ΥΠΟΥΡΓΕΙΟ ΠΑΙΔΕΙΑΣ ΚΑΙ ΠΟΛΙΤΙΣΜΟΥ
ΔΙΕΥΘΥΝΣΗ ΑΝΩΤΕΡΗΣ ΚΑΙ ΑΝΩΤΑΤΗΣ ΕΚΠΑΙΔΕΥΣΗΣ
ΥΠΗΡΕΣΙΑ ΕΞΕΤΑΣΕΩΝ

ΠΑΓΚΥΠΡΙΕΣ ΕΞΕΤΑΣΕΙΣ 2017

ΜΑΘΗΜΑ: ΛΟΓΙΣΤΙΚΗ

ΗΜΕΡΟΜΗΝΙΑ ΚΑΙ ΩΡΑ ΕΞΕΤΑΣΗΣ: Πέμπτη, 1 Ιουνίου 2017
08:00 - 11:00

ΤΟ ΕΞΕΤΑΣΤΙΚΟ ΔΟΚΙΜΙΟ ΑΠΟΤΕΛΕΙΤΑΙ ΑΠΟ ΟΚΤΩ (8) ΣΕΛΙΔΕΣ

ΟΔΗΓΙΕΣ:

- Να απαντήσετε σε όλες τις ερωτήσεις (Answer all questions)
- Όλοι οι υπολογισμοί πρέπει να φαίνονται καθαρά στο τετράδιό σας
- Επιτρέπεται η χρήση μη προγραμματιζόμενης υπολογιστικής μηχανής
- Δεν επιτρέπεται η χρήση διορθωτικού υγρού/ταινίας
- Επισυνάπτεται τυπολόγιο Λογιστικών Αριθμοδεικτών τεσσάρων (4) σελίδων.

QUESTION 1

Exercise 1

Xenia and Yianna are in partnership sharing profits and losses in the ratio 3:2 respectively. At 31 March 2017, their Balance Sheet was as follows:

Fixed Assets	**€**	**€**
Premises		300.000
Office Equipment		40.000
Fixtures and Fittings		30.000
		370.000
Current Assets		
Stock	26.000	
Debtors	34.000	
Bank	18.000	
	78.000	
Current Liabilities		
Creditors	(30.000)	
Net Current Assets		48.000
		418.000
Capitals:		
Xenia		258.000
Yianna		160.000
		418.000

The following additional information was available:

1. Zoe was admitted into the partnership on 1 April 2017. It was agreed that all profits and losses in the new partnership would be shared in the ratio Xenia 3, Yianna 2, Zoe1.
2. Zoe introduced into the partnership stock valued at €20.000, motor vehicles a valuation of at €18.000 and a cheque for €42.000
3. Goodwill was valued at €30.000
4. Assets and liabilities of the former partnership were revalued as follows:

	€
Premises	330.000
Office Equipment	38.200
Stock	25.200

5. The partners decided that Goodwill is to be written off.

REQUIRED:

a. Revaluation accounts **(Marks 3)**
b. Capital accounts of Xenia, Yianna and Zoe **(Marks 4)**
c. Balance Sheet of Xenia, Yianna and Zoe at 1 April 2017. **(Marks 6)**

Exercise 2

The following information relates to the office computers of Park Ltd:

2014

1 January	Purchased office computers for €40.000

2016

30 June	Sold office computers costing €12.000 for €5.000 by cheque
1 October	Purchased office computers for €16.000 paying by cheque

Park Ltd has the following depreciation policy:

- Office computers are depreciated at the rate of 20% per annum using the straight-line method
- Depreciation is charged for each month of ownership.

REQUIRED:

Prepare the following ledger accounts for the year ended 31 December 2016:

a. Office Computers **(Marks 2)**
b. Provision for Depreciation of Office Computers **(Marks 3)**
c. Disposal of office computers. **(Marks 2)**

(Total Marks 20)

QUESTION 1

Exercise 1

a. **Revaluation A/c**

	€		€
Office equipment (40.000-38.200)	1.800	Premises (330.000-300.000)	30.000
Stock (26.000-25.200)	800	Goodwill	30.000
Profit on Revaluation			
Capital X (3/5 X 57.400) 34.440			
Capital Y (2/5 X 57.400) 22.960	57.400		
	60.000		60.000

