



AAT

Foundation Certificate in Accounting Foundation Diploma in Accounting Synoptic Assessment

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.

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 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.

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

The synoptic assessment is a compulsory component of the AAT Foundation Certificate and Foundation Diploma qualification. It combines elements of learning outcomes from the following units into a scenario-based assessment:

- Bookkeeping Transactions
- Bookkeeping Controls
- Elements of Costing
- Work Effectively in Finance

Not all of the learning outcomes of the above units is assessable in the synoptic assessment.

Based upon the specimen assessments released by AAT, the synoptic assessment will comprise seven tasks, based upon a 'scenario', and will be for two hours. The synoptic assessment is partially human-marked and partially computer-marked.

Pass mark

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

Scope of content

The syllabus for the synoptic assessment comprises four Assessment Objectives based upon the learning objectives of the underlying units as follows:

| Assessment Objective | Weighting |
|--|------------------|
| A01 Demonstrate an understanding of the finance function and the roles and procedures carried out by members of an accounting team | 24% |
| A02 Process transactions, complete calculations and make journal entries | 24% |

| | |
|--|-------------|
| A03 Compare, produce and reconcile journals and accounts | 34% |
| A04 Communicate financial information effectively | 18% |
| Total | 100% |

Composition of assessment objectives

| | |
|---------------------------|---|
| Assessment objective 1 | Demonstrate an understanding of the finance function and the roles and procedures carried out by members of an accounting team |
| Related learning outcomes | <p>Work Effectively in Finance</p> <p>LO1 Understand the finance function within an organisation</p> <p>LO2 Use personal skills development in finance</p> <p>LO3 Produce work effectively</p> <p>LO4 Understand Corporate Social Responsibility (CSR), ethics and sustainability within organisations</p> |
| Assessment objective 2 | Process transactions, complete calculations and make journal entries |
| Related learning outcomes | <p>Bookkeeping Transactions</p> <p>LO2 Process customer transactions</p> <p>LO3 Process supplier transactions</p> <p>LO4 Process receipts and payments</p> <p>LO5 Process transactions through the ledgers to the trial balance</p> |

| | |
|---------------------------|--|
| Assessment objective 3 | Compare, produce and reconcile journals and accounts |
| Related learning outcomes | <p>Bookkeeping Controls</p> <p>LO3 Use control accounts</p> <p>LO4 Use the journal</p> <p>LO5 Reconcile a bank statement with the cash book</p> <p>Elements of Costing</p> <p>LO2 Use cost recording techniques</p> <p>LO3 Provide information on actual and budgeted costs and income</p> |
| Assessment objective 4 | Communicate financial information effectively |
| Related learning outcome | <p>Work Effectively in Finance</p> <p>LO3 Produce work effectively</p> |

chapter

1

Books of prime entry

- Introduction.
- Sales day book.
- Sales returns day book.
- Purchases day book.
- Purchases returns day book.
- Cash receipts book.
- VAT.
- Cash payments book.
- Discounts allowed day book.
- Discounts received day book.
- Petty cash book.

Introduction

Rather than entering each individual transaction into the ledger accounts as they happen, books of prime entry are used to record transactions/documents of the same type before they are processed further.



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 gross (total)
- 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 (20%) £ | 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> |

Purchases day book

- list of invoices received from credit suppliers
- date
- purchase invoice number (often internal consecutive number allocated)
- supplier name/account code
- invoice total analysed into net, VAT and total (gross)
- information copied from purchase invoice
- before further processing, must be totalled
- totals can be checked by cross casting
 $£663.90 + £132.77 = £796.67$.

| PURCHASES DAY BOOK | | | | | | |
|--------------------|-------------|------|-----------------|--------------------|---------------|---------------|
| Date | Invoice No. | code | supplier | Total (gross) £ | VAT £ | Net £ |
| 20X1 | | | | | | |
| 7 May | 2814 | PL06 | J Taylor | 190.41 | 31.73 | 158.68 |
| 8 May | 2815 | PL13 | McMinn Partners | 288.14 | 48.02 | 240.12 |
| | 2816 | PL27 | D B Bros | 96.54 | 16.09 | 80.45 |
| 9 May | 2817 | PL03 | J S Ltd | 221.58 | 36.93 | 184.65 |
| | | | | <u>796.67</u> | <u>132.77</u> | <u>663.90</u> |

Analysed purchases day book

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

| PURCHASES DAY BOOK | | | | | | | | | |
|--------------------|------------|------|-------------------|--------------------|----------|---------|---------|---------|---------|
| Date | Invoice no | Code | Supplier | Total (gross) £ | VAT £ | 01 £ | 02 £ | 03 £ | 04 £ |
| 05/02/X5 | 1161 | 053 | Calderwood & Co | 20.16 | 3.36 | 16.80 | | | |
| 05/02/X5 | 1162 | 259 | Mellor & Cross | 112.86 | 18.81 | | 94.05 | | |
| 05/02/X5 | 1163 | 360 | Thompson Bros Ltd | 42.86 | 7.14 | 35.72 | | | |

Purchases returns day book

- list of credit notes received from credit suppliers
- date
- credit note number (often internal consecutive number allocated)
- customer name/account code
- credit note total analysed into net, VAT and total
- information copied from credit note.

