



# AAT

## Bookkeeping Controls

### Pocket Notes

These Pocket Notes support study for the following AAT qualifications:

AAT Foundation Certificate in Accounting – Level 2

AAT Foundation Diploma in Accounting and Business – Level 2

AAT Foundation Certificate in Bookkeeping – Level 2

AAT Foundation Award in Accounting Software – Level 2

AAT Level 2 Award in Accounting Skills to Run Your Business

AAT Foundation Certificate in Accounting at SCQF Level 5

**KAPLAN**  
PUBLISHING

## British library cataloguing-in-publication data

A catalogue record for this book is available from the British Library.

Published by:  
Kaplan Publishing UK  
Unit 2 The Business Centre  
Molly Millars Lane  
Wokingham  
Berkshire  
RG41 2QZ

ISBN 978-1-78740-540-0

© Kaplan Financial Limited, 2019

Printed and bound in Great Britain.

The text in this material and any others made available by any Kaplan Group company does not amount to advice on a particular matter and should not be taken as such. No reliance should be placed on the content as the basis for any investment or other decision or in connection with any advice given to third parties. Please consult your appropriate professional adviser as necessary. Kaplan Publishing Limited and all other Kaplan group companies expressly disclaim all liability to any person in respect of any losses or other claims, whether direct, indirect, incidental, consequential or otherwise arising in relation to the use of such materials.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of Kaplan Publishing.

## CONTENTS

	Study text chapter	Page Number
A guide to the assessment .....		1
<b>Chapter 1</b> Re-cap: Accounting for sales .....	1	5
<b>Chapter 2</b> Re-cap: Accounting for purchases .....	2	19
<b>Chapter 3</b> Re-cap: Ledger accounts and the trial balance .....	3	31
<b>Chapter 4</b> Errors and suspense accounts .....	4	37
<b>Chapter 5</b> Control account reconciliations .....	5	49
<b>Chapter 6</b> Payroll procedures .....	6	71
<b>Chapter 7</b> Bank reconciliations .....	7	79
<b>Chapter 8</b> Banking system .....	8	87
<b>Index</b> .....		1.1

### Preface

These Pocket Notes contain the key things that you need to know for the exam, presented in a unique visual way that makes revision easy and effective.

Written by experienced lecturers and authors, these Pocket Notes break down content into manageable chunks to maximise your concentration.

Quality and accuracy are of the utmost importance to us so if you spot an error in any of our products, please send an email to [mykaplanreporting@kaplan.com](mailto:mykaplanreporting@kaplan.com) with full details, or follow the link to the feedback form in MyKaplan.

Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.



## **A guide to the assessment**

### The assessment

Bookkeeping Controls (BKCL) is the second of two financial accounting assessments at Foundation Certificate in Accounting, building on the knowledge and skills from Bookkeeping Transactions (BTRN).

BTRN should be completed prior to commencement of your BKCL studies.

### Examination

BKCL is assessed by means of a Computer-Based Assessment (CBA) comprised of ten tasks. The time allowed for the CBA is 1½ hours.

In any one assessment, learners may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

### Learning outcomes & weighting

1. Understand payment methods	5%
2. Understand controls in a bookkeeping system	5%
3. Use control accounts	20%
4. Use the journal	50%
5. Reconcile a bank statement with the cash book	20%
Total	100%

### **Pass mark**

To pass a unit assessment, students need to achieve a mark of 70% or more.

This unit contributes 16% of the total amount required for the Foundation Certificate in Accounting qualification.

chapter

# 1

## Re-cap: Accounting for sales

- Sales day book.
- Sales returns day book.
- Posting the sales day book.
- Posting the sales returns day book.
- Cash receipts book.
- VAT.



## Re-cap: Accounting for sales

The double entry bookkeeping for sales and receipts was studied within Bookkeeping Transactions.

The basic entries are now built on for Bookkeeping Controls.

### Sales day book

- list of invoices sent out to credit customers
- date
- invoice number
- customer name/account code
- invoice total analysed into net, VAT and total (gross)
- information copied from sales invoices
- before further processing must be totalled
- totals can be checked by cross casting  
 $£3,794.14 + £758.82 = £4,552.96$

Sales Day book						
Date	Invoice No	Customer Name	Sales ledger code	Total (gross) £	VAT £	Net £
12/08/X3	69489	TJ Builder	SL21	2,004.12	334.02	1,670.10
12/08/X3	69490	McCarthy & Sons	SL08	1,485.74	247.62	1,238.12
12/08/X3	69491	Trevor Partner	SL10	1,063.10	177.18	885.92
				4,552.96	758.82	3,794.14

## Analysed sales day book

Sometimes the net figure (actual sales) is analysed into different types of sale/product type.

Sales day book										
Date	Invoice No	Customer Name	Code	Total (gross) £	VAT £	Russia £	Poland £	Spain £	Germany £	France £
15/08/X1	167	Worldwide News	W5	3,000.00	500.00					2,500.00
	168	Local News	L1	240.00	40.00			200.00		
	169	The Press Today	P2	360.00	60.00				300.00	
	170	Home Call	H1	240.00	40.00			200.00		
	171	Tomorrow	T1	120.00	20.00					100.00
	172	Worldwide news	W5	3,600.00	600.00	3,000.00				
				7,560.00	1,260.00	3,000.00	-	400.00	300.00	2,600.00

## Sales returns day book

- list of credit notes sent out to credit customers
- date
- credit note number
- customer name/account code
- credit note total analysed into net, VAT and total
- information copied from credit note.