(Marks 3)

b. **Partners' Capital A/cs**

	Xenia	Yianna	Zoe		Xenia	Yianna	Zoe
	€	€	€		€	€	€
Goodwill (3:2:1)	15.000	10.000	5.000	Balance b/d	258.000	160.000	--------
Balance c/d	277.440	172.960	75.000	Stock	-----------	-----------	20.000
				Motor Vehicles	-----------	-----------	18.000
				Cash/Bank	-----------	-----------	42.000
				Profit on Reval.	34.440	22.960	
	292.440	182.960	80.000		292.440	182.960	80.000
				Balance b/d	277.440	172.960	75.000

(Marks 4)

c. **Xenia, Yianna, Zoe**
Balance Sheet as at 1 April 2017

	€	€		€	€
Fixed Assets			**Partners' Capital A/cs**		
Premises	330.000		Xenia	277.440	
Office Equipment	38.200		Yianna	172.960	
Fixtures & Fittings	30.000		Zoe	75.000	525.400
Motor Vehicles	18.000	416.200			
			Current Liabilities		
Current Assets			Creditors		30.000
Stock (25.200+20.000)	45.200				
Debtors	34.000				
Bank (18.000+42.000)	60.000	139.200			
		555.400			555.400

(Marks 6)

or

Revaluation A/c

	€		€
Office equipment	1.800	Premises	30.000
Stock	800		
Profit on Revaluation			
Capital X (3/5 X 27.400) 16.440			
Capital Y (2/5 X 27.400) 10.960	27.400		
	30.000		30.000

Partners' Capital A/cs

	Xenia	Yianna	Zoe		Xenia	Yianna	Zoe
	€	€	€		€	€	€
Goodwill	15.000	10.000	5.000	Balance b/d	258.000	160.000	--------
Balance c/d	277.440	172.960	75.000	Stock	-----------	-----------	20.000
				Motor Vehicles	-----------	-----------	18.000
				Cash/Bank	-----------	-----------	42.000
				Goodwill adj. (3:2)	18.000	12.000	
				Profit on Reval.	16.440	10.960	
	292.440	182.960	80.000		292.440	182.960	80.000
				Balance b/d	277.440	172.960	75.000

Xenia, Yianna, Zoe
Balance Sheet as at 1 April 2017

	€	€
Fixed Assets		
Premises		330.000
Office Equipment		38.200
Fixtures & Fittings		30.000
Motor Vehicles		18.000
		416.200
Current Assets		
Stock (25.200+20.000)	45.200	
Debtors	34.000	
Bank (18.000+42.000)	60.000	
	139.200	
Current Liabilities		
Creditors	(30.000)	109.200
		525.400
Capital A/cs		
Xenia	277.440	
Yianna	172.960	
Zoe	75.000	525.400

QUESTION 1

Exercise 2 **a**.

Office Computer A/c

2016		€	2016		€
Jan 1	Balance b/d	40.000	Jun 30	Disposal	12.000
Oct 1	Bank	16.000	Dec 31	Balance c/d	44.000
		56.000			56.000
2017 Jan 1	Balance b/d	44.000			

(Marks 2)

b. **Office Computer-Provision for Depreciation A/c**

2016		€	2016		€
Jun 30	Disposal (W.3)	6.000	Jan1	Balance b/d (w1)	16.000
Dec 31	Balance c/d	17.600	Dec 31	P/L or Depn (w.2)	7.600
		23.600			23.600
			2017 Jan 1	Balance b/d	17.600

(Marks 3)

c. **Disposal A/c**

2016		€	2016		€
Jun 30	Office computer	12.000	Jun 30	Bank	5.000
			Jun 30	PFD	6.000
			Dec 31	Loss on disposal/P&L	1.000
		12.000			12.000

(Marks 2)

Workings:

1. Provision for Depn 1.1. 2016
40.000x20%x2 years= **16.000**

2. Depreciation expense for 2016
Old: (40.000-12.000)x20% = 5.600
New: 16.000x20%x3/12 = 800
Disposed: 12.000x20%x6/12= 1.200
7.600

3. Provision for Depn on asset disposed
12.000x20%x30/12 = **6.000**

(Total Marks 20)

QUESTION 2

Euro Bell operates a mobile phone network and has an authorised share capital of 1 000 000 ordinary shares of €2 each and 500 000 8% Preference shares of €1 each

The following details relate to the business on 31 December 2016:

	€
Cash in hand and at bank	17.700
Stock	30.900
Debtors	14.900
Creditors	17.400
Gross Profit	115.800
Debenture interest due	2.100
Cost of sales	127.200
Ordinary share capital	1.000.000
Share Premium	20.000
7% Debentures	300.000
Profit and Loss A/c 31.12.2016 (Cr balance)	280.000
General reserve	12.000
Ordinary dividend proposed	6.000

*80% of the sales are on credit

The directors decided to make an additional issue of shares in order to take advantage of a business opportunity.

