

Foundation bookkeeping - workplace case study

Bookkeeping Transactions (BTRN)

Suzi Curling

Background

Suzi Curling has started a cleaning business and operates as a sole trader. She provides the following services to her customers;

- office cleaning
- house cleaning
- collection and delivery of laundry

She is coming to the end of her first year of trading but has not yet prepared any accounts. She has not been keeping a close eye on income and receipts and now needs to understand how well the business is performing and if she is generating a profit.

Suzi asks her friend, who is an AAT professional member, if he could provide some advice on how to manage her income and expenditure. Suzi was given a cashbook template for recording the money she was paying out and the money she was receiving in.

Money in

Money out

Dr					Cr				
Cash Book									
Date	Details	Account code	Cash £	Bank £	Date	Details	Account code	Cash £	Bank £

Suzi was also advised to analyse her income by the services she provided and assign account codes. This would help Suzi to analyse the income these provided.

	Account Code
Office cleaning	OFCL01
House cleaning	HOCL02
Collection and delivery of laundry	CODL03

Suzi will need help to sort out her income and expenses; her year end is 31 March 20X8. She had put all her income and expenses into month order as she was going along and thinks she is making a good profit.

Suzi is not VAT registered; however advice from her friend suggested that she may wish to analyse the VAT @ 20% on purchases, just in case she reaches the VAT threshold.

Task 1

Suzi started her business on 1 April 20X7 with £20,000 which she paid into a business account; she also purchased a small van paid for from the bank costing £8,000, excluding VAT.

On the 9 April 20X7, Suzi bought some cleaning materials costing £1,240, excluding VAT paid from the bank.

Enter the above transactions into her cashbook, and work out the VAT where necessary.

Dr Cashbook – Money In				
Date	Details	Account code	Cash £	Bank £

Cr Cashbook – Money out					
Date	Details	Account code	VAT £	Cash £	Bank £

After entering her business set up costs, Suzi can clearly see that she has £_____ left from the initial £20,000 she invested into her business.

Task 2

Suzi has recorded some of the transactions for the house cleaning and laundry services she provided in April 20X7; however she has come across some transactions that have not yet been recorded.

Date	Customer	Type of House	Code	Hours	Total	Payment Method
15/4/20X7	Mr Williams	4 Bed House	HOCL02	4.5	£58.50	Bank
17/4/20X7	Mr Clarke	2 Bed House	HOCL02	2	£25.00	Cash
21/4/20X7	Mr Williams	4 Bed House	HOCL02	3	£39.00	Bank
29/4/20X7	Mr Clarke	2 Bed House	HOCL02	6	£75.00	Cash

Her client entries for her laundry service are detailed below:

Date	Customer	Description	Code	Quantity	Total	Payment Method
10/4/20X7	Mrs Pearce	Wash & Tumble Dry	CODL03	2	£28	Cash
12/4/20X7	Mr Fulder	Duvet - king size	CODL03	1	£22	Cash
30/4/20X7	Mr Swarki	Wash & Tumble Dry	CODL03	3	£42	Bank

Help Suzi by posting the above transactions into the debit side of the cashbook below.

Dr Cashbook – Money In				
Date	Details	Account code	Cash £	Bank £
01/4/20X7	Capital			20,000.00
10/4/20X7	3 Bed Flat - Mr Toomey	HOCL02	75.00	
14/4/20X7	3 Bed House – Miss Tierney	HOCL02		88.00
15/4/20X7	Wash & Tumble Dry – Mrs Pearce	CODL03		14.00
17/4/20X7	2 Bed Flat - Mrs McIntosh	HOCL02	56.25	

What is the total cash Suzi has received in April? £_____.

What is the total paid into Suzi's Bank in April? £_____.

Task 3

Suzi has pulled together all her receipts and invoices for April in a manual folder grouped by type.

Suzi has remembered that her friend advised her to analyse the VAT, and she has done this where the VAT was visible.

All petrol was paid from the business bank account using her debit card. The rest of the products were bought using cash. All items are VATable at 20%.

Date	Type	Total (£)
21/4/20X7	Petrol	25.00
22/4/20X7	Cleaning Materials	45.55
30/4/20X7	Petrol	15.00
30/4/20X7	Latex Gloves (100)	7.99

Suzi also has the following two invoices for additional cleaning materials which she paid for in cash at the time of purchase.

