ΥΠΟΥΡΓΕΙΟ ΠΑΙΔΕΙΑΣ ΚΑΙ ΠΟΛΙΤΙΣΜΟΥ
ΔΙΕΥΘΥΝΣΗ ΑΝΩΤΕΡΗΣ ΚΑΙ ΑΝΩΤΑΤΗΣ ΕΚΠΑΙΔΕΥΣΗΣ
ΥΠΗΡΕΣΙΑ ΕΞΕΤΑΣΕΩΝ

ΠΑΓΚΥΠΡΙΕΣ ΕΞΕΤΑΣΕΙΣ 2013

ΜΑΘΗΜΑ: ΛΟΓΙΣΤΙΚΗ

ΗΜΕΡΟΜΗΝΙΑ ΚΑΙ ΩΡΑ ΕΞΕΤΑΣΗΣ: Πέμπτη, 6 Ιουνίου 2013
07:30 - 10:30

ΤΟ ΕΞΕΤΑΣΤΙΚΟ ΔΟΚΙΜΙΟ ΑΠΟΤΕΛΕΙΤΑΙ ΑΠΟ ΔΕΚΑ (10) ΣΕΛΙΔΕΣ

ΟΔΗΓΙΕΣ:

- Να απαντήσετε σε όλες τις ερωτήσεις (Answer all questions)
- Όλοι οι υπολογισμοί πρέπει να φαίνονται καθαρά στο τετράδιο σας
- Επιτρέπεται η χρήση μη προγραμματισμένης υπολογιστικής μηχανής
- Δεν επιτρέπεται η χρήση διορθωτικού υγρού
- Επισυνάπτεται τυπολόγιο λογισμικών αριθμοδεικτών τριών (3) σελίδων

QUESTION 1

Exercise 1

On 1 January 2011, the balances in the books of “Fenia Ltd” for Motor Vehicles Account and Provision for Depreciation of Motor Vehicles Account were €85.000 and €25.000 respectively.
On 1 August 2011, the company received a cheque amounting €4.000 for the sale of one Motor Vehicle which had been purchased on 1 October 2008 for €9.000.
On 1 February 2012, the company purchased a new Motor Vehicle for €12.000 by cheque. Depreciation is charged at 20% per annum on cost (straight line method) for each month of ownership.

REQUIRED:
Prepare for the two years ended 31 December 2011 and 31 December 2012, the following accounts:

a) Motor Vehicles Account
b) Provision for Depreciation of Motor Vehicles Account
c) Motor Vehicle Disposal Account

(Marks 10)

Exercise 2

The following is a list of balances extracted from the books of a manufacturer, as at 31 December 2012:

Account name	Amount €
Plant & Machinery (at cost price)	540.000
Fuel & Power	45.000
Office Expenses	32.000
Direct Wages	92.000
Office Salaries	26.000
Sales	850.000
Factory Insurance	12.000
Purchases of Raw Materials	320.000
Returns Inwards	4.500
Returns Outwards	9.000
Carriage Inwards	6.800
Repairs & Maintenance of Machinery	24.000
Direct Expenses	52.000
Opening Stock (1/1/2012):	
Raw Materials	48.000
Work in Progress (at factory cost)	15.000
Finished Goods	65.000
Provision for Depreciation of Plant & Machinery, 1 Jan 2012	105.000

Notes:

a) Plant & Machinery is depreciated at 10% per annum using the reducing balance method
b) Fuel & Power accrued on 31 December 2012 was €1.500
c) Direct Wages prepaid on 31 December 2012 were €1.800
d) Closing Stock on 31 December 2012:
   - Raw Materials €46.000
   - Work in Progress €18.000 (at factory cost)
   - Finished Goods €56.000

REQUIRED:
Using the relevant information, prepare the Manufacturing Account for the year ended 31 December 2012 showing clearly:

a) Cost of Raw Materials used
b) Prime Cost
c) Cost of Production

(Marks 10)
(Total Marks 20)

