

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

**ΠΑΓΚΥΠΡΙΕΣ ΕΞΕΤΑΣΕΙΣ 2021**

**ΜΑΘΗΜΑ : ΛΟΓΙΣΤΙΚΗ (25)**

**ΧΡΟΝΟΣ : 3 ώρες**

**ΗΜΕΡΟΜΗΝΙΑ: Σάββατο, 29 Μαΐου 2021**

**ΠΡΟΤΕΙΝΟΜΕΝΕΣ ΛΥΣΕΙΣ  
ΔΕΚΑ (10) ΣΕΛΙΔΕΣ**

**ANSWER 1**

## Relaxing Sofa Plc

**(a)** Manufacturing A/c for the year ended 31 December 2020

<b>Direct Materials</b>	€	€
Raw Materials:		
Opening Inventory		36.000
Purchases	280.500	
Add Carriage Inwards	2.500	283.000
		319.000
Less Closing Inventory		(33.000)
<b>Cost of Raw Materials used</b>		<b>286.000</b>
Direct wages		147.600
Royalties		5.000
<b>PRIME COST</b>		<b>438.600</b>
<b><u>Factory overhead</u></b>		
Indirect wages	24.700	
Factory supervisor's salaries	12.000	
Rates and Insurance $(4.400 - 800) \times 7/10$	2.520	
Electricity $(8.900 \times 80\%)$	7.120	
Depn on Machinery $(360.000 - 80.000) \times 25\%$	70.000	116.340
<b>Work in Progress</b>		
Work in progress at start	4.500	
Work in progress at end	(3.940)	560
<b>Production Cost of goods completed</b>		<b>555.500</b>

**13 Marks**

(b)		
Relaxing Sofa Plc		
Statement of Profit or Loss for the year ended 31 December 2020		
	€	€
Sales of finished goods	780.000	
Less Returns Inwards	(2.000)	778.000
<u>Less Cost of Sales:</u>		
Opening inventory of finished goods	12.000	
Purchases of finished goods	35.000	
Production cost	555.500	
	602.500	
Less closing inventory of finished goods	(9.150)	(593.350)
Gross Profit		184.650

**4 Marks**

(c)

#### Disposal Account - Office Furniture

2020		€	2020		€
July 31	Office Furniture	60.000	July 31	Accumulated depn	19.000
			July 31	Bank	40.000
			July 31	Loss on Disposal	1.000
		<b>60.000</b>			<b>60.000</b>

#### Depreciation at the time of disposal (from 1 Jan 2019 to 31 July 2020):

1 Jan 2019 – 31 Dec 2019    12 months

1 Jan 2020 – 31 July 2020    7 months

**19 months**

$(60.000 \times 20\%) \times 19/12 = \mathbf{19.000}$

**3 Marks**

**Total Marks 20**

**ANSWER 2****PART A****(a)**

## Accumulated Depreciation of PPE Account

	€000		€000
Disposal	700	Balance b/d	3.300
Balance c/d	3.958	<b>SOPL- charge for the year</b>	<b>1.358</b>
	4.658		4.658

**2 Marks****(b)**

## Corporation Tax Account

	€000		€000
<b>Cash – paid</b>	<b>402</b>	Balance b/d	422
Balance c/d	140	SOPL- charge for the year	120
	542		542

**2 Marks****(c)**

**Amex Global Trading Plc**  
**Statement of Cash Flows for the year ended 31 December 2020**

<b>Cash Flows from operating activities</b>		<b>€</b>
<b>Profit before tax</b>		948.000
Add Finance cost (W1)		39.100
Add Depreciation (a)		1.358.000
Less Profit on Sale of Non-current Asset (W2)		(20.000)
<b>Operating cash flow before working capital changes</b>		<b>2.325.100</b>
Decrease in Inventories (1.480 – 1.020)		460.000
Decrease in Trade Receivables (1.400 – 966)		434.000
Decrease in Trade Payables (740 – 680)		(60.000)
<b>Cash generated from operations</b>		<b>3.159.100</b>
Interest Paid: 6% Debentures	(25.000)	
Reedemable Preference Shares Dividend	(14.100)	(39.100)
Tax paid (b)		(402.000)
<b>Net Cash from Operating Activities</b>		<b>2.718.000</b>

**9 Marks**

**WORKINGS:**

1)

**FINANCE COST:**

Debenture interest 1.000.000 x 6% x 5/12	25.000
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Redeemable pref. shares interest 470.000 x 3%	14.100
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	39.100
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2)

