

AAT ADVANCED BOOKKEEPING COURSE BOOK ERRATA

Ch 3

Test Your Learning Question 4:

Page 69 - need to add a third row to the journal entry table and need to add 'VAT control account' to the picklist.

Page 337 - the answer needs to be corrected to:

	Debit	Credit
	£	£
Machine at cost	16,000	
VAT control account	3,200	
Bank		19,200

AAT ADVANCED BOOKKEEPING QUESTION BANK ERRATA

Ch 3

Task 3.6

Question (page 19):

Revise the picklist to:

Balance c/d

Bank

Machine at cost/VAT control account

Profit or loss account

And add the following ledger account:

VAT control account

	£		£
<input checked="" type="checkbox"/>		Balance b/d	5,000
<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>

Answer (page 116):

Please replace the solution to the following:

Machine at cost

	£		£
Balance b/d	24,500	Balance c/d	38,000
Bank	13,500		
	38,000		38,000

Bank

	£		£
Balance b/d	32,000	Machine at cost/VAT control account	16,200
		Balance c/d	15,800
	32,000		32,000

VAT control account

	£		£
Bank	2,700	Balance b/d	5,000
Balance c/d	2,300		
	5,000		5,000

Explanation:

This business is registered for VAT and therefore can generally reclaim VAT on purchases from the tax authorities. For this reason, the VAT levied on the asset it is not capitalised as part of its cost. Instead it is debited to the VAT control account. The VAT on the new machine is calculated as: $£13,500 \times 20\% = £2,700$. The amount paid from Bank is the amount gross of VAT: $£13,500 + £2,700 = £16,200$ (alternatively calculated as $£13,500 \times 1.2 = £16,200$).