<u>ANSWER 1:</u>

Exercise 1

Motor vehicles Account

Date	Particulars	€	Date	Particulars	€
2011 Jan 1	Balance b/d	85.000	2011 Aug 1	Disposal a/c	9.000
			Dec. 31	Balance c/d	76.000
		85.000			**85.000**
2012 Jan 1	Balance b/d	76.000	2012 Dec 31	Balance c/d	88.000
Feb 1	Bank	12.000			
		88.000			**88.000**
2013 Jan 1	Balance b/d	88.000			

Disposal Account

Date	Particulars	€	Date	Particulars	€
2011 Aug 1	Motor vehicle	9.000	2011 Aug 1	Prov. for depr. (W1)	5.100
Aug 1	Profit on sale	100	Aug 1	Bank	4.000
		9.100			**9.100**

Provision for depreciation of Motor vehicles Account

Date	Particulars	€	Date	Particulars	€
2011 Aug 1	Disposal	5.100	2011 Jan 1	Balance b/d	25.000
Dec 31	Balance c/d	36.150	Dec 31	Depreciation (W2)	16.250
		41.250			**41.250**
2012 Dec 31	Balance c/d	53.550	2012 Jan 1	Balance b/d	36.150
			Dec 31	Depreciation (W3)	17.400
		53.550			**53.550**
			2013 Jan 1	Balance b/d	53.550

WORKINGS:

1. Accumulated depreciation of Motor vehicle sold on 1 August 2011:

   Date of purchase: 01/10/2008
   Date of sold: 01/08/2011

Year	**Months**
2008	3
2009	12
2010	12
2011	7
Total	34

   → €9.000 X 20% X 34/12 = €5.100

2. Annual depreciation for the year ended 31 December 2011:
   - (€85.000 - €9.000) X 20% = €15.200
   - €9.000 X 20% X 7/12 = €1.050

   €16.250

3. Annual depreciation for the year ended 31 December 2012:
   - €76.000 X 20% = €15.200
   - €12.000 X 20% X 11/12 = € 2.200

   €17.400

(Marks 10)

Exercise 2

Manufacturing Account
for the year ended 31 December 2012

	€	€	€
Opening stock of raw materials			48.000
Purchases		320.000	
Less returns outwards		(9.000)	
Add carriage inwards		6.800	
		317.800	
Less closing stock		46.000)	271.800
Cost of raw materials used			**319.800**
Direct wages	92.000		
Less prepaid	(1.800)	90.200	
Direct expenses		52.000	142.200
PRIME COST			**462.000**
Factory overhead expenses:			
Fuel & power	45.000		
Add due	1.500	46.500	
Factory insurance		12.000	
Repairs & maintenance of machinery		24.000	
Depreciation of plant & machinery: (€540.000 - €105.000) X 10%)		43.500	126.000
			588.000
Add opening work in progress		15.000	
Less closing work in progress		18.000	**(3.000)**
COST OF PRODUCTION (to trading a/c)			**585.000**

(Marks 10)
(Total Marks 20)

QUESTION 2

"Nefeli Ltd" is a Company with Authorised Capital of 200 000 Ordinary Shares of €4 each. 80 000 Ordinary Shares had already been issued at par. The remaining Ordinary Shares were offered for issue, at a premium of 10%, payable as follows:

- €0,80 per share on Application
- €1,70 per share on Allotment (including Premium)
- €1,20 per share on First Call and
- the balance on Second and Final Call

Applications for 150 000 shares were received. The Directors decided that applications for 8 000 shares would be rejected and the application money received would be refunded to the unsuccessful applicants.
The balance of shares being allotted to the remaining applicants pro-rata to their applications.
Allotment money was duly received, but when the First Call was asked, a shareholder holding 2 000 shares failed to pay. Another shareholder holding 1 000 shares paid them in full.
When the Second and Final Call was asked, all shareholders paid their obligations except for the above mentioned shareholder holding 2 000 shares.

