

ACCOUNTANCY MAY 2016
QUESTION 1 - ANSWER

WEEK ENDED 7 June 20XX

Receipts

Bar Takings	6458.90	
Bingo	320.00	
Raffle book 1	423.00	
Raffle book 2	115.00	
Key Draw	190.00	
Gaming Machine	805.00	
Telephone	10.00	
Subscriptions	10.00	
Room Hire	80.00	
Corporation Tax- cheque received	500.00	
Cash surplus		
Total cash receipts in week	8911.90	

Cash in hand at start of week	564.36	
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TOTAL	9476.26	
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Payments

Steward / Stewardess	450.21	
Bar Staff	640.98	
Cleaners	130.72	
Doormen	60.00	
Stocktaker		
Window Cleaner	45.00	
Entertainment	180.00	
Repairs & Renewals	10.00	
Print, Post & Stationery	25.00	
Cleaning Materials	25.00	
Vat input tax	5.00	
Cash shortage	70.00	
Total cash payments in wee	1641.91	

Cash Banked:-	
Date	Amount
3 June	500.00
4 June	2300.00
7 June	4239.87

Total banked for the week	7039.87	
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Cash in hand at end of week	794.48	A
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TOTAL	9476.26	
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↑ These totals must agree. ↑

week Actual cash counted	794.48	A
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Completed and verified ---
(Financial Officer)
Date - _____

ACCOUNTANCY MAY 2016

QUESTION 2- ANSWER

1 - REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

Bar trading account:

Sales		355,300	
Less: Cost of sales		(159,885)	
Gross profit	55.00	<u>195,415</u>	(A)

Other income:

Gaming machines	30,205		
Raffles and draws	12,647		
Snooker and pool	3,157		
Bingo income	2,419		
Investment income	3,650		
Subscription income	1,582		
		<u>53,660</u>	(B)
		<u>249,075</u>	

Deduct - expenses:

Wages	(88,825)		
Entertainments	(17,765)		
Rates and water rates	(15,300)		
Heating and lighting	(8,487)		
Repairs and renewals	(8,423)		
Cleaning materials	(4,914)		
Printing, postages and stationery	(2,702)		
Telephones	(1,168)		
Professional fees	(5,800)		
Other costs	(161)		
		<u>(153,545)</u>	(C)
PROFIT FOR THE YEAR		<u>95,530</u>	(D)

2 -

Gross profit percentage	=	$\frac{\text{Gross profit} \times 100}{\text{Sales}}$	=	$\frac{195415 \times 100}{355300}$	=	55%
Wages percentage	=	$\frac{\text{Wages} \times 100}{\text{Sales}}$	=	$\frac{88825 \times 100}{355300}$	=	25%
Entertainments percentage	=	$\frac{\text{Entertainments} \times 100}{\text{Sales}}$	=	$\frac{17765 \times 100}{355300}$	=	5%

3 -

Gross profit		55	
Less: Wages	25		
Entertainments	5	30	
Profit before other income and expenditure		<u>25</u>	

QUESTION 3 - ANSWER

1----

One pint of lager

Cost per barrell 288.00 (excluding VAT)

$$\text{Cost per pint} = \frac{288.00}{288} = \underline{\underline{1.00}}$$

$$\text{Gross profit \% factor of 46\%} = \underline{\underline{2.2222}}$$

$$\text{Selling price} = 1.00 \times 2.2222 = \underline{\underline{2.22}}$$

2----

One pint of best bitter

Cost per barrell 190.08 (excluding VAT)

$$\text{Cost per pint} = \frac{190.08}{288} = \underline{\underline{0.66}}$$

$$\text{Gross profit \% factor of 44\%} = \underline{\underline{2.1429}}$$

$$\text{Selling price} = 0.66 \times 2.1429 = \underline{\underline{1.41}}$$

3----

One glass of vodka and tomato juice

Full Bottle of vodka = 16.80 (containing 0.7 litres)

$$\text{One glass of vodka} = \frac{16.8 \times 25}{700} = 0.60$$

$$\text{Add: one bottle of tomato juice} = \underline{\underline{0.40}}$$

$$\text{Total cost} = \underline{\underline{1.00}}$$

$$\text{Gross profit \% factor of 49\%} = \underline{\underline{2.3529}}$$

$$\text{Selling price} = 1.00 \times 2.3529 = \underline{\underline{2.35}}$$

4----

One bottle of vodka mixer

Cost per case 30.00 (excluding VAT)

$$\text{Cost per bottle} = \frac{30.00}{24} = \underline{\underline{1.25}}$$

$$\text{Gross profit \% factor of 51\%} = \underline{\underline{2.4490}}$$

$$\text{Selling price} = 1.25 \times 2.4490 = \underline{\underline{3.06}}$$

5----

One pint of lager	2.22
One bottle of vodka mixer	3.06
One glass of vodka and tomato juice	2.35
	<u>7.64</u>

