



Qualifications:

LEVEL 3 Certificate in Bookkeeping (QCF)
(Accreditation number: **601/0731/5**)

LEVEL 3 Certificate in Manual Bookkeeping (QCF)
(Accreditation number: **500/9260/1**)

LEVEL 3 Diploma in Bookkeeping (QCF)
(Accreditation number: **601/0484/3**) – **Apprenticeship Framework**

Assignment 2

Unit

Preparing and completing VAT returns – J6004953

MODEL ANSWERS

PREPARING AND COMPLETING VAT RETURNS

Section A – Complete a VAT Return

Section A Answer – Task 1

Mock VAT form with all the boxes. These must all be completed as they would be on a VAT return.

Date Return Due: 30/06/11

Fill in all boxes clearly in ink, and write 'none' where necessary. Do not put a dash or leave any box blank. If there are no pence write "00" in the pence column. **Do not** enter more than one amount in any box

		£	p
VAT due in this period on sales and other outputs	1	84,664	00
VAT due in this period on acquisitions from other EU member states.	2	NONE	
Total VAT due (the sum of boxes 1 and 2)	3	84,664	00
VAT reclaimed in this period on Purchases and other inputs (including acquisitions from the EU)	4	57,358	00
Net VAT to be paid to Customs or reclaimed by you (Difference between boxes 3 and 4)	5	27,306	00
Total value of sales and all other outputs excluding any VAT. Including our box 8 figure.	6	423,320	00
Total value of purchases and all other inputs excluding any VAT. Including your box 9 figure.	7	282,520	00
Total value of all supplies of goods and related services, excluding any VAT, to other EU Member States	8	NONE	00
Total value of all acquisitions of goods and related services, excluding any VAT, from other EU Member States.	9	NONE	00

If you are enclosing a payment please tick this box

DECLARATION: You, or someone on your behalf, must sign below:

I, declare that the
(Full name of signatory in **BLOCK LETTERS**)
Information given above is true and complete.

Signature: Date:

Section B – Communicate VAT Information

Section B Answer – Task 1

NOTE

TO: Company Directors of Babyworld Ltd

SUBJECT: Impact of Increase in Rate of VAT

In accordance with your request I have considered the effect on the cash flow of the company of the increase, as from 4 January 2011, of the standard rate of VAT from 17.5% to 20%.

The company is expanding rapidly and it is anticipated that sales revenue will increase by 50% from £2 million in the current year to £3 million in the forthcoming year. As a result of increasing turnover the level of our stockholding will increase and the distribution costs and administrative expenses of the company are also set to rise considerably.

All our outputs (sales) are zero rated which means we collect no VAT from our customers. The goods we purchase for resale from our suppliers are also zero rated. However, some of the costs and expenses we incur in distributing our goods and on general administration expenses are subject to VAT at the standard rate.

We do reclaim the excess of our input tax over our output tax on a quarterly basis but the increase in the rate of VAT will have a negative (adverse) impact on our cash flow position. We will have to bear the 'cost' of the increase in VAT until our VAT return is submitted and our reclaim is processed by HMRC.

I hope the information provided above is appropriate to your requirements, however, please contact me should you require additional information.