The following events occurred relating to the share capital

1. The company offered for sale 200 000 ordinary shares at a price of €2,40 on the following terms:

	€
• On Application	0,50
• On Allotment (including the premium)	1,00
• On First call	0,60
• On Second and Final call	the remaining balance

2. Applications had been received for 290 000 shares. The directors rejected applications for 40 000 shares and money was returned to unsuccessful applicants. The remaining shares were allotted pro rata. The balance due on allotment was fully received.

3. The first call was made and the amounts were received except from one shareholder holding 3 000 shares who failed to pay, while another shareholder holding 4 000 shares paid them in full.

4. When the second and final call was asked, all shareholders paid their obligations, except from the above mentioned shareholder who held 3 000 shares.

REQUIRED:

a. Calculate the following ratios for the year ended 31 December 2016 to **two decimal** places:

- **i.** Quick Assets Ratio **(Marks 2)**
- **ii.** Gross Profit Ratio **(Marks 2)**
- **iii.** Net Assets Value of Shares **(Marks 2)**
- **iv.** Debtors Ratio (in days) **(Marks 2)**

b. The following ledger accounts to record the transactions relating to the issue of shares:

- **i.** Application and allotment **(Marks 4)**
- **ii.** Ordinary share capital **(Marks 3)**
- **iii.** Share premium **(Marks 1)**
- **iv.** Second and Final call **(Marks 4)**

(Total Marks 20)

Question 2

a.

i. Quick Assets Ratio = $\frac{\text{Current Assets} - \text{Stock}}{\text{Current Liabilities}} = \frac{14.900 + 17.700}{(17.400 + 6.000 + 2.100)}$

Quick Assets Ratio = 1,28:1

(Marks 2)

ii. Gross Profit = $\frac{\text{Gross Profit}}{\text{Sales}}$ x 100 Gross Profit = $\frac{\text{Gross Profit}}{(\text{Cost of Sales} + \text{GP})}$ x 100

Gross Profit = $\frac{115.800}{(127.200 + 115.800)}$ x 100 Gross Profit = $\frac{115.800}{243.000}$ x 100

Gross Profit = 47,65%

(Marks 2)

iii. Net Assets Value of Shares = $\frac{\text{Ordinary Share Capital} + \text{Reserves}}{\text{No of Ordinary Shares}}$

Net Assets Value of Shares = $\frac{1.000.000 + 312.000*}{500\ 000} = \frac{1.312.000}{500\ 000}$

Net Assets Value of Shares = €2,62 per share

***Reserves** = Share Premium + General Reserve + Profit and Loss

Reserves = 20.000 + 12.000 + 280.000

(Marks 2)

iv. Debtors Ratio = $\frac{\text{Debtors}}{\text{Credit Sales}}$ x 365 Debtors Ratio = $\frac{14.900}{194.400*}$ x 365

Debtors Ratio = 28 days

*243.000X80%

(Marks 2)

QUESTION 2

b.

(Marks 4)

Application and Allotment A/c

2016		€	2016		€
	Ordinary Share Capital (200 000X€1,10)	220.000		Bank (290 000X€0,50)	145.000
	Share Premium (200 000X€0,40)	80.000		Bank (200 000X€1) – (50 000X€0,50)	175.000
	Bank (40 000X€0,50)	20.000			
		320.000			**320.000**

ii. **Ordinary Share Capital A/c**

2016		€	2016		€
Dec 31	Balance c/d	1.400.000	Jan 1	Balance b/d	1.000.000
				Appl & Allotment	220.000
				First Call (200 000X€0,60)	120.000
				Second & Final Call (200 000X€0,30)	60.000
		1.400.000			**1.400.000**
			2017		
			Jan 1	Balance b/d	1.400.000