REQUIRED:
Prepare the following Ledger Accounts in the books of "Nefeli Ltd":

a)	Application and Allotment Account	**(Marks 3,5)**
b)	Ordinary Share Capital Account	**(Marks 2,5)**
c)	Share Premium Account	**(Marks 0,5)**
d)	Bank Account	**(Marks 5,5)**
e)	First Call Account	**(Marks 2)**
f)	Calls in Arrear Account	**(Marks 1)**
g)	Calls in Advance Account	**(Marks 2)**
h)	Second and Final Call Account	**(Marks 3)**
		(Total Marks 20)

ANSWER 2:

(a)

Application & Allotment Account

	€		€
Ordinary share capital (shares 120 000 X €2.10)	252.000	Bank – application money	120.000
share premium (shares 120 000 X €0.40)	48.000	Bank – allotment money	186.400
Bank- refund	6.400		
	306.400		**306.400**

(b)

Ordinary Share Capital Account

	€		€
Balance c/d	800.000	Balance b/d(shares 80 000 X €4)	320.000
		A & A(shares 120 000 X €2.10)	252.000
		First call(shares 120 000 X €1.20)	144.000
		Final call (shares 120 000 X €0.70)	84.000
	800.000		**800.000**
		Balance b/d	800.000

(c)

Share Premium Account

	€		€
Balance c/d	48.000	A & A(shares 120 000 X €0.40)	48.000
	48.000		**48.000**
		Balance b/d	48.000

(d)

Bank Account

	€		€
A & A (shares 150 000 X €0.80)	120.000	A & A – refund (8.000 X 0.80)	6.400
A & A(shares 120 000 X €1.70) – (shares 22 000 X €0.80)	186.400		
First call(shares 118 000 X €1.20)	141.600		
Calls in advance (shares 1 000 X €0.70)	700		
Final call [(shares 120 000 – shares 3 000) X 0.70]	81.900		

(e) First Call Account

	€		€
Ordinary share capital (shares 120 000 €1.20)	144.000	Bank (sh. 120 000 – sh.2 000) X €1.20	141.600
		Calls in arrear(sh. 2 000 X €1.20	2.400
	144.000		**144.000**

(f)

Calls in arrear

	€		€
First call (shares 2 000 X€1.20)	2.400	Balance c/d	3.800
Final call (shares 2 000 X €0.70)	1.400		
	3.800		**3.800**
Balance b/d	3.800		

(g)

Calls in advance

	€		€
Final call (shares 1 000 X €0.70)	700	Bank(shares 1 000 X €0.70)	700
	700		700

(h)

Final call Account

	€		€
Ordinary share capital (shares 120 000 X €0.70)	84.000	Bank [sh 120 000 – (sh.2 000+sh.1 000) X €0.70]	81.900
		Calls in arrear (sh. 2 000 X €0.70)	1.400
		Calls in advance (sh. 1 000 X €0.70)	700
	84.000		**84.000**

WORKINGS

1. Total amount to be collected: shares (200 000 – 80 000) X €4.40 = **528.000**

2. Total amount collected by installments as follows:

	Shares		€		Total €
• On application	120 000	X	0.80	=	96.000
• On allotment	120 000	X	1.30	=	156.000
• Premium	120 000	X	0.40	=	48.000

• First call	120 000	X	1.20	=	144.000
• Final call	120 000	X	0.70	=	84.000
	Total 120 000	X	4.40	=€	**528.000**

3. Money received on application: shares 150 000 X €0.80 = **€120.000**

4. Oversubscription: shares 30 000 X €0.80 = **€24.000**
- Shares rejected: shares 8 000 X €0.80 = € 6.400
- Transfer to allotment shares 22 000 X €0.80 = €17.600 = **€24.000**

5. Money received on allotment: (sh.120 000 X €1.70) - (sh. 22 000 X €0.80) = **€186.400**

(Marks 20)
(Total Marks 20)

QUESTION 3

"Nelia Ltd" is a public company with Authorised Share Capital of €800.000, divided into 300 000 Ordinary shares of €2 and 200 000 6% Preference shares of €1 each.

