

Reference	Correction																																
Chapter 3, Task 3.6 (p 19)	<p>Add 'Machine at cost/VAT control account' to the picklist and add the following ledger account:</p> <p>VAT control account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">▼</td> <td></td> <td>Balance b/d</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td style="text-align: right;">▼</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		£		£	▼		Balance b/d	5,000	▼																							
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Chapter 10, Task 10.4 (p 76)	<p>'(2) A total in the sales return day book was overcast by £3,000' – amend 'overcast' to 'undercast' so it reads '(2) A total in the sales return day book was undercast by £3,000'.</p>																																
Answer to Task 3.6 (p 116)	<p>Replace the Bank ledger account with:</p> <p>Bank</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Balance b/d</td> <td style="text-align: right;">32,000</td> <td>Machine at cost/VAT control account</td> <td style="text-align: right;">16,200</td> </tr> <tr> <td></td> <td></td> <td>Balance c/d</td> <td style="text-align: right;">15,800</td> </tr> <tr> <td></td> <td style="text-align: right;">32,000</td> <td></td> <td style="text-align: right;">32,000</td> </tr> </tbody> </table> <p>And add the VAT control account:</p> <p>VAT control account</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">£</th> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">£</th> </tr> </thead> <tbody> <tr> <td>Bank</td> <td style="text-align: right;">2,700</td> <td>Balance b/d</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Balance c/d</td> <td style="text-align: right;">2,300</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">5,000</td> <td></td> <td style="text-align: right;">5,000</td> </tr> </tbody> </table> <p>And add this explanation:</p> <p>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 x 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 x 1.2 = £16,200).</p>		£		£	Balance b/d	32,000	Machine at cost/VAT control account	16,200			Balance c/d	15,800		32,000		32,000		£		£	Bank	2,700	Balance b/d	5,000	Balance c/d	2,300				5,000		5,000
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Practice Assessment 1, Task 5 (p 220)	<p>'(3) An invoice of £563 in the sales day book was not posted to the sales ledger' – amend the amount of the invoice to £536.</p>																																
Answer to Practice Assessment 1, Task 5(a) (p 233)	<p>The explanation needs to be corrected to: 'Adjustments 3 and 5 only affect the total of the list of sales ledger accounts. Although adjustment 6 affects the individual ledger accounts of A Smith and J Smith, it will not affect the total of the list of balances.'</p>																																
Answer to Practice Assessment 4, Task 4(a) (p 309)	<p>Calculation for closing inventory should be: £13,185 - £175 = £13,010 (not £13,185 x £175 = £13,010)</p>																																