

WORKING MEN'S CLUB & INSTITUTE UNION LIMITED

CLUB MANAGEMENT DIPLOMA

EXAMINATION PAPER

CLUB ACCOUNTANCY

9 MAY 2009

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.

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.

NO REFERENCE MUST BE MADE BY CANDIDATES TO ANY NOTES OR TEXT BOOKS DURING THE EXAMINATION.



ACCOUNTANCY MAY 2009

QUESTION 1

The following is an analysed Trial Balance extracted from the books of the ZULU Workingmens Club Limited for the year ended 31 December 2008

You are required to prepare a Revenue Account for the year ended 31 December 2008 and a Balance Sheet at 31 December 2008.

	<u>Revenue Account</u>		<u>Balance Sheet</u>	
	<u>Expend.</u>	<u>Income</u>	<u>Assets</u>	<u>Liab. + Capital</u>
Wages	58,719			
Games and entertainments income		25,636		
Land and buildings			165,000	
Rent and rates	20,424			
Stocks in hand			8,500	
Bar sales		255,300		
Other costs	15,106			
VAT liability				6,800
Professional fees	2,553			
Sundry creditors				6,000
Repairs and renewals	12,765			
Bar costs of sales (Bar purchases)	127,650			
Fixtures and fittings			25,000	
Cash in hand			35,000	
Sundry income		1,500		
Share capital				1,200
Cleaning materials	2,553			
Bank deposit account			15,000	
Printing postages and stationery	1,702			
Bank overdraft				25,000
Light and heat	10,212			
Amounts owing for PAYE				1,500
Telephone	851			
Trade creditors				13,000
Brewery loan owing				110,000
Investment income		500		
Entertainments	12,977			
Debtors due to be received			8,200	
Reserves (75,776 b/fwd add profit 17,424)				93,200
Profit for the year	17,424			
	<u>282,936</u>	<u>282,936</u>	<u>256,700</u>	<u>256,700</u>

NOTE: The Revenue account should be presented to show the Gross Profit from bar trading (A) ; a listing and total of the other income (B); a listing and total of the other costs (C); to arrive at the final Profit for the year (D).

The Balance Sheet can be presented in any format you prefer.

Marks will be awarded for correct answers and for neat and meaningful presentation.

30 MARKS



ACCOUNTANCY MAY 2009

QUESTION 2

The following list of transactions take place during the month of January 2009

You are required to produce a Bank Cash Book Total Account for the month of January and then using the Bank Statement also shown below you are required to produce a Bank Reconciliation a 31 January 2009:-

The Bank Cash Book balance brought forward at 1 January 2009 was £2475.18.

LIST OF TRANSACTIONS

<u>Date</u>	<u>Transaction</u>	<u>Amount</u>
01-Jan	Banked cash - from December 2008	2500.00
04-Jan	Banked cash	4527.30
06-Jan	Cashed cheque for wages CHQ 851	594.37
	Paid cheque for insurances CHQ 852	1600.00
08-Jan	Banked cash	2800.00
11-Jan	Banked cash	2727.96
13-Jan	Cashed cheque for wages CHQ 853	567.32
	Paid cheque for PAYE CHQ 854	652.87
15-Jan	Banked cash	2750.00
18-Jan	Banked cash	2532.11
20-Jan	Cashed cheque for wages CHQ 855	573.14
22-Jan	Paid cheque to auditor CHQ 856	2115.00
	Paid cheque for repairs CHQ 857	732.15
	Paid cheque for entertainment CHQ 858	2350.00
	Banked cash	2900.00
25-Jan	Paid cheque for furniture CHQ 859	2350.00
	Banked cash	2350.00
27-Jan	Cashed cheque for wages CHQ 860	587.69
29-Jan	Banked cash	2900.00

BANK STATEMENT FOR JANUARY 2009

	<u>DEBIT</u>	<u>CREDIT</u>	<u>BALANCE</u>
Balance brought forward at 1 January 2009 (overdrawn)			(24.82)
04-Jan		2500.00	2,475.18
06-Jan	Cheque 851 594.37		1,880.81
08-Jan	D Debit - electricity 450.00		1,430.81
08-Jan	Deposit	4527.30	5,958.11
11-Jan	Cheque 852 1600.00		4,358.11
11-Jan	Deposit	2800.00	7,158.11
13-Jan	D Debit - brewery A 7342.93		(184.82)
13-Jan	Cheque 853 567.32		(752.14)
14-Jan	D Debit - brewery B 4877.28		(5,629.42)
14-Jan	Transfer from deposit account	7000.00	1,370.58
14-Jan	Deposit	2727.96	4,098.54
18-Jan	Cheque 854 652.87		3,445.67
19-Jan	Deposit	2750.00	6,195.67
20-Jan	Cheque 855 573.14		5,622.53
21-Jan	Deposit	2532.11	8,154.64
26-Jan	Deposit	2900.00	11,054.64
26-Jan	Transfer to deposit account 8000.00		3,054.64
27-Jan	Cheque 860 587.69		2,466.95
28-Jan	Cheque 856 2115.00		351.95

25 MARKS



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QUESTION 3

In respect of the following information about beers sold in a club you are required in respect of each type of beer to prepare a statement to show the following details:-

Retail price per pint (Incl Value Added Tax)

Value Added Tax per pint

Sales price per pint (excluding Value Added tax)

Cost price per pint

Gross profit per pint

Gross profit percentage

NOTE:

- (1) The rate of Value Added Tax (VAT) is 15.0% and the VAT fraction is $\frac{3}{23}$.
- (2) Calculations are to be rounded down to the nearest 1p.
- (3) Percentages to be stated to the nearest whole number.