On 31 December 2012 the following Trial Balance was extracted from the books of the company, after the preparation, of the Trading Account:

Account name	**Debit €**	**Credit €**
Ordinary Share Capital		400.000
6% Preference Share Capital		160.000
Buildings	700.000	
Motor Cars	50.000	
Debtors - Creditors	48.800	64.000
General Reserves		22.000
Investment	100.000	
Goodwill	48.000	
Provision for Bad Debts (1/1/2012)		1.200
8% Debentures (issued 1/4/2012)		240.000
Gross Profit		175.000
Investment Income		9.200
Salaries	75.500	
Bad Debts	2.300	
Cash at Bank	34.400	
Audit Fees	10.000	
Profit and Loss Balance (1/1/2012)		71.600
Closing Stock (31/12/2012)	107.000	
Interim Dividends: Ordinary shares	12.600	
Interim Dividends: 6% Preference shares	4.800	
Debenture Interest paid	3.200	
Provision for Depreciation of Premises		40.000
Provision for Depreciation of Motor Cars		15.200
Discount Allowed – Discount Received	1.200	1.800
Cash in Hand	2.200	
	1.200.000	**1.200.000**

The following notes are to be taken into consideration:

- An amount of €800 included in Debtors is to be written off as bad
- Salaries prepaid on 31 December 2012 were €1.500
- Provide for Debenture Interest due
- Provision for Bad Debts should be adjusted to 5% on the remaining balance of Debtors
- Depreciation is calculated as follows:

  5% on Premises net book value
  10% on Motor Cars cost

The Directors decided to:

- Provide for 10% Corporation Tax
- Provide for the final dividend of 6% Preference Shares and for a final dividend on Ordinary Shares of €0.10 cents per share
- To write off Goodwill by €8.000
- To transfer €2.000 to General Reserves

REQUIRED:

a) The Profit and Loss and Appropriation Account for the year ended on 31 December 2012 **(Marks 10)**

b) The Balance Sheet as at 31 December 2012 **(in vertical form)** **(Marks 10)**

(Total Marks 20)

ANSWER 3:

Profit and Loss and Appropriation Account of Nelia Ltd
for the year ended 31 December 2012

	€	€		€
Salaries	75.500		Gross profit	175.000
Less prepaid	(1.500)	74.000	Discount received	1.800
Bad debts (2.300 + 800)		3.100	Investment income	9.200
Audit fees		10.000		
Debenture interest paid	3.200			
Add due (€240.000 X 8% X 9/12 - 3.200)	11.200	14.400		
Discount allowed		1.200		
Provision for depreciation:				
Buildings (€700.000 - €40.000) X 5%)	33.000			
Motor cars (€50.000 X 10%)	5.000	38.000		
Provision for bad debts (W1)		1.200		
Net profit		**44.100**		
		186.000		**186.000**
Corporation tax (€44.100 X 10%)		4.410	Balance b/d	71.600
Interim dividends:			Net profit	44.100
Ordinary shares	12.600			
6% Pref. shares	4.800	17.400		
Proposed Dividends:				
Ordin. shares (shares 200 000 X €0.10)	20.000			
6% Preference shares (€160 000 X 6% - €4.800)	4.800	24.800		
Goodwill written off		8.000		
General reserve		2.000		
Balance c/d		59.090		
		115.700		**115.700**
			Balance b/d	59.090

(Marks 10)

