.000	Office Furniture	40.000
Profit on Revaluation:			Motor vehicle	50.000
Capital L 3/6	90.000		Stock	4.000
Capital M 2/6	60.000		Goodwill	120.000
Capital N 1/6	30.000	180.000		
		<u>214.000</u>		<u>214.000</u>

(Marks 7,5)

(2) Goodwill A/c

	€		€
Revaluation	120.000	Capital L 5/10	60.000
		Capital M 3/10	36.000
		Capital F 2/10	24.000
	<u>120.000</u>		<u>120.000</u>

(Marks 3,5)

(3) Partners' capital A/c

	L	M	N	F		L	M	N	F
Current a/c	---	---	20.000	---	B/ce b/d	240.000	160.000	80.000	---
M. Van	---	---	32.000	---	Cash	---	---	---	60.000
Bank	---	---	29.000	---	Motor van	---	---	---	20.000
Loan	---	---	29.000	---	Profit on Reval.	90.000	60.000	30.000	---
Goodwill	60.000	36.000	---	24.000					
B/ce c/d	270.000	184.000	---	56.000					
	<u>330.000</u>	<u>220.000</u>	<u>110.000</u>	<u>80.000</u>		<u>330.000</u>	<u>220.000</u>	<u>110.000</u>	<u>80.000</u>
					B/ce b/d	270.000	184.000	---	56.000

(Marks 9)

OR Alternative Solution

(1) Revaluation A/c

	€	€		€
Plant & Machinery		34.000	Office Furniture	40.000
Profit on Revaluation:			Motor vehicle	50.000
Capital L 3/6	30.000		Stock	4.000
Capital M 2/6	20.000			
Capital N 1/6	10.000	60.000		
		<u>94.000</u>		<u>94.000</u>

(Marks 7,5)

(2) Goodwill A/c

	€	€	€
Capital L 3/6	60.000	Capital L 5/10	60.000
Capital M 2/6	40.000	Capital M 3/10	36.000
Capital N 1/6	20.000	Capital F 2/10	24.000
	<u>120.000</u>		<u>120.000</u>

(Marks 3,5)

(3) Partners' capital A/c

	L	M	N	F		L	M	N	F
Current a/c	---	---	20.000	---	B/ce b/d	240.000	160.000	80.000	---
M. Van	---	---	32.000	---	Cash	---	---	---	60.000
Bank	---	---	29.000	---	Motor van	---	---	---	20.000
Loan	---	---	29.000	---	Profit on Reval.	30.000	20.000	10.000	---
Goodwill	60.000	36.000	---	24.000	Goodwill	60.000	40.000	20.000	---
B/ce c/d	270.000	184.000	---	56.000					
	<u>330.000</u>	<u>220.000</u>	<u>110.000</u>	<u>80.000</u>		<u>330.000</u>	<u>220.000</u>	<u>110.000</u>	<u>80.000</u>
					B/ce b/d	270.000	184.000	---	56.000

(Marks 9)

(Total Marks 20)