



## **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**

## **Sample Assessment Material**

### **Question paper**

**Suggested time: 1 hour**

## CENTRE ASSESSED ASSIGNMENT

### PREPARING AND COMPLETING VAT RETURNS

#### SECTION A – COMPLETE A VAT RETURN

THERE IS **ONE** TASK IN THIS SECTION OF THE PAPER YOU MUST COMPLETE THIS TASK

#### DATA AND TASKS

Aquarroof Ltd supply a range of roofing products and are registered for VAT. The next VAT quarter of the company ends on 31 May 2011.

You are provided with the following information extracted from their bookkeeping system:

#### PURCHASE DAY BOOK

<b>Month</b>	<b>Goods Value</b> <b>£</b>	<b>VAT</b> <b>£</b>
March 2011	96,480	19,296
April 2011	104,200	20,840
May 2011	92,400	18,480

#### PURCHASE RETURNS DAY BOOK

<b>Month</b>	<b>Goods Value</b> <b>£</b>	<b>VAT</b> <b>£</b>
March 2011	3,680	728
April 2010	4,120	824
May 2011	2,760	552

#### SALES DAY BOOK

<b>Month</b>	<b>Goods Value</b> <b>£</b>	<b>VAT</b> <b>£</b>
March 2011	144,800	28,960
April 2011	156,240	31,248
May 2011	138,600	27,720

#### SALES RETURNS DAY BOOK

<b>Month</b>	<b>Goods Value</b> <b>£</b>	<b>VAT</b> <b>£</b>
March 2011	4,800	960
April 2011	6,400	1,280
May 2011	5,120	1,024

**Note:** The company does not trade with any businesses located outside the United Kingdom

## **Bad Debt Relief**

It has been decided that at 31 May 2011 two debtor balances are to be written off as bad debts. The following details relate to the balances to be written off:

Debtor 'A' – An account balance of £2,820 (inclusive of VAT at standard rate of 20%) is now to be written off.

Debtor 'B' – An account balance of £2,256 (inclusive of VAT of standard rate of 20%) is now to be written off.

**Bad debt VAT relief is to be claimed on both the debts being written off.**

## **REQUIRED**

**TASK 1** Complete the 'Mock' VAT return (VAT100) provided for the period ended 31 May 2011. You must complete the boxes as you would on the actual VAT return but you are **not** required to sign the return.

**Note:** The following proforma is provided for your use in completing the above task:

- 'Mock' VAT return (VAT100) – (see **page 1** of your **Answer Booklet**)

## **SECTION B – COMMUNICATE VAT INFORMATION**

THERE IS **ONE** TASK IN THIS SECTION OF THE PAPER YOU MUST COMPLETE THIS TASK

### **DATA AND TASKS**

Today's date is 1 December 2010 and you work as an accounts assistant for Babyworld Ltd.

Babyworld Ltd are a wholesale supplier of children's clothing, their turnover is currently in excess of £2m per year. The company is registered for VAT

The company is expanding rapidly and their new range of clothing is extremely popular with several of the large retail chains they supply, as a result they expect their turnover to increase by 50% to £3m in the forthcoming year (year ended 31 December 2011). The company will, however, have to considerably increase the level of its stockholding, other costs such as distribution costs and administrative expenses will also increase significantly.

The goods the company buys for resale are zero rated, are as its sales, but the company claims back on a quarterly basis any VAT it pays on various selling, distribution and administration expenses.

There is to be a Board meeting in two weeks time and one of the subjects to be discussed is the likely impact on the company's cash flow of the increase in the standard rate of VAT from 17.5% to 20%, which is due to come into effect as from 4 January 2011.

### **REQUIRED**

**TASK 1** Prepare a brief note for the Directors of Babyworld Ltd explaining the likely effect on the company's cash flow of the increase in the rate of VAT.

**Note:** The following is provided for your use in completing the above task:

- Lined area for the purpose of writing your note to the Directors of Babyworld Ltd (see **page 2** of your **Answer Booklet**)