

## ΛΟΓΙΣΤΙΚΗ

1. Jessie has extracted the Trial Balance at 31 December 2016. One of the items shown on the Trial Balance is Plant & Machinery with a cost of €50.000 and it's Accumulated Depreciation of €12.500. Plant & Machinery is depreciated at 25% on a reducing balance method.

A student was asked (using the information given above) to calculate the depreciation charge for Plant & Machinery for the year and the Net Book Value of the Asset at the year end.

**(a) Which items needed to be taught in a class so as to enable a student to:**

**(i) Understand the purpose of depreciation**

**(ii) Calculate the depreciation charge for the year and the Net Book Value of Plant & Machinery at the year end?**

**b. Show the necessary double entry in order to record the depreciation charge for the year (which account is to be debited and which account is to be credited) No calculation is needed.**

2. (a) The following data was given in a class and students were asked to solve the question showing the journal entries that are related to the issue of shares.

Selma Ltd offered 200.000 Ordinary Shares of €5 each for public subscription at a premium of €2 each payable as follows:

€2 per share on Application

€3 per share on Allotment (including share premium)

€1 per share on First Call

The balance on Final Call

Applications were received for 300.000 shares; no applications were rejected, and were all satisfied pro rata. Application & allotment money were duly received.

Maria (Lyceum Class C' student) was asked to present her solution on the white board.

**Find and show the errors and/or omissions from the journal entries below and in about 50 words write what feedback should be given to Maria in order to understand her mistakes.**

Maria's solution:

	Dr	Cr
Application and Allotment	1.000.000	
Ordinary Share Capital		600.000
Ordinary Share premium		400.000
Ordinary Share Capital	1.000.000	
Bank		1.000.000
Application and Allotment	200.000	
First Call		200.000
First Call	200.000	
Ordinary share capital		200.000

**(b)** Students were asked in class to give the necessary double entry in order record the purchase of an Office Equipment bought on credit and costing €2.500 from P Petrou Ltd

Andreas presented his solution on the white board. Below is Andreas' solution.

	Dr	Cr
Purchases	2.500	
P Petrou Ltd		2.500

**Show the correct journal entry and in about 30 words write what feedback should be given to Andreas in order to understand his mistakes.**

3. The information given below relates to a business' first year of trading.

	€
Sales	10.000
Purchases	5.700
Salaries	2.500
Carriage inwards	500
Carriage outward	600
Closing inventory	800
General expense	1.500
Commission income	1.000
Returns outwards	400

At the end of the accounting year (31 December), you are informed that:

- (i) The owner took goods during the year for his private use valued at €800. No entry was made in the books.
- (ii) The commission income received in advance was €100.
- (iii) The general expenses in arrear were €200.
- (iv) Salaries prepaid €300.

**(a) You are required to show the necessary entries in order to make the adjustments for the item (i-iv) above.**

**(a) Calculate, showing your calculations , the Net Profit Margin:**

**(i) Before the year-end adjustments**

**(ii) After the year-end adjustments and state the effect on the Net Profit Margin**

**(iii) Explain the reason for making each of the above adjustment.**