- A) Kwack beer retails at £2.42 per pint (incl VAT) and costs £1.10 per pint (excl VAT) to buy.
- B) Hornet beer retails at £2.23 per pint (incl VAT) and costs £1.33 per pint (excl VAT) to buy.
- C) Fireblade beer retails at £2.48 per pint (incl VAT) and costs £1.20 per pint (excl VAT) to buy.

15 MARKS

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QUESTION 4

The following are extracts from the treasurer's cash book of your club. As a member of the Committee of Management you are asked to examine the entries and check that they agree with the underlying records.

TREASURER'S WEEKLY CASH BOOK - Week ended 31 December 2008

RECEIPTS		£	PAYMENTS		£
<u>VAT</u>					
43.04	Gaming machines	286.96	Expenses paid out	-	
-	Bingo	94.00	Cash banked on 10 January 2009	729.70	
-	Raffles and draws	126.00			
19.92	Entertainment entry fees	132.78			
3.52	Telephone box	23.48			
<u>66.48</u>	VAT	66.48			
		<u>729.70</u>			<u>729.70</u>

You are reminded of your legal responsibilities with regard to the Books of Accounts of the club. After checking you discover the following analysis of the figures:-

a)	Gaming machines - gross income	360.00
	Less Committee allowances	30.00
		<u>330.00</u>
	Less VAT	43.04
	Per cash book	<u>286.96</u>
b)	Bingo - income less prize money	124.00
	Less Committee allowances	30.00
	Per cash book	<u>94.00</u>
c)	Raffles and draws - income less prizes	186.00
	Less Committee allowances	60.00
	Per cash book	<u>126.00</u>
d)	Entertainment entry fees - gross	182.70
	Less Committee allowances	30.00
		<u>152.70</u>
	Less VAT	19.92
	Per cash book	<u>132.78</u>
e)	Telephone box - gross	37.00
	Less Committee allowances	10.00
		<u>27.00</u>
	Less VAT	3.52
	Per cash book	<u>23.48</u>

(NOTE: "Committee allowances" are cash payments made to certain individual Committee members)

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QUESTION 4 (CONTINUED)

You are required:-

- (1) To describe briefly what your duties are regarding the books of account of the club.
- (2) To re-write the corrected Cash book for week ended 31 December 2008.
- (3) To briefly outline your concerns over the treasurer's original Cash book entries and their consequences.

15 MARKS

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ACCOUNTANCY MAY 2009

QUESTION 5

Explain briefly why the following advice is incorrect and mis-guided.

A) Stocktaking should only be carried out once per year. This would save a substantial amount is stocktakers fees.

B) At the end of each week a weekly cash account should be prepared to show cash received from all sources and any payments made in cash. The cash account should then be "balanced" by calculating the precise amount of cash left over. This will be the cash received less the cash expended. This "balancing amount" should then be banked as one single bank deposit by the end of the following week.

C) Bert buys for £1.00 and sells for £1.20. His friend Bill recommends that Bert reduces his selling price by 10%. He says he will then sell twice as many and make more profit.

D) When we buy beer we are charged VAT on the suppliers invoice. Therefore once we have paid the suppliers invoice we have paid VAT and have accounted for all the VAT we need to and we have no further VAT liability.

E) If the Revenue Account shows a loss for the year of say £3,500 then this means rhat someone has stolen £3,500 from the club.

F) A copy of the stocktakers report should be given to the club steward to help him manage the bars.

15 MARKS

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QUESTION 6

The following is the club stock report for a period of time of four weeks.

As can be seen the report shows a 'stock surplus' of £265.00.

As the clubs financial Officer you carry out financial control tests and these reveal the following:-

A) the stewards bar takings book contains a mistake and takings are overstated by £900.00.

B) By checking invoices to the goods received book it is discovered that the goods received book (and hence the stock report) does not contain the following entries:-

Deliveries:-

- a) 22 gallons of Lager
- b) 6 dozen bottles

	<u>Units of Quantity</u>	<u>Stock to begin</u>	<u>Purchases</u>	<u>Stock to end</u>	<u>Stock consumed</u>	<u>Selling price per unit</u>	<u>Retail value of stocks consumed</u>
(1) Lager	Gallons	130	176	110	196	17.60	3449.60
(2) Beer	Gallons	132	132	64	200	15.20	3040.00
(3) Bottles	Dozens	6	12	9	9	12.00	108.00
(4) Whiskey	Bottles	20	11	11	20	12.00	240.00
TOTAL VALUES OF STOCKS CONSUMED-----							6837.60
Takings as per Stewards Bar Takings Book							7102.60
Stock surplus							265.00

From the above you are required to re-write the stock report and re-calculate the final stock surplus or deficiency'

15 MARKS

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ACCOUNTANCY MAY 2009

QUESTION 7

1 -Describe what is meant by the 'Primary Cash Record Books'.

2 -Briefly describe the details and information which must be recorded in the Primary Cash Record books of a club.

3 -Make a list of the main types of Primary Cash Record Books which you would expect to find in a club.

15 MARKS

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