

**WORKING MEN'S CLUB & INSTITUTE UNION LIMITED**

**CLUB MANAGEMENT DIPLOMA**

**EXAMINATION PAPER**

**CLUB ACCOUNTANCY**

**14 May 2016**

**Time allowed - 3 hours**

**Examiner - William E Robinson FCA**

**CANDIDATES PLEASE NOTE**

Do not write your name on any of the papers. The papers have already been numbered for identification purposes.

**Please note that for question 1 you are required to complete the pro-forma sheet shown as the last page of the examination paper, add your candidate number and attach this page to your answers.**

Questions may be attempted in any order.

You should attempt to answer Questions 1 and 2 plus any three of the questions 3 to 7.

Write on one side of the paper only. Leave the left hand and the right hand margins free, except to identify the number of the question being attempted.

Write legibly - your answers must be capable of being understood.

Candidates are permitted to use pocket calculators.

Rough notes should be made on the working paper provided. Students should not introduce their own note paper. Continuation paper is available from the supervisor, if required.

Please ensure that the working papers are secured prior to handing them in.

Candidates may retain the question paper after the examination.

## ACCOUNTANCY MAY 2016

### QUESTION 1

In respect of the **Going4Gold** Social Club Limited the following information is taken from the Primary Cash Record Books, from payments and bankings made and from the cash counted at the end of the week 7 June 20XX.

Using the **pro-forma sheet attached as the last page of this examination paper** you are required to prepare the Weekly Cash book for week ended 7 June 20XX

**Attached pro-forma sheet** - please insert your candidate number and return the completed sheet with your answer papers.

Cash brought forward from previous week	£	564.36
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#### **Amounts received**

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

In addition a cheque for £500.00 was received by way of a Corporation Tax refund.

#### **Amounts paid out**

Steward's wages	450.21
Bar staff wages	640.98
Cleaners	130.72
Doormen	60.00
Window cleaner	45.00
Entertainment	180.00
Sundry repairs	10.00
Printing, Post & Stationery	25.00
Cleaning materials	30.00 (Vat £5.00)

#### **Amounts Banked**

Banked 3 June 20XX	500.00 (Tax refund)
Banked 4 June 20XX	2300.00
Banked 7 June 20XX	4239.87

#### **Cash counted at the end of the week**

At the end of the week the following cash is counted:-

£20 notes	£	300.00
£10 notes		360.00
£1 coins		120.00
50p coins		14.00
Silver and bronze		0.48

<b>Note: there is a cash difference to account for :-</b>	70.00
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**30 MARKS**

**ACCOUNTANCY MAY 2016**

**QUESTION 2**

You are given the following ledger balances taken from the General Ledger of a club for the year ended 31 December 2015.

Bingo income	2,419
Cleaning materials costs	4,914
Cost of sales (beers etc purchased)	159,885
Entertainment costs	17,765
Gaming machines income	30,205
Investment income	3,650
Heating and lighting costs	8,487
Other costs	161
Professional fees	5,800
Printing,postages and stationery costs	2,702
Raffles and draws income	12,647
Rates and water rates costs	15,300
Repairs and renewals costs	8,423
Sales of beers etc income	355,300
Snooker and pool income	3,157
Subscription income	1,582
Telephone costs	1,168
Wages costs	88,825

You are required to:-

1 - Prepare a Revenue Account for the year ended 31 December 2015 and calculate the Profit or Loss for the year. In doing so you are required to divide up the Revenue Account into the following sections:-

- A = Gross profit from bar sales
- B = The total of the clubs other income
- C = The total of the clubs other costs
- D = The final Profit or Loss

(This is the formula-  $A+B-C=D$ )

2 - Calculate the following:-

Gross profit percentage	=	$\frac{\text{Gross profit} \times 100}{\text{Sales}}$
Wages percentage	=	$\frac{\text{Wages} \times 100}{\text{Sales}}$
Entertainments percentage	=	$\frac{\text{Entertainments} \times 100}{\text{Sales}}$

3 - From 2 above calculate in terms of percentages:-

Gross profit		?
Less: Wages	?	
Entertainments	?	?
Profit before other income and expenditure		<u>?</u>

**25 MARKS**

**ACCOUNTANCY MAY 2016**  
**QUESTION 3**

Using the following 'look up' chart you are required

(a) To calculate the retail prices of the following drinks (to two decimal places)

Gross profit margin	Factor	Gross profit margin	Factor
40%	2.0000	46%	2.2222
41%	2.0339	47%	2.2642
42%	2.0690	48%	2.3077
43%	2.1053	49%	2.3529
44%	2.1429	50%	2.4000
45%	2.1818	51%	2.4490

[ How it works-- If the cost price per unit is £0.82 excluding VAT and a selling price including VAT is required to give a 51% gross profit margin then-----82p multiplied by 2.4490 = 200.82p or £2.01 is the selling price. ]

1) **One pint of lager**-- costs £288.00 per barrell (excluding VAT). Gross profit margin required of 46%.

2) **One pint of best bitter**-- costs £190.08 per barrell (excluding VAT). Gross profit margin required of 44%.

3) **One glass of vodka and tomato**-- where a full bottle of vodka costs £16.80 (excluding VAT) and a small bottle of tomato juice costs £0.40 (excluding VAT). Gross profit margin required of 49%. (Note-- one glass to contain 25ml of vodka and a full bottle of vodka contains 700ml (0.7litres)).

