



AAT

Bookkeeping Transactions

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



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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.

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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.

The background features several thick, overlapping, curved lines in a light pink color that sweep from the bottom left towards the top right, creating a sense of movement and depth.

A guide to the assessment

The assessment

Bookkeeping Transactions (BTRN) is one of two financial accounting units studied on the Foundation Certificate in Accounting qualification.

Examination

BTRN is assessed by means of a computer based assessment. The CBA will last for 1 hour 30 minutes and consists of 10 tasks.

In any one assessment, students 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 financial transactions within a bookkeeping system	10%
2. Process customer transactions	10%
3. Process supplier transactions	15%
4. Process receipts and payments	25%
5. Process transactions through the ledgers to the trial balance	40%
Total	100%

Pass mark

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

This unit contributes 22% of the total amount required for the Foundation Certificate in Accounting qualification.

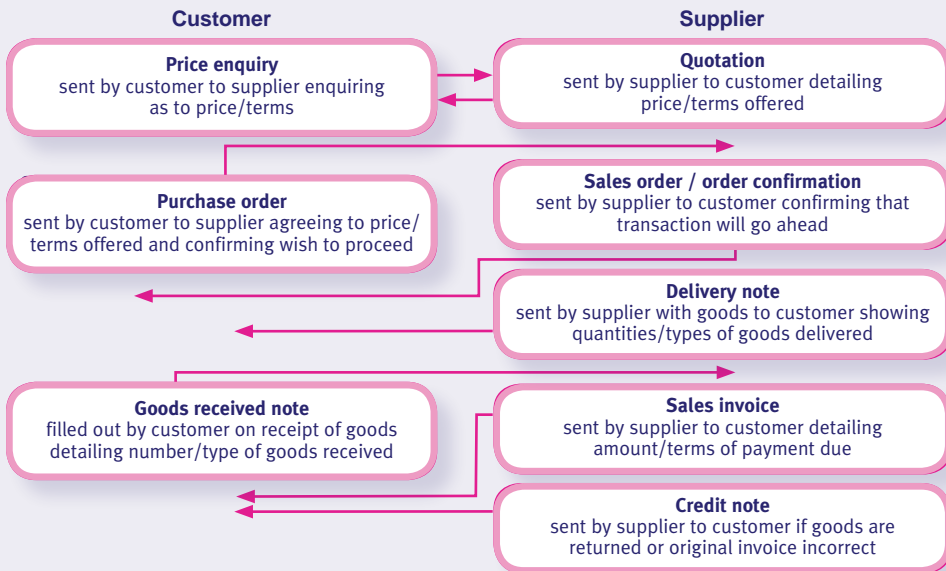
chapter

1

Business documents

- Business documents for a credit transaction.
- Preparing a sales invoice.
- Types of discounts.
- Preparing credit notes.
- Coding.
- Ordering goods and services.
- Receiving goods.

Business documents for a credit transaction



Preparing a sales invoice

Sequential invoice numbering

Date of supply

Supplier's VAT registration no

Delivery reference

Details of goods supplied

Rate of VAT on goods

Goods total

Trade discount deducted

VAT charged

Total payable by customer

Details of any prompt payment offered

Name address and
delivery address of
customerName and address of
supplier

INVOICE					
Invoice to Fitch & Partners 23 Emma Place Manchester M6 4TZ			A. J Broom & Company 59 Parkway Manchester M2 6EG Tel: 0161 560 3392 Fax: 0161 560 5322		
Deliver to Unit 15 Standford Business Park Manchester M13 80B			Invoice no: 69471 Tax point: 21 August 20X3 VAT reg no: 625 9911 58 Delivery note no: 2684 Account no: SL30		
Code	Description	Quantity	VAT rate %	Unit price £	Amount exclusive of VAT £
CJA 991	Cashmere Jumper (adult) cream	20	20	65.00	1,300.00
Trade discount 10%					1,300.00 130.00
VAT at 20%					1,170.00 234.00
Total amount payable					1,404.00
Deduct discount of 2% if paid within 10 days					

What information is required?



Types of discounts

Trade discount

% **deducted** from list price for certain valued customers – shown on face of invoice.

Bulk discount

% **deducted** from list price for certain quantity purchased – shown on face of invoice.

Prompt payment discount

% **offered** to certain customers for payment within a certain time period – shown at bottom of invoice.