| PURCHASES RETURNS DAY BOOK | | | | | | |
|----------------------------|----------------|-----------------|------|--------------------|--------------|---------------|
| Date | Credit note no | Supplier | Code | Total (gross) £ | VAT £ | Net £ |
| 09/05/X1 | 02456 | McMinn Partners | PL13 | 64.80 | 10.80 | 54.00 |
| 09/05/X1 | 02457 | J S Ltd | PL03 | 72.00 | 12.00 | 60.00 |
| | | | | <u>136.80</u> | <u>22.80</u> | <u>114.00</u> |

Cash receipts book

The cash receipts book records all money received into the business bank account for whatever reason.

| 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

Total receipts from receivables

Total receipt for cash sales

Total receipts from sundry income

Books of prime entry

- 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 |

VAT

- VAT is only ever recorded in the cash receipts book on cash sales or other income
- any VAT on sales on credit (i.e. receipts from receivables) has already been recorded in the sales day book and posted to the ledger accounts from there.

Cash payments book

The cash payments book records all money paid out of the business bank account for whatever reason.

| Date | Details | Cheque No | Total | VAT | Purchases ledger £ | Cash | Post |
|------|-----------|-----------|---------------|--------------|--------------------|---------------|---------------|
| 14/2 | K Ellis | 1152 | 80.00 | | 80.00 | | |
| 15/2 | Hutt Ltd | 1153 | 120.00 | 20.00 | | 100.00 | |
| 16/2 | Biggs Ltd | 1154 | 200.00 | | | | 200.00 |
| | | | <u>400.00</u> | <u>20.00</u> | <u>80.00</u> | <u>100.00</u> | <u>200.00</u> |

Date of payment

Details of payment

Total of payment

Total VAT on cash purchases

Total payment to payables

Total payment for cash purchases

Total payment for post

Books of prime entry

- entries to the cash payments book come from either the cheque stubs or other banking documentation (see later chapter)
- to check the totalling the cross casts should be checked:

| | £ |
|------------------|---------------|
| VAT | 20.00 |
| Purchases ledger | 80.00 |
| Cash purchases | 100.00 |
| Post | <u>200.00</u> |
| Total | <u>400.00</u> |

VAT is only ever recorded in the cash payments book on cash purchases, or other payments for expenditure that attract VAT, which have not been entered in the purchases day book.

- any VAT on purchases on credit (i.e. payments to payables) has already been recorded in the purchases day book and posted to the ledger accounts from there.

Discounts allowed day book

| Discounts Allowed Day Book | | | | | |
|----------------------------|-----------|-----------|------------|----------|----------|
| Date | Narrative | Reference | Total £ | VAT £ | Net £ |
| | | | | | |
| Totals | | | | | |

Total deduction
required to
receivables balance

VAT reduction from
original VAT amount

Amount of discount
allowed expense

The discounts allowed day book records the credit notes issued due to a customer taking advantage of a prompt payment discount.

Discounts received day book

| Discounts received day book | | | | | |
|-----------------------------|-----------|-----------|------------|----------|----------|
| Date | Narrative | Reference | Total £ | VAT £ | Net £ |
| | | | | | |
| Totals | | | | | |

Total deduction
required to payables
balance

VAT reduction from
original VAT amount

Amount of discount
received income

The discounts received day book records the credit notes received from a supplier due to us taking advantage of a prompt payment discount.

Petty cash book

- book of prime entry
- often part of general ledger as well
- small cash receipts side
- larger analysed cash payments side.

| PETTY CASH BOOK | | | | | | | | | | | |
|-----------------|-----------|---------|----------|--------------------|------------|---------|-----------|------------|----------------|----------|-------|
| RECEIPTS | | | PAYMENTS | | | | | | | | |
| Date | Narrative | Total £ | Date | Narrative | Voucher no | Total £ | Postage £ | Cleaning £ | Tea & Coffee £ | Sundry £ | VAT £ |
| 1 Nov | Bal b/f | 35.50 | | | | | | | | | |
| 1 Nov | Cheque | 114.50 | 1 Nov | ASDA | 58 | 23.50 | | | 23.50 | | |
| | | | 2 Nov | Post Office Ltd | 59 | 29.50 | 29.50 | | | | |
| | | | 2 Nov | Cleaning materials | 60 | 15.07 | | 12.56 | | | 2.51 |
| | | | 3 Nov | Postage | 61 | 16.19 | 16.19 | | | | |
| | | | 3 Nov | ASDA | 62 | 10.57 | | 8.81 | | | 1.76 |
| | | | 4 Nov | Newspapers | 63 | 18.90 | | | | 18.90 | |
| | | | 5 Nov | ASDA | 64 | 12.10 | | | | 10.09 | 2.01 |
| | | | | | | 125.83 | 45.69 | 21.37 | 23.50 | 28.99 | 6.28 |

Receipts side – only one column as only entry is regular payment in cash from bank

Payments side – analysed according to typical expenditure plus VAT column

Imprest amount of £150 to start week

Date of claim

Details

Sequential petty cash voucher number

Analysed payments – total column includes VAT but analysis column amount is net of VAT

Books of prime entry

When petty cash book has been written up for a period it must be totalled. Totals should then be checked by cross-casting:

| | £ |
|--------------|---------------|
| Postage | 45.69 |
| Cleaning | 21.37 |
| Tea & coffee | 23.50 |
| Sundry | 28.99 |
| VAT | 6.28 |
| Total | <u>125.83</u> |