ACCOUNTANCY MAY 2016

QUESTION 4 ANSWER

BANK CASH BOOK (Corrections)

<u>Date</u>	<u>Receipts</u>		<u>Date</u>	<u>Payments</u>	
31 May	Balance b/fwd	7,547	31 May	Bank charges	130
			31 May	Balance c/fwd	<u>7,417</u>
		<u>7,547</u>			<u>7,547</u>
<hr/>					
					(73)
Balance as per bank statement at 31 May - overdrawn					
Add:	Uncredited deposits:				
	25 May Takings			3,290	
	31 May Brewery loan			<u>6,000</u>	<u>9,290</u>
					9,217
Less:	Unpresented cheques:				
	26 May Brewery 005				<u>(1,800)</u>
Balance as per bank cash book					<u>7,417</u>

ACCOUNTANCY MAY 2016

QUESTION 5 - ANSWER

	<u>Effect on Profits</u>	<u>Effect on Cash flow</u>
BREWERY A		
Discounts at £50 on 200 barrells -increases profits by	10,000	
Discounts at £50 on 200 barrells -alters cash flows by		Nil
Price increase by 12 p (200 barrells) -reduces profits by	(6,912)	
Price increase by 12 p (200 barrells) -reduces cash flow by		(6,912)
Total effect on profits - increase in profits	<u>3,088</u>	
Total effect on cash flow - reduced cash flow		<u>(6,912)</u>
BREWERY B		
Price reduction by 12 p (200 barrells) -increases profits by	6,912	
Price reduction by 12 p (200barrells) -improves cash flow by		6,912
Loan repayments -reduces profits by	Nil	
Loan repayments -reduces cash flows by		(10,000)
Total effect on profits - increase in profits	<u>6,912</u>	
Total effect on cash flow - reduced cash flow		<u>(3,088)</u>

NOTES:

In both situations the brewery loan is being repaid.
Brewery A gives increases in profits but large cash outflows
Brewery B gives higher profits and lower cash outflows

Brewery B is the preferred option.

ACCOUNTANCY MAY 2016

QUESTION 6 - ANSWER

From the following information you are required:-

- A) - To use the **previous wage rate/hour** and calculate the **previous gross pay** for each employee and the **total payroll cost** per week.
- B) To calculate the revised gross pay per employee and the revised total payroll cost per week using the mandatory National Living Wage rate.
- C) To calculate the increase in wages per employee and the increase in the total payroll cost per week and for a 52 week year.

Please show your answer in the form of a table with columns and rows.

Please note that all employees are over 25 years old

Ignore National Insurance Contributions

- From April 2016 the Government have introduced a new mandatory National Living Wage (NLW) for workers 25 and above.
- Initially set at £7.20/hour.
- This is a “premium” rise of 50p above the current National Minimum Wage of £6.70/hour.

	<u>Previous wage rate /hr</u> £	<u>Hours worked</u> <u>per week</u>	<u>Previous Gross pay</u> £	Revised rate	Revised Gross	Difference
Tom Pear	7.00	35	245.00	7.2	252.00	7.00
Sid Apple	6.70	37	247.90	7.2	266.40	18.50
Angie Plum	6.75	33	222.75	7.2	237.60	14.85
Liz Grape	6.70	25	167.50	7.2	180.00	12.50
David Orange	6.95	35	243.25	7.2	252.00	8.75
Lawrence Kiwi	6.70	30	201.00	7.2	216.00	15.00
Samantha Pear	6.95	28	194.60	7.2	201.60	7.00
Total Payroll cost			1522.00		1605.60	83.60
						4347.20

15 MARKS

ACCOUNTANCY MAY 2016

QUESTION 7 - ANSWER

Extract from detailed stock report:-

	<u>Cost per</u>	<u>Disc per</u>	<u>Net Cost per</u>	<u>Stocks consumed</u>	
	<u>Barrel</u>	<u>Barrel</u>	<u>Barrel</u>	<u>Quantity</u> <u>Gallons</u>	<u>Value</u>
Best bitter	311.04	129.60	181.44	720	3628.80
Smooth	302.40	115.20	187.20	900	4680.00
Lager	345.60	132.48	213.12	1188	7032.96
Ordinary	296.64	120.96	175.68	756	3689.28
Odd beer	288.00	115.20	172.80	540	2592.00
					<u>21623.04</u>

<u>Discounts</u>	<u>Disc per</u> <u>Barrel</u>
Best bitter	129.60
Smooth	115.20
Lager	132.48
Ordinary	120.96
Odd beer	115.20

NOTE: there are 288 pints in one barrel

Bar Trading Account

Bar takings (excluding VAT)	44776.00
LESS:	
Stocks consumed at cost per report	21623.04
Gross Profit	<u>23152.96</u>
Gross profit %	<u>51.71</u>