**Disposal A/c**

	€000		€000
PPE at cost	1.100	Accumulated Depn	700
<b>Profit on disposal</b>	<b>20</b>	Bank-proceeds	420
	1.120		1.120

OR/

$$1.100.000 - (700.000 + 420.000) = 20.000 \text{ Profit}$$
**PART B**

(a)

**Working:**

<b>Closing inventory:</b>	<b>Units</b>
Opening	600
Purchases (900+650)	<u>1 550</u>
	2 150
Sales (450+850)	<u>1 300</u>
Closing	<u><u>*850</u></u>

AVCO (Periodic) Closing inventory = 850\* units x \*\*€75,35 = **€64.047,5**

**Calculation of AVCO per unit**

	€
600 units x €60	36.000
900 units x €75	67.500
<u>650 units x €90</u>	<u>58.500</u>
2 150 units	162.000

$$AVCO = \frac{\text{Total Inventory Cost}}{\text{Total Units}}$$

Average cost per unit = €162.000/ 2 150 units= €75,35\*\*

**5 Marks**

(b) The correct answer is: ii.

**2 Marks**  
**Total Marks 20**

### ANSWER 3

$$\begin{aligned} \text{(a) Gearing ratio} &= \frac{\text{Fixed Return Funding}}{\text{Total Capital Employed}} \times 100 \% \\ &= \frac{1.100+2.200}{2,290+(1.100+2.200)} \times 100 \\ &= \frac{3.300}{5.590} \times 100 = 59\% \end{aligned}$$

Η εταιρεία έχει ψηλό δείκτη δανειακής επιβάρυνσης (59%). Αυτό είναι ένδειξη ότι χρηματοδοτείται κυρίως από ξένα κεφάλαια και εξαρτάται από δάνεια κάτι που ίσως να περικλείει κινδύνους σε περίπτωση μη αποπληρωμής τους.

The company is high geared (59%) having a high proportion of debt to equity. Capital that comes from lenders and payables is risky since they still have to be paid back regardless of whether the business is generating income

**4 Marks**

**(b) Revenue reserve:** Retained earnings

**Capital Reserve:** Revaluation Reserve or Share premium

**2 Marks**

**(c) Estia Paradise plc  
Journal**

2020		Dr	Cr
		€m	€m
Jan 10	Cash [(1 500x 2/5) x 1,80]	1.080	
	Ordinary share capital (600 x 1,00)		600
	Share Premium (600 x 0,80)		480
Jan 18	6% Loan Notes	1.100	
	Bank		1.100
Mar 1	Share Premium [(1500 + 600of) x 1/5] x1,00)	420	
	Ordinary Share Capital (420 x 1,00)		420
Dec 31	Property (500 x 10%)	50	
	Revaluation Reserve		50

**7 Marks**

**Working:**

	<b>SHARES - PAR €1,00</b>	
B/d	1 500	
Rights	<u>600*</u>	(1 500x 2/5)
	2 100	
Bonus	<u>420**</u>	(2 100 x1/5)
	<b>TOTAL 2 520 shares</b>	

**(d) Estia Paradise plc**  
**Statement of Changes in Equity for the year ended 31 December 2020**

	Ordinary Share capital €000	Share premium €000	Revaluation Reserve €000	Retained earnings €000	Total €000
Balance at 1 January	1.500	450	420	(80)	2.290
Rights issue	600	480			1.080
Bonus issue	420	(420)			-
Net profit				242	242
Revaluation of Property			50		50
Balance at 31 December	2.520	510	470	162	3.662

**7 Marks**

**ANSWER 4**

**Zephyrus Plc**  
**Statement of Profit or Loss for the year ended 31 December 2020**

	€	€
Revenue		1.124.000
<b>Cost of sales (W1)</b>		(812.150)
Gross profit		311.850
<b>Administrative expenses (W2)</b>	165.350	
<b>Distribution costs (W3)</b>	68.000	(233.350)
Profit from operations		78.500
<b>Finance costs (W4)</b>		(15.000)
Profit for the year before tax		63.500
Corporation tax		(15.400)
<b>Net Profit for the year</b>		<b>48.100</b>

**Workings:**

<b>W1 Cost of sales</b>	<b>€</b>
Opening inventory	69.800
Purchases	787.350
Carriage Inwards	39.000
Closing inventory $96.550 - 7.500 + (6.250 - 550) - 10.750$	(84.000)
	<b>812.150</b>

