

BOOKS OF PRIME ENTRY (INCLUDING VAT)

TUTORIAL EXAMPLE 2

A business began trading on 1st January 2000 . The following transactions were made during January 2000 :

- 1-1-2000 The owner opened a business bank account with £8000 from his private savings
- 3-1-2000 Bought goods costing £1000 plus VAT from Nash Ltd on credit
- 5-1-2000 Bought goods costing £3000 plus VAT from Kelly Ltd on credit
- 6-1-2000 Received an invoice for printing for £470 including VAT
- 6-1-2000 Made purchases of £188 including VAT , which were immediately paid for by cheque
- 10-1-2000 Made cash sales of £376 including VAT
- 13-1-2000 Sold goods to Mr Griffiths for £4000 plus VAT on credit
- 15-1-2000 Sold goods to Mr Graham for £2000 plus VAT on credit
- 14-1-2000 Received invoice from landlord for 1st month's rent of £1000 plus VAT
- 18-1-2000 Paid printing bill received on 6-1-2000
- 21-1-2000 Made cash sales for £1504 including VAT
- 22-1-2000 Received a cheque from Mr Griffiths for £4465 in full payment of the goods sold on 13-1-2000 . A discount of ~~£335~~ was given to the customer
- 26-1-2000 Withdrew £125 from the bank to pay for personal living expenses
- 27-1-2000 Sold goods to Mr Griffiths on credit for £1000 plus VAT
- 28-1-2000 Sent a cheque to Nash Ltd for £600 in part payment of the outstanding amount

28-1-2000 Received an invoice from British Telecom for £282 including VAT

28-1-2000 Bought goods on credit from Jackson Ltd for £200 plus VAT

REQUIREMENT

- (A) Record the above transactions in the appropriate books of prime entry
- (B) Transfer the information recorded to the relevant columns of the spreadsheet
- (C) Using the spreadsheet , calculate a set of draft balances for the business at 31st January 2000 and also transfer these to the profit and loss account and balance sheet