Balance Sheet of Nelia Ltd
as at 31 December 2012

	€	€	€
FIXED ASSETS	Cost	Acc. Depr.	Book value
Intangible assets			
Goodwill	48.000	8.000	40.000
Tangible assets			
Buildings	700.000	73.000	627.000
Motor cars	50.000	20.200	29.800
Total Fixed Assets	798.000	101.200	696.800
Investment			100.000
CURRENT ASSETS			
Stock	107.000		
Debtors (€48.800 - €800) = 48.000			
Less provision for bad debts 2.400	45.600		
Salaries prepaid	1.500		
Bank	34.400		
Cash in hand	2.200	190.700	
CURRENT LIABILITIES			
Creditors	64.000		
8% Debentures interest due	11.200		
Corporation tax	4.410		
Proposed dividends: ordinary shares	20.000		
Proposed dividends: 6% preference shares	4.800	104.410	
Working capital (Net Current Assets)			86.290
TOTAL ASSETS LESS CURRENT LIABILITIES			**883.090**
SHARE CAPITAL	Authorised	Called Up	
Ordinary share capital shares 300 000 of €2 each	600.000	400.000	
6% preference share capital 200 000 of €1 each	200.000	160.000	560.000
	800.000		
RESERVES & SURPLUSES			
General reserve (€22.000 + €2.000)		24.000	
P & L appropriation (balance c/d)		59.090	83.090
LONG TERM LIABILITIES			
8% Debentures			240.000
TOTAL CAPITAL EMPLOYED			**883.090**

W1.

Provision for bad debts Account

	€		€
Balance c/d (€48.000 X 5%)	2.400	Balance b/d	1.200
		Profit & loss	1.200
	2.400		**2.400**

(Marks 10)
(Total Marks 20)

QUESTION 4

Exercise 1

Marios, Pavlos and George are partners, sharing profits and losses in the ratio of 3:2:1 respectively. The following is the Balance Sheet of the partnership drawn up on 30 April 2013:

Balance Sheet as at 30 April 2013

	€	€		€	€
FIXED ASSETS			**CAPITAL A/CS:**		
Premises	600.000		Marios	600.000	
Machinery	320.000		Pavlos	400.000	
Furniture & Fittings	80.000		George	200.000	1.200.000
Motor Vehicles	70.000	1.070.000			
			CURRENT A/CS:		
CURRENT ASSETS			Marios	6.000	
Stock	68.000		Pavlos	8.000	
Debtors	60.000		George	(4.000)	10.000
Bank	92.000				
Cash	10.000	230.000	**CURRENT LIABILITIES**		
			Creditors		90.000
		1.300.000			1.300.000

On 1 May 2013 George retired from the partnership and it was agreed to revalue certain assets as follows:

	€
Premises	850.000
Machinery	260.000
Furniture & Fittings	76.000
Motor Vehicle	64.000
Stock	78.000

On that date Goodwill was valued at €50.000

The amount of €86.000 was paid to George as part payment for his retirement and agreed to leave the remaining balance as long term loan.
After George's retirement, the partners agreed to write off the Goodwill and continue to share profits and losses as before.

REQUIRED:

a) Revaluation Account **(Marks 4,5)**
b) Goodwill Account **(Marks 1)**
c) Partners' Capital Accounts **(in columnar form)** **(Marks 2,5)**
d) Balance Sheet after George's retirement **(Marks 7)**

Exercise 2

The following information concerns the business of “Raske Ltd”, for the year ended 31 December 2012:

a) Opening Stock was €70.400
b) Stock Turnover Ratio was five (5) times during the year
c) Gross Profit Ratio was 25% on Sales
d) Total Sales for the year amounted to €500.000

REQUIRED

Prepare the Trading Account of “Raske Ltd” for the year ended 31 December 2012.
(Show your workings clearly)

(Marks 5)

(Total Marks 20)

ANSWER 4:

Exercise 1

Revaluation A/c

	€		€
Machinery (320.000 – 260.000)	60.000	Premises (850.000 - 600.000)	250.000
Furniture & Fittings (80.000 – 76.000)	4.000	Stock (78.000 - 68.000)	10.000
Motor Vehicles (70.000 – 64.000)	6.000	Goodwill	50.000
Profit on Revaluation			
Marios 240.000x3/6=120.000			
Pavlos 240.000x2/6=80.000			
George 240.000x1/6=40.000	240.000		
	310.000		310.000

