

**ΥΠΟΥΡΓΕΙΟ ΠΑΙΔΕΙΑΣ, ΑΘΛΗΤΙΣΜΟΥ ΚΑΙ ΝΕΟΛΑΙΑΣ
ΔΙΕΥΘΥΝΣΗ ΑΝΩΤΕΡΗΣ ΕΚΠΑΙΔΕΥΣΗΣ
ΥΠΗΡΕΣΙΑ ΕΞΕΤΑΣΕΩΝ**

ΠΑΓΚΥΠΡΙΕΣ ΕΞΕΤΑΣΕΙΣ ΠΡΟΣΒΑΣΗΣ 2023

ΜΑΘΗΜΑ: ΛΟΓΙΣΤΙΚΗ (25)

ΗΜΕΡΟΜΗΝΙΑ ΚΑΙ ΩΡΑ: Δευτέρα, 19 Ιουνίου 2023

08:00 - 11:00

**ΤΟ ΕΞΕΤΑΣΤΙΚΟ ΔΟΚΙΜΙΟ ΑΠΟΤΕΛΕΙΤΑΙ ΑΠΟ ΕΝΤΕΚΑ (11) ΣΕΛΙΔΕΣ
ΣΥΝΟΔΕΥΕΤΑΙ ΑΠΟ ΤΥΠΟΛΟΓΙΟ ΔΥΟ (2) ΣΕΛΙΔΩΝ**

ΟΔΗΓΙΕΣ:

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

QUESTION 1

PART A

From the questions below, choose and write in your answer book the best answer. Only one answer is correct (for example i - a or i - b etc).

- i. The term Irredeemable Preference Shares means that:
- a. the dividend on these shares is considered to be finance cost.
 - b. the holders of these shares have voting rights (δικαίωμα ψήφου).
 - c. the shares cannot be bought back by the company.
 - d. they are shown under non-current liabilities in the statement of financial position. **(Marks 2)**
- ii. One disadvantage of the Accounting Rate of Return (ARR) method is that:
- a. it ignores the time value of money (αγνοεί τη διαχρονική αξία του χρήματος).
 - b. it is simple and easy to calculate.
 - c. it is easy to understand.
 - d. it uses cash flows instead of profits. **(Marks 2)**
- iii. The closing inventory of a business is valued at €470.000. This figure includes:
- damaged goods costing €15.000, which require repairs costing €4.000 in order to allow them to be sold for €9.000.
 - an inventory line costing €50.000 which is expected to sell for €30.500. Expenses of €2.500 will be paid to facilitate the sale.

What is the value of the closing inventory according to IAS 2- Inventories?

- a. €443.000
 - b. €446.000
 - c. €442.000
 - d. €438.000 **(Marks 2)**
- iv. A company is considering a project which has an initial cost of €100.000. The annual net receipts for the next three years are estimated to be €40.000 per year. At the end of the project, there would be a scrap value of €10.000. The cost of capital for the company is 10%. The extract from the present value table for €1 at 10% is:

Year	10%
1	0,909
2	0,826
3	0,751

According to the Net Present Value (NPV) method the project should be:

- a. rejected because the Net Present Value is negative €560.
- b. accepted because the Net Present Value is positive €560.
- c. accepted because the Net Present Value is positive €6.950.
- d. rejected because the Net Present Value is negative €6.950. **(Marks 2)**

- v. New Toumba Plc provides the following information regarding the construction of a new football stadium:

Year	Net cash flow
	€
0	(125.000.000)
1	22.000.000
2	25.000.000
3	28.000.000
4	35.000.000
5	30.000.000

The payback period is:

- 3 years 8 months
- 4 years 6 months
- 4 years 8 months
- 3 years 9 months.

(Marks 2)

PART B

Steps Ltd is a company that buys and sells athletic shoes. On 1 January 2022 its opening inventory was 50 pairs of shoes (units) which cost €49 each. Purchases and sales during the year were as follows:

Feb. 2	Purchased 240 units at €51 each.
May 17	Purchased 100 units at €52 each.
June 15	Sold 270 units at €90 each.
Nov. 25	Purchased 60 units at €54 each.
Dec. 1	Sold 100 units at €100 each.

The company uses the perpetual system in recording the inventory movements.

REQUIRED:

- (a) Calculate, to two decimal places where necessary, the value of the closing inventory using Weighted Average Cost (AVCO) method.

Note: Show all your workings.

(Marks 7)

- (b) Calculate the gross profit for the year ended 31 December 2022 (preparation of the Statement of Profit or Loss is not required).