4) **One bottle of vodka mixer** where a case of 24 costs £30.00 (excluding VAT). Gross margin required of 51%.

5) **Calculate the retail value of a round of drinks of** -- one pint of lager; one bottle of vodka mixer; and one vodka and tomato drink.

**NOTE:**

There are 288 pints in 1 barrell.

**15 MARKS**

**ACCOUNTANCY MAY 2016**

**QUESTION 4**

You are required to prepare a Bank Reconciliation at 31 May.

**BANK CASH BOOK**

DATE	RECEIPTS		DATE	PAYMENT CHEQUE NO	
01 May	Balance b/fwd	100	05 May	Brewery 002	2,000
04 May	Takings	4,560	12 May	Brewery 003	4,170
11 May	Takings	3,268	19 May	Rates SO	1,100
18 May	Takings	5,279	19 May	Brewery 004	5,880
25 May	Takings	3,290	26 May	Brewery 005	1,800
31 May	Brewery loan	6,000	31 May	Balance c/fwd	7,547
		<u>22,497</u>			<u>22,497</u>
01 June	b/fwd	7,547			

**BANK STATEMENT**

DATE		DEBIT £	CREDIT £	BALANCE
01 May	Balance b/fwd			3,550
02 May	001	3,450		100
06 May	Credit		4,560	4,660
09 May	002	2,000		2,660
11 May	Credit		3,268	5,928
19 May	SO	1,100		4,828
22 May	003	4,170		658
22 May	Credit		5,279	5,937
26 May	Credit			5,937
26 May	004	5,880		57
31 May	Bank charges	130		(73)

**15 MARKS**

**ACCOUNTANCY MAY 2016**

**QUESTION 5**

As the clubs finance officer you are required to compare the following offers received from breweries. Show the effects of each offer first on club profitability and then on club cash flows. State which offer you prefer to accept.

**BREWERY A** - Offers an interest free barrellage discount loan of £80,000. This is to be repaid by a discount of £50 on every barrell purchased and the estimated purchases per year are 200 barrells. The brewery however announces that they have to increase prices to the club by 12 pence per pint.

**BREWERY B** - Offers an interest free loan of £80,000 which is to be repaid by direct debit over 8 years in equal annual instalments. In addition to the loan the brewery is pleased to offer a reduction in prices by 12 pence per pint with estimated purchases of 200 barrells per year.

NOTE: There are 288 pints in a barrell.  
Ignore VAT.

**15 MARKS**

**ACCOUNTANCY MAY 2016**

**QUESTION 6**

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. (Assume the number of hours for each week is the same).

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> £
Tom Pear	7.00	35	?
Sid Apple	6.70	37	?
Angie Plum	6.75	33	?
Liz Grape	6.70	25	?
David Orange	6.95	35	?
Lawrence Kiwi	6.70	30	?
Samantha Pear	6.95	28	?
<b>Total Payroll cost</b>			?

**15 MARKS**

**ACCOUNTANCY MAY 2016**

**QUESTION 7**

The clubs stocktaker has provided the following Bar Trading Account as part of his stock report for the 5 week period ended 31 December 2015.

You are concerned as the Gross Profit shown is only 20.19%.

You discover that the stocktaker uses the brewery wholesale price list and does not recognise discounts which have been negotiated.

You are required to use the following information and to re-write the Bar Trading Account to show the correct Gross Profit. You are also required to re-calculate the Gross Profit percentage.

**Bar Trading Account**

Bar takings (excluding VAT)	44776.00
LESS:	
Stocks consumed at cost per report	35735.04
Gross Profit	<u>9040.96</u>
Gross profit %	<u>20.19</u>

**Extract from detailed stock report:-**

	<u>Cost per</u>	<u>Stocks consumed</u>	
	<u>Barrel</u>	<u>Quantity</u>	<u>Value</u>
		<u>Gallons</u>	
Best bitter	311.04	720	6220.80
Smooth	302.40	900	7560.00
Lager	345.60	1188	11404.80
Ordinary	296.64	756	6229.44
Odd beer	288.00	540	4320.00
			<u>35735.04</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

**15 MARKS**



**WEEK ENDED**

Receipts

	£	
Bar Takings		
Bingo		
Raffle book 1		
Raffle book 2		
Key Draw		
Gaming Machine		
Telephone		
Subscriptions		
Room Hire		
Corporation Tax - cheque received		
Cash surplus		
<b>Total cash receipts in week</b>		
Cash in hand at start of week		
<b>TOTAL</b>		

Payments

	£	
Steward / Stewardess		
Bar Staff		
Cleaners		
Doormen		
Stocktaker		
Window Cleaner		
Entertainment		
Repairs & Renewals		
Print, Post & Stationery		
Cleaning Materials		
VAT input tax		
Cash shortage		
<b>Total cash payments in week</b>		

Cash Banked:-	
Date	Amount

<b>Total banked for the week</b>		
Cash in hand at end of week		<b>A</b>
<b>TOTAL</b>		

↑ These totals must agree. ↑

Cash in hand at end of week		
Actual cash counted		<b>A</b>

Completed and verified ---  
(Financial Officer)  
Date - \_\_\_\_\_