<b>W2 Administrative expenses</b>	<b>€</b>
Irrecoverable debts $(5.300+2.550)$	7.850
Wages and salaries $(138.750 + 11.250) \times 80\%$	120.000
Allowance for receivables $[(98.550-2.550) \times 10\%] - 6.900$	2.700
Auditors' remuneration	30.000
Depreciation on fixtures and fittings $(60.000 \times 10\%) \times 80\%$	4.800
	<b>165.350</b>

	<b>€</b>
Wages and salaries $(138.750 + 11.250) \times 20\%$	30.000
Depreciation on delivery vans $(90.000 - 36.000) \times 20\%$	10.800
Warehouse rent	26.000
Depreciation on fixtures and fittings $(60.000 \times 10\%) \times 20\%$	1.200
	<b>68.000</b>

<b>W4</b>	<b>€</b>
<b>Finance cost</b>	
Bank Loan interest $(150.000 \times 10\%)$ or $(7.500 \text{ paid} + 7.500 \text{ due})$	15.000

**Total Marks 20**



**ANSWER 5****PART A****(a)**

	<b>2019</b>	<b>2020</b>
(i) Gross profit margin	<b>33,33%</b>	$\frac{(400-240)}{400} \times 100 = \underline{\underline{40\%}}$
(ii) Net Profit margin	<b>10 %</b>	$\frac{(160-126)}{400} \times 100 = \underline{\underline{8,5\%}}$
(iii) Current ratio	<b>1,25:1</b>	$\frac{(25+80+55)}{64} = \underline{\underline{2,5:1}}$
(ii) Inventory turnover	<b>16 times</b>	$\frac{240}{\left[\frac{15+25}{2}\right]} = \underline{\underline{12 \text{ times}}}$

**6 Marks****(b)****(i) Gross profit margin**

Increased by 6,67% which is good and may be due to:

- Higher selling price
- Cheaper suppliers

(Αυξήθηκε κατά 6,67% που είναι καλό και μπορεί να οφείλεται: (ένα από τα δύο)

- Στην αύξηση της τιμής πώλησης
- Στην αγορά προϊόντων από άλλο προμηθευτή σε χαμηλότερη τιμή)

**(ii) Inventory Turnover**

Decreased by 4 times which is not good and might be due to:

- Higher levels of inventory
- Slow moving inventory which will result in damaged and spoiled inventory

Μειώθηκε κατά τέσσερις (4) φορές, αυτό δεν είναι καλό και μπορεί να οφείλεται:

(ένα από τα δύο)

- Στην αύξηση των αποθεμάτων
- Στον αργό ρυθμό διάθεσης των αποθεμάτων που θα έχει σαν αποτέλεσμα να καταστραφούν ή να χαλάσουν τα αποθέματα

**4 Marks**

**PART B**  
**Workings**

Per mask	€	€	Fixed costs (per year)	€
<b>Selling price</b>		<b>4,15</b>	Rent (400 x 12)	4.800
Electricity	0,25		Depn [(1.200 - 200) / 5] x 2	400
Direct labour	0,30		Insurance	1.800
Fabric and other material	1,20		Wages	<u>2.288</u>
Packaging cost	0,60			
<b>Variable cost</b>		<b>(2,35)*</b>		
<b>Contribution per mask</b>		<b><u>1,80</u></b>		<b><u>9.288**</u></b>

**(a) Contribution per mask = Selling price – variable costs**

$$\text{Contribution per mask} = \text{€}4,15 - \text{€}2,35^* = \text{€}1,80$$

**3 Marks**

**(b) Breakeven point (in units) =  $\frac{\text{Fixed Costs}}{\text{Contribution per unit}}$**

$$\text{Break even (in units)} = \frac{\text{€}9.288^{**}}{\text{€}1,80} = \text{5 160 masks/units}$$

**4 Marks**

**(c) Profit or loss if 5 000 masks were sold**

**Total contribution – total fixed costs**

$$(5\ 000 \times 1,80) - 9.288 = \text{288 Loss}$$

**1 Mark**

**(d) Sales volume (in units) for target profit :  $\frac{\text{Fixed costs} + \text{Required profit}}{\text{Contribution per unit}}$**

$$\text{Number of masks for profit } \underline{\text{€}12.600} = \frac{9.288 + \text{€}12.600}{\text{€}1,80} = \text{12 160 masks}$$

**2 Marks**

**Total Marks 20**

**(GRAND TOTAL MARKS 100)**

**.....THE END.....**