(Marks 3)

iii. **Share Premium A/c**

2016		€	2016		€
Dec 31	Balance c/d	100.000	Jan 1	Balance b/d	20.000
				Appl & Allotment	80.000
		100.000			**100.000**
			2017		
			Jan 1	Balance b/d	100.000

(Marks 1)

iv. **Second and Final Call A/c**

2016		€	2016		€
	Ordinary Share Capital	60.000		Calls in advance (4 000X€0,30)	1.200
				Bank (200 000X€0,30) - €1.200 - €900	57.900
				Calls in arrear (3 000X€0,30)	900
		60.000			**60.000**

(Marks 4)

Workings:

290.000 x 0,50 = 145.000	Applications money received
200.000 x 0,50 = 100.000	Application
200.000 x 0,60 = 120.000	Allotment
200.000 x 0,60 = 120.000	First Call
200.000 x 0,30 = 60.000	Second and Final Call
200.000 x 0,40 = 80.000	Share Premium
3.000 x 0,60 = 1.800	Calls in arrear First Call
3.000 x 0,30 = 900	Calls in arrear Second and Final Call
4.000 x 0,30 = 1.200	Calls in advance

Shares Issued Applications received

200.000 290.000

90.000 shares oversubscription

40.000 x 0,50 = 20.000 shares rejected (money returned)

50.000 x 0,50 = 25.000 c/f to allotment

(Total Marks 20)

QUESTION 3

Alpha Ltd manufactures parts for washing machines. It also purchases some parts for resale. The following information is available:

	31 December 2015	**31 December 2016**
Stocks:	€	€
raw materials	62.000	62.800
work in progress	17.000	15.100
finished goods	16.280	16.500

Some of the balances for the year ended 31 January 2016 were as follows:

	€
Sales of finished goods	461.000
Purchases of raw materials	179.000
Purchases of finished goods	30.800
Carriage inwards	1.500
Manufacturing wages	76.700
Factory supervisor's salary	14.000
Administrative and sales wages	25.900
Depreciation of factory machinery	11.400
Depreciation of office equipment	7.600
Rent	8.000
Loss on sale of office equipment	400
Light and heat	4.300

Additional Information:

1. At 31 January 2016 prepaid rent was €1.000 and accrued light and heat was €700
2. Carriage Inwards is 80% on the raw materials and 20% on finished goods
3. Rent, light and heat are apportioned 50% to the factory and 50% to administration

REQUIRED:

Prepare for the year ended 31 December 2016:

a. Manufacturing Account showing clearly
   - **i.** Cost of raw materials used **(Marks 4)**
   - **ii.** Prime cost **(Marks 2)**
   - **iii.** Cost of production **(Marks 6)**

b. Trading and Profit and Loss Account. **(Marks 8)**

(Total Marks 20)

QUESTION 3

Alpha Ltd

a. Manufacturing Account for the year ended 31 December 2016

Raw materials:	**€**	**€**
Opening stock	62.000	
Purchases	179.000	
Carriage inwards (1.500x80%)	1.200	
	242.200	
Less: closing stock	(62.800)	
Cost of raw materials consumed	**179.400**	
Add Manufacturing wages	76.700	
PRIME COST		**256.100**
Add Factory overheads:		
Supervisor salary	14.000	
Depreciation of factory machinery	11.400	
Rent (8.000-1000)X50%	3.500	
Light and heat (4.300+700)x50%	2.500	31.400
Add: Opening work in progress	17.000	
Less: Closing work in progress	(15.100)	1.900
PRODUCTION COST		**289.400**

(Marks 12)

b. Trading and Profit and Loss A/c for the year ended 31 December 2016

	€	**€**	**€**
Sales			461.000
Less Cost of sales:			
Opening stock of finished goods		16.280	
Production cost		289.400	
Purchases of finished goods	30.800		
Add Carriage inwards (1.500X20%)	300	31.100	
		336.780	
Less Closing Stock of finished goods		(16.500)	320.280
Gross profit			140.720
Less expenses			
Administrative and sales wages		25.900	
Rent (8.000-1.000)X50%		3.500	
Light and heat (4.300+700)X50%		2.500	
Depreciation of office equipment		7.600	
Loss on sale of office equipment		400	(39.900)
Net Profit			100.820

(Marks 8)
(Total Marks 20)

QUESTION 4

The following Trial Balance was extracted from the books of Massimo Plc on 31 December 2016:

	€ Dr	**€ Cr**
Ordinary Share Capital fully paid		800.000
8% Preference share capital fully paid		160.000
Interim dividend – ordinary shares	8.000	
Interim dividend – preference shares	6.400	
Share premium		60.000
Freehold Property	1.060.000	
Motor Vehicles	400.000	
Office Equipment	140.000	
6% Investment – invested on 1 October 2016	100.000	
Provision for Depreciation on motor vehicles		325.000
Provision for Depreciation on office equipment		84.000
Bank Overdraft		13.600
Provision for bad debts		2.400
Net Profit (before investment income)		308.400
General Reserve		10.000
Goodwill	170.000	
5% Debentures		160.000
Debenture Interest due		4.000
Profit and Loss A/c – 1 January 2016		167.000
Debtors	120.000	
Creditors		90.000
Stock at 31 December 2016	180.000	
	2.184.400	2.184.400

The following information is to be taken into account:

1. The authorised share capital of the company is divided into €1.000.000 ordinary shares of €2 each and €200.000 8% preference shares of €1 each
2. At 31 December 2016:
   i. The interest on 6% investment is due to the company
   ii. The directors decided to:
      - provide for the final dividend on the preference shares
      - provide for a final dividend on the ordinary shares of €0.05 per share
      - transfer €30.000 to general reserve
      - provide for corporation tax 10%
      - write off Goodwill by €70.000.

REQUIRED:

a. Profit & Loss Appropriation Account for the year ended 31 December 2016 **(Marks 7)**

b. Balance Sheet as at 31 December 2016 (in vertical form). **(Marks 13)**

(Total Marks 20)

QUESTION 4

a

Massimo Plc
Profit and Loss Appropriation Account for the year ended 31 December 2016

	€	**€**	**€**
Net Profit			308.400
Add Investment Income (100.000X6%X3/12)			1.500
			309.900
Corporation Tax (309.900X10%)			(30.990)
Net Profit after tax			278.910
Interim dividends:			
Ordinary shares	8.000		
Preference shares	6.400	14.400	
Proposed dividends:			
Ordinary shares [(800.000 ÷ 2) x 0,05]	20.000		
Preference shares (160.000 x 8%) – 6.400	6.400	26.400	
Transfer to General Reserve		30.000	
Goodwill written off		70.000	(140.800)
Retained profit for the year			138.110
Retained profit b/f			167.000
Retained profit c/f			305.110

(Marks 7)

Massimo Plc

b. **Balance Sheet at 31 December 2016**

	€	€	€
Fixed Assets	**Cost**	**Depn to Date**	**Net Book Value**
Intangible Assets			
Goodwill	170.000	70.000	100.000
Tangible Assets			
Freehold Premises	1.060.000	-	1.060.000
Office Equipment	140.000	84.000	56.000
Motor Vehicles	400.000	325.000	75.000
	1.600.000	409.000	
6% Investment			100.000
			1.391.000
Current Assets			
Stock		180.000	
Debtors	120.000		
Less Provision for bad debts	2.400	117.600	
Investment Income due		1.500	
		299.100	
Less Current Liabilities			
Creditors	90.000		
Debenture Interest due	4.000		
Corporation Tax	30.990		
Proposed ordinary dividend	20.000		
Proposed preference dividend	6.400		
Bank overdraft	13.600	164.990	
Net Current Assets			134.110
Total Assets less Current Liabilities			1.525.110
Capital and Reserves		**Authorised**	**Issued and paid up**
Ordinary shares of €2 each		1.000.000	800.000
8% Preference shares of €1 each		200.000	160.000
		1.200.000	960.000
Reserves			
Share premium		60.000	
General Reserve (10.000+30.000)		40.000	
Profit and Loss A/c		305.110	405.110
Long Term Liabilities			
5% Debentures			160.000
Capital Employed			1.525.110

(Marks 13)

(Total Marks 20)

QUESTION 5

Red and Green are partners sharing profit and losses in the ratio 3:2 respectively.

