4.	ANSWERS

Answer 1

(i)

2016		Dr	Cr
		€	€
Jan 31	Cash (€1,8 x 80.000*)	144.000	
	Share premium (€1,55 x 80.000)		124.000
	Ordinary share capital (€0,25 x 80.000)		20.000
	*200.000x2/5		
Aug 12	Share Premium(€0,25 x 28.000*)	7.000	
	Ordinary share capital		7.000
	*(200.000+80.000)x1/10		

(ii) **Ordinary share capital A/c**

2016		€	2016		€
Dec 31	B/ce c/d	77.000	Jan 1	B/ce b/d (200.000x 0,25)	50.000
			Jan 31	Cash (80000x0,25)	20.000
			Aug 12	Share premium (28.000x0,25)	7.000
		77.000			77.000
			2017		
			Jan 1	B/ce b/d	77.000

Share premium A/c

2016		€	2016		€
Aug 12	Ord share capital	7.000	Jan 1	B/ce b/d	75.000
Dec 31	B/ce c/d	192.000	Jan 31	Cash	124.000
		199.000			199.000
			2017		
			Jan 1	B/ce b/d	192.000

(iii) Statement of Financial Position (extract) as at 31 December 2016

EQUITY AND LIBILITIES	
Equity	€
Share capital: equity shares of 25 cent each	
Share premium	*77.000
	192.000
*(200.000+80.000+28.000) x 0.25	269.000

Answer 2

(i)

Journal

		Dr €	Cr €
(a)	Share Premium (€0,20 x 12.000*)	1.400	
	Retained earnings (2.400-1.400)	1.000	
	Ordinary share capital		2.400
	*(60.000x1/5)		
(b)	Cash (€1,2 x 24.000*)	28.800	
	Share premium (€1,00 x 24.000)		24.000
	Ordinary share capital (€0,2x 24.000)		4.800
	*(60.000+12.000)x1/3		

(ii)

Ordinary share capital A/c

		€			€
	Balance c/d	19.200		Balance b/d (60.000x0,2)	12.000
				Share premium	1.400
				Retained earnings	1.000
				Cash	4.800
		19.200			19.200
				Balance b/d	19.200

Share premium A/c

		€			€
	Ord share capital (a)	1.400		Balance b/d	1.400
	Balance c/d	24.000		Cash (b)	24.000
		25.400			25.400
				Balance b/d	24.000

(iii)

Statement of Financial Position of Proton Plc

ASSETS	€
Non-current assets	37.200
Current Assets (5.800+28.800)	**34.600**
Total assets	**71.800**
EQUITY AND LIBILITIES	
Equity	
Share capital: equity shares of 20 cents each	***19.200**
Share premium	**24.000**
Retained earnings (24.000-1.000)	**23.000**
Total equity	**66.200**
Total liabilities	5.600
Total equity and liabilities	**71.800**

*(60.000+12.000+24.000) x 0,2

Answer 3

(a) Three characteristics of a limited public company are:

- Separate legal entity (Διακριτή νομική οντότητα)
- Limited liability (Περιορισμένη ευθύνη)
- Separation between ownership and management (Διαχωρισμός μεταξύ ιδιοκτησίας και διεύθυνσης)

(b)

Journal

		Dr	Cr
2016		€	€
July 1	Cash (€0.75 x 60.000 shares)	45.000	
	Share premium (€0.5 x 60.000 shares)		30.000
	Ordinary share capital (€0.25x 60.000 shares)		15.000
Oct 12	Share premium	43.000	
	Ordinary share capital (172.000* shares x€0.25)		43.000
	*(800.000+60.000)x2/10		
Nov 11	Retained earnings (Dividend)	20.640	
	Cash (1.032.000 *shares x €0.02)		20.640
	*(800.000+60.000+172.000)		

(c)

Retained earnings balance on 31 December 2016	
	€
Balance on Jan 1 2016:	750.000
Add: Net profit for the year	120.000
	870.000
Less: Dividend paid	(20.640)
Balance on Dec 31 2016	849.360

(d)

Number of ordinary shares in issue on 31 December 2016	
	shares
Balance on Jan 1 2016 (€200.000÷0,25)	800.000
Add: Public issue	60.000
	860.000
Add: Bonus issue 860.000x2/10	172.000
Balance on Dec 31 2016	1.032.000