Goodwill A/c

	€		€
Revaluation A/c	50.000	Capital A/cs	
		Marios 50.000x3/5	30.000
		Pavlos 50.000x2/5	20.000
	50.000		50.000

Partner's Capital A/cs

	Marios	Pavlos	George		Marios	Pavlos	George
	€	€	€		€	€	€
Current A/c			4.000	Balance b/d	600.000	400.000	200.000
Bank			86.000	Profit on Revaluation	120.000	80.000	40.000
Loan			150.000				
Goodwill written off	30.000	20.000					
Balance c/d	690.000	460.000					
	720.000	480.000	240.000		720.000	480.000	240.000
				Balance b/d	690.000	460.000	

Balance Sheet of Marios & Pavlos as at 1 May 2013

	€	€		€	€
FIXED ASSETS			**CAPITAL A/CS**		
Premises	850.000		Marios	690.000	
Machinery	260.000		Pavlos	460.000	1.150.000
Furniture & Fittings	76.000				
Motor Vehicles	64.000	1.250.000	**CURRENT A/CS**		
			Marios	6.000	
			Pavlos	8.000	14.000
CURRENT ASSETS					
Stock	78.000		**LONG TERM LIABILITIES**		
Debtors	60.000		Loan A/c		150.000
Bank(92.000 - 86.000)	6.000				
Cash	10.000	154.000	**CURRENT LIABILITIES**		
			Creditors		90.000
		1.404.000			**1.404.000**

(Marks 15)

Exercise 2

Trading account of Raske Ltd for the year ended 31 December 2012

	€		€
Opening stock	70.400	Sales	500.000
Purchases (W4)	384.200		
	454.600		
Less closing stock (W3)	79.600		
Cost of sales (W2)	375.000		
Gross profit (W1)	125.000		
	500.000		**500.000**

WORKINGS

a) Gross profit: sales X gross profit ratio = €500.000 X 25% = **€125.000**
b) Calculation of cost of sales: sales – Gross profit €500.000 - €125.000 = €375.000
c) Calculation of closing stock:

Stock turnover = Cost of sales/ average stock → 5 = €375.000/average stock
Average stock = €375.000/5 = €75.000
Average stock = opening stock + closing stock / 2
€75.000 = €70.400 + closing stock / 2
€150.000 = €70.400 + closing stock
Closing stock = €150.000 - €70.400
Closing stock = **€79.600**

1. Calculation of Purchases:

Cost of sales = opening stock +purchases – closing stock
€375.000 = €70.400 + purchases - €79.600
Purchases = €375.000 + €79.600 - €70.400
Purchases = **€384.200**

(Marks 5)
(Total Marks 20)

QUESTION 5

Manos and Stelios are partners sharing profits and losses in the ratio of 3:2 respectively. The Balance Sheet as at 31 December 2012 was as follows:

Balance Sheet as at 31 December 2012

	€	€		€	€
Fixed Assets			**Capital A/cs:**		
Land & Buildings	750.000		Manos	540.000	
Furniture &Fittings	35.000		Stelios	360.000	900.000
Motor Vehicles	85.000	870.000			
			Current A/cs:		
Current Assets			Manos (Dr)	(38.000)	
Stock	62.000		Stelios (Dr)	(17.000)	(55.000)
Debtors	45.000	107.000			
			Current Liabilities		
			Creditors	63.000	
			Bills Payable	12.000	
			Bank Overdraft	57.000	132.000
		977.000			**977.000**

On 1 January 2013, "Antigone Ltd" was formed with Authorized Share Capital of 800 000 ordinary shares of €3 each and took over all the above Assets and Liabilities, except the Bank Overdraft, which was repaid by the partnership.

The Assets taken over by "Antigone Ltd" as at 1 January 2013 were valued as follows:

	€	
Land & Buildings	1.200.000	
Furniture & Fittings	20.000	
Motor Vehicles	57.000	
Stock	55.000	
Debtors	43.000	(the difference being provision for doubtful debts)

The purchase consideration was agreed to €1.400.000. This was satisfied by a cheque payment of €146.000 and by the issue to the partners' of ordinary shares at a premium of 10%.