SALES RETURNS DAY BOOK						
Date	Credit Note No.	Customer Name	Code	Total (gross) £	VAT £	Net £
28/08/X3	03561	Trevor Partner	SL10	125.48	20.91	104.57
28/08/X3	03562	TJ Builder	SL21	<u>151.74</u>	<u>25.29</u>	<u>126.45</u>
				<u>277.22</u>	<u>46.20</u>	<u>231.02</u>

As the sales day book can be analysed into different types of sales or products, so can the sales returns day book.

## Posting the sales day book

### General ledger

- at the end of each day/week/month SDB is totalled
- totals must then be posted to accounts in the general ledger.

### Double entry:

Debit	Sales ledger control account	Total (gross) figure
Credit	Sales account	Net figure
Credit	VAT account	VAT amount

## Re-cap: Accounting for sales

SALES DAY BOOK						
Date	Invoice No	Customer Name	Sales ledger code	Total (gross) £	VAT £	Net £
12/08/X3	69489	TJ Builder	SL21	2,004.12	334.02	1,670.10
12/08/X3	69490	McCarthy & Sons	SL08	1,485.74	247.62	1,238.12
12/08/X3	69491	Trevor Partner	SL10	<u>1,063.10</u>	<u>177.18</u>	<u>885.92</u>
				<u>4,552.96</u>	<u>758.82</u>	<u>3,794.14</u>

SLCA

VAT A/C

Sales A/C

**Sales ledger control account**

£	£
SDB 4,552.96 (sales and VAT)	

**Sales account**

£	£
	SDB 3,794.14

**VAT**

£	£
	SDB 758.82

**Subsidiary sales ledger**

- sales ledger control account records the amount owing by all of the business's credit customers in total
- the business also needs to know how much each individual receivable owes - a ledger account is kept for each individual customer in a subsidiary ledger, the subsidiary sales ledger

**Subsidiary sales ledger****Customer A**

£	£

**Customer B**

£	£

**Customer C**

£	£

### Posting to the subsidiary sales ledger

- each individual entry from the sales day book must be entered into the relevant customer account in the subsidiary sales ledger
- amount entered is the gross invoice total (including VAT)
- entered on the debit side of the account indicating that this is the amount the receivable owes.

e.g

#### Example

Now we return to the sales day book from earlier and post the individual entries to the subsidiary sales ledger.

<b>TJ Builder</b>	
	£
SDB	2,004.12

<b>McCarthy &amp; Sons</b>	
	£
SDB	1,485.74

<b>Trevor Partner</b>	
	£
SDB	1,063.10

## Posting the sales returns day book

- as with the SDB the SRDB must also be posted to the general ledger accounts and subsidiary sales ledger accounts.

### General ledger

Double entry:

Debit	Sales returns account	Net figure
Debit	VAT account	VAT total
Credit	Sales ledger control account	Total (gross) figure

### Sales ledger control account

£		£	
SDB	4,552.96	SRDB	277.22

### Sales account

£		£	
		SDB	3,794.14

### VAT account

£		£	
SRDB	46.20	SDB	758.82

### Sales returns account

£		£	
SRDB	231.02		



### Subsidiary sales ledger

Each individual credit note must be entered in the customer's account:

- gross credit note total
- credit individual receivable account (reducing the amount owed).

#### T J Builder

	£		£
SDB	2,004.12	SRDB	151.74

#### McCarthy & Sons

	£		£
SDB	1,485.74		

#### Trevor Partner

	£		£
SDB	1,063.10	SRDB	125.48



### CBA focus

For the examination you must know how the sales day book/sales returns day book is posted to the general ledger.

## Cash receipts book

The cash receipts book records all money received into the business bank account. The CRB is analysed into columns as shown below.

Cash receipts book						
Date	Narrative	Total £	VAT £	Receivables £	Cash sales £	Sundry £
3 Jul	A Brown	20.54	3.42		17.12	
5 Jul	S Smith & Co Ltd	9.30		9.30		
	P Priest	60.80		60.80		
	James & Jeans	39.02	6.50		32.52	
	LS Moore	17.00		17.00		
6 Jul	L White Ltd	5.16		5.16		
7 Jul	M N Furnishers Ltd	112.58				112.58
	R B Roberts	23.65		23.65		
	Light and Shade	86.95		86.95		
		<u>375.00</u>	<u>9.92</u>	<u>202.86</u>	<u>49.64</u>	<u>112.58</u>

Date of receipt

Details of receipt

Total of receipts

Total VAT on cash sales (the VAT on credit sales has been dealt with in the SDB)

Total receipts from receivables

Total net cash sales amount received

Total receipts from sundry income

## Re-cap: Accounting for sales

- entries to the cash receipts book come from either the remittance list or a photocopy of the paying in slip
- to check the totalling the cross casts should be checked:

	£
VAT	9.92
Receivables	202.86
Cash sales	49.64
Sundry income	<u>112.58</u>
Total	375.00



### CBA focus

You will not be producing a cash book in the BKCL but it is important that you understand the cash book for bank reconciliation task.

## VAT

- VAT is only ever recorded in the cash receipts book on cash sales or other income.
- VAT chargeable on credit sales is recorded in the sales day book. The "receipts from receivables" column of the CRB simply details the amount of money the receivable is paying off their account.