CBA focus

The assessment requires you to be able to differentiate between the types of discount.

Preparing credit notes

What is a credit note

Issued by supplier to customer to cancel all or part of an invoice

Why

Customer has returned
faulty/damaged goods

Original invoice
was incorrect

Prompt payment
discount amendment

What information is required?

**Goods returned
note** (quantity)

Price list
(unit price)

Credit note

**Details of prompt
payment discount**

Customer file
(address etc,
discount details)

Coding

- relevant to most business documents not just sales invoices/credit notes
- quick, simple method of analysing information for further processing.

Coding and sales invoices/credit notes

- code required for product/type of sale
- customer account code for posting to sales ledger.

Types of codes

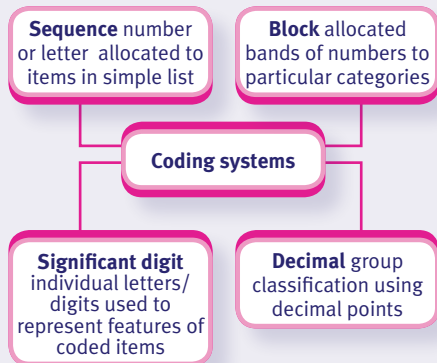
Ledger code is a unique reference given to different types of income, expenses, assets and liabilities. It may also be referred to as a general ledger (GL) or nominal code.

Customer account code is a unique reference given to each individual customer of an organisation.

Supplier account code is a unique reference given to each individual supplier of an organisation.

Product code is a unique reference given to each type of product of an organisation.

Coding systems



Ordering goods and services

Purchase requisition

- internal request to purchasing department for goods/ services
- authorised by department manager



Price enquiries

- purchasing department wants to find best price and terms from suppliers



Purchase quotations received

- purchasing department can now compare prices and terms and choose best supplier



Purchase order

- sent out to chosen supplier



Purchase order confirmation

- received from supplier confirming price, discounts delivery details

Purchase order

- Name/address of business order being placed with
- Name/address of business placing order
- Order date
- Sequential order number
- VAT registration number of business placing order
- Details of goods
- Unit price of goods ordered

PURCHASE ORDER			
Alpha Ltd			
Mountjoy Street Shepherd's Bush LONDON W12 3AD			To: Freeland & Co 12 Norman Street London W6
Tel: 020 8741 2962			
Fax: 020 8741 2963			
Date: 15 May 20X1			
Purchase order no: 07612			
VAT Reg No: 413279004			
Delivery address (if different from above)			
Belcher House Livington Street London W12 3AF			
Code	Quantity	Description	Unit price (exclusive VAT) £
04773	48	Men's Linen Jacket	84.00
05217	30	Men's Chinos	27.00

By telephone
if order placed by
telephone details
must be confirmed
in writing

In writing

**Ordering
systems**

- By fax**
- similar to in writing but quicker
 - order confirmation required

- Internet**
- only used if allowed business policy
 - copy of order must be printed and filed

Receiving goods

Delivery note

- accompanies goods from supplier
- details on delivery note must be checked to actual goods.

DELIVERY NOTE		
Deliver to: Fitch & Partners Unit 15 Standford Business Park Manchester M13 8PB		A. J. Broom & Company Limited Mountjoy Street Shepherd's Bush LONDON W12 3AD Tel: 0161 560 3392 Fax: 0161 560 5322 Delivery note no: DN4A8372 Date: 25 August 20X3 VAT Reg No: 625 9911 58
Code	Description	Quantity
CJA991	Cashmere Jumper (adult) cream	50
Goods received in good condition		Print name..... P HARVEY Signature..... P Harvey Date..... 28/8/X3

Delivery address

Name/address of supplier

Sequential delivery note number

Date of delivery

VAT registration number of supplier

Details/quantity of goods

Name and signature of person at purchaser's who checks and counts goods

Goods received note

- delivery note is checked as soon as goods arrive
- sometimes a further internal document is filled out once goods have been fully checked
- this is the goods received note
- this details number of goods received and also condition of goods – if some damaged this will be noted
- filed with delivery note.

Debit note and credit note

- if goods received are damaged or not what was ordered they will be returned to supplier
- purchaser may complete a debit note or returns note to accompany returned goods and explain reason for return
- credit note should be received from supplier.