To finance the conversion of the Partnership to a Limited Company, "Antigone Ltd" issued €175.000 of 7% Debenture Stock at a discount of 5% which were subscribed and fully paid up.

Preliminary Expenses of €5.000 were paid by "Antigone Ltd".

REQUIRED:

I. In the books of the partnership:

Show the necessary entries in the following Accounts to close the Partnership:

i.	Realization Account	**(Marks 3)**
ii.	Partners' Capital Accounts (in columnar form)	**(Marks 3)**
iii.	"Antigone Ltd" Account	**(Marks 1,5)**
iv.	Bank Account	**(Marks 1,5)**
v.	Shares in "Antigone Ltd" Account	**(Marks 1)**

II. In the books of "Antigone Ltd":

Show the Journal entries necessary to open the books of "Antigone Ltd" (narrations are not required) **(Marks 10)**

(Total Marks 20)

(GRAND TOTAL MARKS 100)

----THE END----

ANSWER 5

In the books of the partnership:

(i)

Realization Account

	€		€
Land & buildings	750.000	Creditors	63.000
Furniture & fittings	35.000	Bills payable	12.000
Motor vehicles	85.000	Antigone Ltd (Purchase price)	1.400.000
Stock	62.000		
Debtors	45.000		
Capital a/cs: profit on realisation			
Manos: (€498.000 X 3/5)	298.800		
Stelios: (€498.000 X 2/5)	199.200		
	1.475.000		**1.475.000**

(ii)

Capital Accounts

	Manos	Stelios		Manos	Stelios
Current accounts	38.000	17.000	Balance b/d	540.000	360.000
Shar. in Antigone Ltd	752.400	501.600	Realisation profit	298.800	199.200
Bank	48.400	40.600			
	838.800	**559.200**		**838.800**	**559.200**

(iii)

Antigone Ltd Account

	€		€
Realisation (purchase price)	1.400.000	Bank	146.000
		Shares in Antigone Ltd	1.254.000
	1.400.000		**1.400.000**

(iv)

Bank Account

	€		€
Antigone Ltd	146.000	Balance b/d	57.000
		Capital a/cs: Manos	48.400
		Stelios	40.600
	146.000		**146.000**

(v)

Shares in Antigone Ltd

	€		€
Antigone Ltd	1.254.000	Capital a/cs:	
		Manos (€1.254.000 X 3/5)	752.400
		Stelios (€1.254.000 X 2/5)	501.600
	1.254.000		**1.254.000**

In the books of Antigone Ltd:
Journal entries:

	€	€
Land & buildings	1.200.000	
Furniture & fittings	20.000	
Motor vehicles	57.000	
Debtors	45.000	
Stock	55.000	
Goodwill (W1)	**100.000**	
Provision for bad debts		2.000
Vendors (Manos & Stelios)		1.400.000
Creditors		63.000
Bills payable		12.000
Vendors (Manos & Stelios)	1.400.000	
Bank		146.000
Ordinary share capital (sh. 380 000 X €3)		1.140.000
Share premium (shares 380 000 X €0.30)		114.000
Debenture holders (€175.000 X 95%)	166.250	
Debenture discount (€175.000 X 5%)	8.750	
7% Debentures		175.000
Bank	166.250	
Debenture holders		166.250
Preliminary expenses	5.000	
Bank		5.000

Working for Calculation of Goodwill:

	€	€	€
Purchase price			1.400.000
Assets taken over:			
Land& buildings	1.200.000		
Furniture & fittings	20.000		
Motor vehicles	57.000		
Stock	55.000		
Debtors 45. 000			
Less provision for bad debts 2.000	43.000	1.375.000	
Less liabilities undertaken:			
Creditors	63.000		
Bills payable	12.000	75.000	
Net Assets taken			1.300.000
Goodwill			**100.000**

(Marks 20)
(Total Marks 20)

(GRAND TOTAL MARKS 100)