Note: Show all your workings.

(Marks 2)

- (c) Explain what the periodic inventory valuation system is.

(Να εξηγήσετε τι είναι το περιοδικό σύστημα απογραφής αποθεμάτων.)

(Marks 1)

(Question 1: Total marks 20)

PART B

Oleola Sweets Ltd is a confectionery business that specializes mainly in making and selling birthday cakes with football team logos.

The following information relates to the production and sales of 5 500 birthday cakes produced for the year ended 31 December 2022:

- Premises were rented for €2.000 per quarter (three-month period).
- Direct labour was €8 per birthday cake produced.
- The packaging cost per birthday cake was €5.
- The cost of ingredients for the production of each birthday cake was €16.
- Salaries for the year totalled €41.700.
- On 1 November 2022, a 4% Bank loan €45.000 was received to finance the expansion of the workshop.
- Royalties paid to football teams for using their logo was €1 per birthday cake.
- Special refrigerators were purchased at a cost of €20.000 with annual depreciation €2.500 on a straight-line basis.
- The selling price per birthday cake was €45.
- All production was sold.

REQUIRED:

(a) Calculate for the year ended 31 December 2022 the:

Break even point in birthday cakes, showing clearly the total fixed costs, the variable cost per birthday cake and the contribution per birthday cake.

Note: Show all your workings.

(Marks 7)

(b) Explain the meaning of the margin of safety.

(Να εξηγήσετε την έννοια του περιθωρίου ασφαλείας.)

(Marks 1)

(Question 2: Total marks 20)

QUESTION 3

PART A

The following balances were in the books of Lysistratis Holdings Plc on 1 January 2022, at the start of the financial year:

	€
Ordinary shares of €1 each	27.000.000
Share premium	54.000.000
5-year Bank loan	15.000.000
7% Debentures 2022	10.000.000
Revaluation reserve	7.000.000
General reserve	6.800.000
Retained earnings	5.200.000

Additional information:

- On 1 April, the directors of Lysistratis Holdings Plc decided to make a rights issue of **one** ordinary share for every **six** shares held at €3 per share.
- On 30 June, the 7% debentures were redeemed **together** with the interest up to that date.
- On 8 July, a total interim dividend of €300.000 was paid to shareholders who held shares at that date.
- On 1 December, the company paid a final dividend and made the **total** dividend for 2022 to be 4% of the nominal value of the total shares held at that date.

REQUIRED:

(a) Prepare the Journal entries to show the:

- rights issue of ordinary shares on 1 April 2022
- repayment of 7% debentures on 30 June 2022
- payment of debenture interest on 30 June 2022
- interim dividend payment on 8 July 2022.

(Marks 6)

(b) Calculate the dividend paid on 1 December 2022.

(Marks 2)

Note: Show all your workings.

PART B

The following information was extracted from the books of Evergreen Plc for the year ended 31 December 2022:

	€
Inventory on 1 January 2022	400.000
Revenue	3.000.000
Inventory on 31 December 2022	200.000
Purchases	2.200.000
Expenses (including interest)	386.000
Share capital (ordinary shares of €1 each)	900.000
General reserve	90.000
5% Bank loan, repayable 2027	1.000.000
3% Redeemable preference shares, repayable 2025	1.200.000
Retained earnings on 31 December 2022	810.000

REQUIRED:

(a) Calculate, to two decimal places where necessary, the following ratios for the year ended 31 December 2022:

- i. Inventory turnover **(Marks 2)**
- ii. Net profit margin **(Marks 4)**
- iii. Gearing ratio. **(Marks 4)**

Note: Show all your workings.

(b) Explain why highly geared companies are considered to be at risk.

(Να γράψετε γιατί οι επιχειρήσεις υψηλής μόχλευσης θεωρούνται υψηλού ρίσκου.)