Red and Green Balance Sheet as at 31 December 2016

Fixed Assets	**€**	**€**	**Partners' Capital A/cs**	**€**	**€**
Premises	800.000		Red	600.000	
Furn. & Fittings	30.000		Green	400.000	1.000.000
Motor Vans	40.000	870.000			
			Partners' Current A/cs		
Current Assets			Red	65.000	
Stock	150.000		Green	(58.000)	7.000
Debtors	80.000				
Cash	5.000	235.000	**Current Liabilities**		
			Creditors	76.000	
			Bank overdraft	22.000	98.000
		1.105.000			1.105.000

On 1 January 2017, Rainbow Ltd was formed to take over the partnership. Its authorised share capital consists of 300 000 ordinary shares of €5 each. Rainbow Ltd took over all of the above assets and liabilities, except cash and bank overdraft.

The following assets taken over by Rainbow Ltd were revalued as follows:

	€
Premises	950.000
Motor Vans	25.000
Furniture & Fittings	18.000
Stock	160.000
Debtors	76.000 (the difference being provision for bad debts)

The purchase consideration, including Goodwill, was agreed and it was to be settled by the issue of 180 000 ordinary shares in Rainbow Ltd, at a premium of 20%, and a payment of €140.000 by cheque

In order to finance the purchase of the partnership, Rainbow Ltd offered to the public 30 000 ordinary shares at a premium of 20%. The issue was successful and all the shares were fully paid up

Rainbow Ltd paid preliminary expenses of €5.000 for the company formation

Any balance in the partners' capital accounts is to be settled by cheque

REQUIRED

1. In the books of the partnership, show the following:
   - **a.** Realization account **(Marks 4)**
   - **b.** Partners' Capital accounts **(Marks 4)**
   - **c.** Bank account **(Marks 2)**
2. In the books of Rainbow Ltd prepare necessary journal entries (including those relating to cash) to record the above transactions (Narrations are not required). **(Marks 10)**

(Total Marks 20)

(GRAND TOTAL MARKS 100)

--- END ---

QUESTION 5

1.

Books of Red and Green

a.

Realization A/c

	€		€
Premises	800.000	Creditors	76.000
Furniture and Fittings	30.000	Rainbow Ltd (180 000X5X1.2)+140.000	1.220.000
Motor Vans	40.000		
Stock	150.000		
Debtors	80.000		
Profit on Realization:			
Capital R 196.000X3/5	117.600		
Capital G 196.000X2/5	78.400		
	1.296.000		1.296.000

(Marks 4)

b. **Partners' Capital A/cs**

	Red	Green		Red	Green
Current a/c	---------	58.000	Balance b/d	600.000	400.000
Shares in Rainbow Ltd (W1)	648.000	432.000	Current a/c	65.000	---------
Bank	**134.600**	---------	Realization Profit	117.600	78.400
			Bank	---------	**11.600**
	782.600	490.000		782.600	490.000

(Marks 4)

c. **Bank A/c**

	€		€
Cash	5.000	Balance b/d	22.000
Rainbow Ltd	140.000	Capital - Red	134.600
Capital - Green	11.600		
	156.600		156.600

(Marks 2)

2. BOOKS OF RAINBOW LTD

JOURNAL

Particulars	**Dr €**	**Cr €**
Premises	950.000	
Furniture and fittings	18.000	
Motor Vans	25.000	
Stock	160.000	
Debtors	80.000	
Goodwill	**67.000**	
Provision for Bad Debts		4.000
Creditors		76.000
Vendors (Red and Green)		1.220.000
Vendors (Red and Green)	1.220.000	
Bank		140.000
Ordinary Share Capital (180 000X€5)		900.000
Share premium (180 000X€1)		180.000
Ordinary Shareholders (30 000x€6)	180.000	
Ord. Share capital (30 000x€5)		150.000
Share premium (30 000X€1)		30.000
Bank	180.000	
Ordinary Shareholders (30 000x€6)		180.000
Preliminary expenses	5.000	
Bank		5.000
Share Premium	5.000	
Preliminary expenses		5.000

(Marks 10)

Workings:

FOR THE BOOKS OF VENDORS (Red and Green)

1. Allocation of shares in Rainbow Ltd

		€	
Red	(1.080.000x3/5)	= 648.000	No need to show premium at this point!
Green	(1.080.000x2/5)	= 432.000	
		1.080.000	

2 .Calculation of Purchase Price

	€
Value of Shares issued to partners: 180.000 shares x [€5 + (€5x20%)]	1.080.000
Cash payment to partnership	140.000

<u>1.220.000</u>

(Total Marks 20)
(GRAND TOTAL MARKS 100)