

ACCOUNTANCY MAY 2008

QUESTION 1 - ANSWER

YNOT SOCIAL CLUB LTD

	<u>2007</u>	<u>2006</u>	
Bar trading account:			
Sales (excluding VAT)	369,183	355,300	
Less: Cost of sales	<u>(169,166)</u>	<u>(174,097)</u>	
Gross profit	54.18 <u>200,017</u>	<u>181,203</u>	51.00
Other income:			
Games and entertainments	26,789	25,636	
Investment income	700	500	
Sundry income	<u>1,800</u>	<u>1,500</u>	
	<u>29,289</u>	<u>27,636</u>	
	<u>229,306</u>	<u>208,839</u>	
Deduct - expenses:			
Wages	(110,763)	(99,484)	
Entertainments	(31,587)	(32,977)	
Repairs and renewals	(14,565)	(12,765)	
Rent and rates	(20,424)	(20,424)	
Light and heat	(20,245)	(17,212)	
Cleaning materials	(2,521)	(2,553)	
Printing, postages and stationery	(1,892)	(1,702)	
Telephones	(690)	(851)	
Professional fees	(1,600)	(2,553)	
Depreciation	(6,488)	(7,500)	
Loan interest	(3,562)	(500)	
Other costs	<u>(6,394)</u>	<u>(5,106)</u>	
	<u>(220,731)</u>	<u>(203,627)</u>	
PROFIT FOR THE YEAR	<u>8,575</u>	<u>5,212</u>	

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QUESTION 2 - ANSWER

WEEKLY CASH BOOK

RECEIPTS	£	PAYMENTS	£
Bar takings	4,497.50	Wages	1200.00
Bingo	383.00	Draw prizes	1844.70
Gaming machines	445.20	Cleaning	239.00
Brewery loan (cheque)	1,000.00	Odd job man	150.00
Raffles and draws	2,345.00		
		Balance, being the amount to be banked	5237.00
	<u>8,670.70</u>		<u>8,670.70</u>

The bar takings book is re-written to show the following total

		£
Monday	18-Jan	118.30
Tuesday	19-Jan	212.75
Wednesday	20-Jan	257.82
Thursday	21-Jan	614.94
Friday	22-Jan	837.88
Saturday	23-Jan	1294.23
Sunday	24-Jan	1161.58
		<u>4497.50</u>

The bingo takings book is corrected as follows:

Ticket sales are at 50p each

		No of books	£
Thursday	21-Jan	182	91.00
Friday	22-Jan	170	85.00
Saturday	23-Jan	214	107.00
Sunday	24-Jan	200	100.00
			<u>383.00</u>

The gaming machines book should not be used to pay out expenses and shows:

Gaming machine 1 - emptied Monday 24 January	234.10
Gaming machine 2 - emptied Monday 24 January	211.10
	<u>445.20</u>



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QUESTION 3

ANSWER

BANK CASH BOOK (Corrections)

<u>Date</u>	<u>Receipts</u>		<u>Date</u>	<u>Payments</u>	
31 Dec	Balance b/fwd	97,701	31 Dec	Bank charges	450
			31 Dec	Balance c/fwd	97,251
		<u>97,701</u>			<u>97,701</u>

Balance as per bank statement at 31 Dec	49,051
Add: Uncredited deposits: 31 Dec Brewery loan	<u>60,000</u>
	109,051
Less: Unpresented cheques: 26 Dec Brewery 005	<u>(11,800)</u>
Balance as per bank cash book	<u>97,251</u>



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QUESTION 4

a) Predicted payroll costs 30 September 2008

	Total pay for the year	Pay rate per hour	Number of hours	New Rate	Revised payroll
R U Smart	14,560	7.00	2,080	7.17	14,914
C Far	9,737	5.35	1,820	5.52	10,046
B Day	7,790	5.35	1,456	5.52	8,038
T Bone	5,842	5.35	1,092	5.52	6,028
B Sting	5,564	5.35	1,040	5.52	5,741
	<u>43,493</u>				<u>44,766</u>

b) The sum of £44,766 is applied to the account below and this indicates that the gross profit should be £74,766 in order to maintain the 'contribution' of £30,000 (ie £44,766+£30,000).

c) This amount of £74,766 is then applied to give a gross profit % of 53.92%

d) In order for the account to add up the cost of sales needs to be £63,900 (ie net sales of £138,666 less gross profit of £74,766). This means that an extra discount is required from suppliers of £1,273 calculated from the original figure of £65,173 less revised figure of £63,900.

Retail sales (including VAT)	162,933
Less: VAT	<u>(24,267)</u>
Net sales	138,666
Cost of sales	<u>(63,900)</u>
Gross profit	74,766
	53.92
Wages and salaries	<u>(44,766)</u>
'Contribution' towards other operating activities	<u>30,000</u>

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ACCOUNTANCY MAY 2008

QUESTION 5 - ANSWER

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|---|----|
| 1 | c) |
| 2 | c) |
| 3 | d) |
| 4 | b) |
| 5 | a) |



ACCOUNTANCY MAY 2008

QUESTION 6 - ANSWER

	Barrels purchased	Discount Given on	DISCOUNT		SHORTFALL		
			Discount per Barrel	Value of Discount	Shortfall	Shortfall per Barrel	Value of Shortfall
Year 1	470	460	8.85	4,071			
Year 2	460	460	8.85	4,071			
Year 3	450	None		-	10	50	500
Year 4	430	None		-	30	50	1,500
Year 5	400	None		-	60	50	3,000
				<u>8,142</u>			<u>5,000</u>

Year 1	
Amount of original loan	40,710
Discounts received	(4,071)
	<u>36,639</u>
Year 2	
Discounts received	(4,071)
	<u>32,568</u>
Year 3	
Discounts received	-
Shortfall penalty	500
	<u>33,068</u>
Year 4	
Discounts received	-
Shortfall penalty	1,500
	<u>34,568</u>
Year 5	
Discounts received	-
Shortfall penalty	3,000
Balance at end of Year 5	<u><u>37,568</u></u>

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ACCOUNTANCY MAY 2008

QUESTION 7- ANSWER

a) Discount offered £ 75.00 per barrel
Number of pints in a Barrel 288
Discount per pint 75 divided by 288 = £ 0.26

b) Members to get 50% of the discount = 50% of 0.26
= 0.13
But retail price includes VAT -so add vat to 0.13
Add VAT 17.50% 0.02
Price reduction per pint 0.15
Price reduction per pint is 15P

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