(Marks 2)

(Question 3: Total marks 20)

QUESTION 4

The Statements of Financial Position of Persephone Plc at 31 December 2021 and 2022 were as follows:

	31 December 2021	31 December 2022
Non-current assets	€	€
Property, plant and equipment at cost	600.000	650.000
Accumulated depreciation	(200.000)	(210.000)
Property, plant and equipment at NBV	400.000	440.000
Investments	100.000	100.000
Intangible assets	60.000	45.000
	560.000	585.000
Current assets		
Inventory	90.000	133.000
Trade receivables	54.000	50.000
Bank	32.000	-----
	176.000	183.000
Total assets	736.000	768.000
Equity and liabilities		
Equity		
Ordinary share capital of €1	435.000	465.000
6% Irredeemable preference shares of €1	50.000	50.000
Share premium	60.000	90.000
Retained earnings	16.000	45.000
	561.000	650.000
Non-current liabilities		
5% Bank loan	100.000	60.000
Current liabilities		
Trade payables	70.000	43.500
Tax payable	5.000	4.500
Bank overdraft	-----	10.000
	75.000	58.000
Total equity and liabilities	736.000	768.000

Additional information:

- On 30 September 2022, €40.000 of the 5% bank loan was repaid.
- Interest on the bank overdraft was €2.500 for the year.
- Interest €12.000 was received from investments.
- Property bought for €50.000 was sold for €9.000 during the year. The net book value of the property sold was €20.000.
- No intangible assets were bought or sold during the year.
- Intangible assets were amortised over the course of their useful life.
- New equipment was purchased during the year.
- Profit after interest but before tax for the year ended 31 December 2022 was €48.000.
- The corporation tax for the year was €6.000.
- **Net cash from financing activities was €7.000.**

REQUIRED:

(a) Prepare the following accounts for the year ended 31 December 2022:

- i. Property, plant and equipment **(Marks 2)**
- ii. Accumulated depreciation of property, plant and equipment **(Marks 2)**
- iii. Disposal **(Marks 2)**

(b) Prepare the Statement of Cash Flows for the year ended 31 December 2022 for Persephone Plc in accordance with International Accounting Standard (IAS) 7. **(Marks 14)**

Note: Show all your workings.

(Question 4: Total marks 20)

QUESTION 5

- (a) The statement of financial position of Flower Ltd included the following items as at 31 May 2022 and 2023:

	31 May 2022	31 May 2023
Equity	€	€
Ordinary shares	500.000	550.000
Share premium	150.000	100.000

REQUIRED:

Give the reason for the change of the balances above during the year ended 31 May 2023. (Να αναφέρετε τον λόγο για τις αλλαγές που έγιναν στα πιο πάνω υπόλοιπα κατά τη διάρκεια της χρονιάς που λήγει στις 31 Μαΐου 2023.) **(Marks 1)**

- (b) The following balances were extracted from the books of Olympus Supplies Plc at 31 December 2022:

	Dr	Cr
	€	€
Land at cost	1.300.000	
Office equipment at cost	600.000	
Delivery vehicles at cost	200.000	
Accumulated depreciation on 1 January 2022:		
Office equipment		120.000
Delivery vehicles		80.000
Bank	127.600	
Revenue		4.600.000
Inventory on 1 January 2022	500.000	
Purchases	2.400.000	
Directors' fees	300.000	
General administration expenses	240.000	
Dividends paid	90.000	
Discount received		12.000
Rent and rates	135.000	
Trade payables		180.000
Trade receivables	290.000	
Wages and salaries	500.000	
Auditors' remuneration	18.000	
Debentures interest	15.000	
6% debentures (2028)		500.000
Ordinary shares at €0,25 each		1.000.000
Retained earnings	13.000	
Share premium		250.000
Allowance for receivables on 1 January 2022		8.000
Irrecoverable debts	21.400	
	<u>6.750.000</u>	<u>6.750.000</u>

Additional information at 31 December 2022:

1. Inventory is valued at €400.000.
2. 40% of wages and salaries relate to delivery and marketing staff.
3. An allowance on trade receivables is adjusted to 2% after writing off a debt of €10.000 which is irrecoverable.
4. Directors' fees include €80.000 of the marketing director.
5. The interest on the 6% debentures for the second half of the year was outstanding.
6. The land was revalued upward by 20%.
7. Corporation tax on profits is estimated at €92.500.
8. Rent and rates will be apportioned in accordance with the floor space as follows:

General administration	5.000m ²
Delivery and marketing office	4.000m ²

9. Depreciation is to be charged as follows:

Non-Current Assets	Method
Delivery vehicles	25% reducing balance
Office equipment	15% straight line

REQUIRED:

Prepare, in line with IAS 1:

- i. The Statement of Profit or Loss for the year ended 31 December 2022.
(Marks 16)
- ii. The Statement of Changes in Equity for the year ended 31 December 2022.
(Marks 3)

Note: Show all your workings.

(Question 5: Total marks 20)

(GRAND TOTAL MARKS 100)

ΤΕΛΟΣ ΕΞΕΤΑΣΤΙΚΟΥ ΔΟΚΙΜΙΟΥ