



# Introduction to Bookkeeping (ITBK)

Association of Accounting Technicians

Q2022 Syllabus

# Introduction to Bookkeeping

Suitable for  
the  
AAT Accounting Qualification

## Introduction to Bookkeeping

### Revision Kit

Alan Dawson, B.Ed (Hons), MAAT



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## Contents

	About this book	v
Chapter 1	Accounting roles and transactions	1
Chapter 2	Selling goods and services	3
Chapter 3	VAT	13
Chapter 4	Recording sales and sales returns	17
Chapter 5	Cash receipts and cash sales	23
Chapter 6	Recording purchases	29
Chapter 7	Making payments	35
Chapter 8	Petty Cash	49
Chapter 9	Trial Balance and the Accounting Equation	55
	Practice Assessment 1 ITBK	61
	Practice Assessment 2 ITBK	81
	Answers to practice activities	99
	Practice Assessment 1 ITBK Suggested Answers	135
	Practice Assessment 2 ITBK Suggested Answers	143

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Alan is a qualified teacher. He gained his honours degree in education from Nottingham University and he went on to teach Mathematics, Modern Languages and Music in schools for 18 years.

He then turned his attention to accountancy, qualifying from the AAT and taking up various accounting roles both in private practice and industry. He spent 6 years in a large company in management accounts while at the same time taking private clients for help with bookkeeping, payroll, VAT and taxation.

From March 2006 he has been a tutor at Premier Training, with over 300 students worldwide under his guidance at one time or another.

## **About this Book**

**T**his Revision Kit is designed to be used alongside the *An Introduction to Bookkeeping Study Manual* and is ideal for students to use in the classroom, at home or on distance learning courses.

Each chapter contains exercises which are designed to supplement the activities in the Study Manual. Some of them are more extensive than those in the Study Manual and are ideal for students preparing for the examinations. Each chapter matches the topics in the Study Manual and can be attempted once the relevant chapter has been read. However, students should follow the chapters in order as some questions require the knowledge gained in previous chapters.

There are two practice examination papers at the end of the book. These should not be attempted until all the chapters have been read and understood. They are ideal preparation for the actual examination and should be attempted in the few weeks approaching the examination sitting date.

The answers to the Revision Kit questions and the practice examinations are given at the end of the book.

**Premier Training** students have online access to many extra resources which provides many further explanations and demonstrations of these and other topics. Visit [www.premiertraining.co.uk](http://www.premiertraining.co.uk) or telephone 01469 515444.

# Chapter 1

## Accounting Roles and Transactions

### 1.1

Traditionally, is a bookkeeper, an accountant or an accounting technician more likely to complete the following?

- a) Recording what sales have been made in the day
- b) Recording what a company owns and what a company owes in a Balance Sheet
- c) Money paid into and money paid from the bank on a day-to-day basis
- d) A record of how much profit or loss a company has made in a year in a Profit and Loss statement
- e) A report to the directors on whether to buy a new machine for £1,000,000

### 1.2

Explain

- a) A sole trader
- b) A partnership
- c) A limited company

in terms of ownership and liability for debts

### 1.3

- a) You work as an accounting technician. You have a number of colleagues all having different roles but responsible to the same department manager. The department manager is responsible directly to the managing director.

What organisational structure is the company most likely to have?

- b) You work as an accounting technician. Your best friend works in the same company but in a different office with a different boss. However, the bosses in both offices work for the same Assistant Finance Director. The factory across the road has its own set of workers responsible to an Assistant Production Manager. The office block along the road is where the Director of Finance works. He liaises regularly with the Production Manager, the Sales Manager and the Buying Manager. Each of these is then responsible to the Board of Directors with the Chief Executive Officer in overall charge.

What organisational structure is the company most likely to have?

- c) You work as an accounting technician. There are only two departments in your company, Finance and Production. You started as an office junior and have now

CHAPTER 1  
Accounting Roles and Transactions

worked your way up through junior accounts assistant to accounts assistant. You are now responsible for two junior accounts assistants and you in turn are responsible to the accounts office manager. The accounts office manager is hoping for a promotion to Assistant Financial Controller. Above the Assistant Financial Controller is the Financial Controller herself, who in turn is responsible to the Company Accountant. There are two directors who are in charge of the whole business.

What organisational structure is the company most likely to have?

- d) You work as an accounting technician. Your company has branches in the UK, USA and Japan. It makes five different products which are in no way related. Apart from organising the structure on a functional basis, what other options does the company have for its organisational structure?

**1.4**

Explain what the following are:

- a) A not-for-profit business
- b) His Majesty's Revenue and Customs (HMRC)
- c) A public sector company
- d) A shareholder
- e) A book of prime entry.



## Chapter 2

### Selling Goods and Services

#### 2.1

Explain the difference between a quote and an estimate.

#### 2.2

Put these documents in the order they would be used in a sale.

- Invoice
- Advice Note
- Delivery Note
- Quotation
- Purchase Order

#### 2.3

You buy your goods from the same supplier because the supplier offers a discount when you spend over £100. Is this likely to be:

- a) A trade discount
- b) A cash discount
- c) A bulk discount?

#### 2.4

You have received orders for coffee mugs you sell to the trade. These sell for £3.50 each.

K O'Brian has ordered 25  
L Armstrong has ordered 50  
H Wells has ordered 100  
C Perry has ordered 60  
J Booth has ordered 75

H Wells and J Booth are given a trade discount of 10%

Calculate the net totals before VAT.

#### 2.5

Calculate the VAT (@20%) and the final totals for the amounts charged in task 2.4.

CHAPTER 2  
Selling Goods and Services

2.6

You are reminded that all the customers in task 2.4 are due a 2% prompt payment discount if the invoice is paid within 10 days. How much would each customer in task 2.4, and 2.5 pay if they each paid within the 10 days?

2.7

You have three purchase orders shown below and on the next pages. You are to complete invoices for these orders. Use the blank invoices provided. Today's date is 1<sup>st</sup> June 2023 and the invoices should be in sequence starting with number 35279.

You should note that J Harper is allowed a 10% trade discount and that T Sawyer is allowed a 10% trade discount and is also offered a 2.5% prompt payment discount if the invoice is paid within 10 days.

<b>H Finn</b> 35 Buchanan Place, Peterhead, AB42 7RG <b>PURCHASE ORDER</b>				
Dawson Supplies 43 Scartho Road Immingham DN20 6NP				
<b>Invoice Address:</b>	35 Buchanan Place Peterhead AB42 7RG		<b>Delivery Address:</b>	35 Buchanan Place Peterhead AB42 7RG
<b>Purchase Order No: 4278</b>				
<b>Order Date: 29<sup>th</sup> May 2023</b>				
<b>Part Code</b>	<b>Qty</b>	<b>Description</b>	<b>Unit Price</b>	<b>Total Price</b>
	100	Speciality Coffee Mugs	£3.50	£350.00
<b>Purchase Order Total:</b>				<b>£350.00</b>
Authorised :	<i>H Finn</i>		Date	<b>29/05/2023</b>
All orders are raised subject to our Terms and Conditions of trade. A full copy is available on request. E&OE. All prices exclude VAT.				