Invoice			
Clean Free and Easy Wholesalers			
To Suzi Curling		Date: 14/4/20X7	PO No: n/a
Qty	Description	Unit Price £	Net £
2	Wet Floor Signs	£4.98	£9.96
5	Glass Cleaner	£2.89	£14.45
5	Toilet Cleaner	£5.90	£29.50
Sub total			£53.91
VAT			£10.78
Total			£64.69

Invoice			
Clean Free and Easy Wholesalers			
		Date: 28/4/20X7	PO No: n/a

To Suzi Curling			
Qty	Description	Unit Price £	Net £
5	Floor Cleaner	£15.99	£79.95
5	Toilet Cleaner	£5.90	£29.50
5	Large sponge (10)	£2.59	£12.95
5	Air Freshener	£1.99	£9.95
Sub total			£132.35
VAT			£26.47
Total			£158.82

Enter the above transactions into the credit side of the cashbook. Work out the VAT where this is not provided.

Cr	Cashbook – Money out				
Date	Details	Account code	VAT £	Cash £	Bank £
1/4/20X7	Van		1,600.00		9,600.00
9/4/20X7	Cleaning Materials		248.00		1,488.00
9/4/20X7	Petrol		3.33		20.00
11/4/20X7	Petrol		3.33		20.00
20/4/20X7	Sugar Soap		0.58	3.50	

What is the total cash Suzi has paid out in April? £_____.

What is the total payments that have been made from Suzi's Bank account in April? £_____.

Suzi's business is becoming more successful and she has recognised the need to have cash available, to buy additional cleaning products, when she runs out. Suzi has decided she should have some form of petty cash system that has a float and can be tracked more easily. She thinks setting up an imprest amount will ensure that she has cash available at all times.

Having recognised that she spends a large amount of cash at Clean Free and Easy Wholesalers, Suzi has applied for a credit account to help her cash flow. This has been approved and Suzi has been granted a credit limit of £2,000.

Task 4

Suzi has now set up a petty cash system, that analyses how much petrol and additional materials she is purchasing each month. Suzi withdrew £300 cash from the bank on the 1 May 20X7 which was put in the petty cash tin. Any small items up to the value of £35 should be paid for using petty cash. At the end of the month, Suzi will restore the imprest in the petty cash to ensure that she always has money available.

Date	Type	Total (£)
19/5/20X7	Cleaning Materials	32.88
21/5/20X7	Petrol	20.00
29/5/20X7	Mop heads x 10	7.50
31/5/20X7	Petrol	25.00

Help Suzi by:

- entering the petty cash transactions into the petty cashbook and analyse the VAT @ 20%.
- balancing off the petty cashbook, showing the balance carried down.
- showing the amount to be withdrawn from the bank to restore the imprest balance of £300 of petty cash.

Petty cash book

PCB01

Date	Details	Amount £	Date	Details	Amount £	VAT £	Petrol £	Cleaning Material s £
1/5/20X7	Bank	300.00	10/5/20X7	Petrol	20.00	3.33	16.67	
			12/5/20X7	Petrol	20.00	3.33	16.67	
			14/5/20X7	Bleach x 5	9.95	1.65		8.30
			14/5/20X7	Petrol	25.00	4.16	20.84	

Task 5

Suzi has just secured two small office cleaning contracts in May. Each contract is for three hours, one hour in the morning and two hours in the evening; luckily for Suzie they are both in the same building. The contracts are for five consecutive days Monday to Friday.

Suzi has a set price of £25 per hour and has agreed that each office will pay monthly via BACS. The amounts owed in May are for 5 weeks as follows:

Date	Customer	Code	Hours	Per Hour	Total £	Payment Method
31/5/20X7	Office A	OFCL01	75	£25	£1,875	BACS
31/5/20X7	Office B	OFCL01	75	£25	£1,875	BACS

What is the total amount Suzi will have earned from office cleaning at 31 May 20X7? £_____.

Suzi has completed the cashbook for May; the only items not entered are the BACS payments from Office A and B.

You are required to:

- enter these two amounts in the cashbook
- balance off the full cashbook recording the balance c/d for both columns.

Dr	Cashbook – Money In			
Date	Details	Account code	Cash £	Bank £
22/5/20X7	Opening Balance		228.95	9,139.50
22/5/20X7	4 Bed House – Mr Williams	HOCL02		97.50
29/5/20X7	2 Bed House – Mr Clarke	HOCL02	37.50	
30/5/20X7	Wash & Tumble Dry - Mrs Pearce	CODL03	28.00	
31/5/20X7	Wash & Tumble Dry – Miss Iqbal	CODL03		28.00
	Total			

Cr					
Cashbook – Money out					
Date	Details	Account code	VAT £	Cash £	Bank £
3/5/20X7	Clean Free and Easy		165.00		990.00
9/5/20X7	MOT		6.66	39.99	
14/5/20X7	Van Insurance				1,500.00
22/5/20X7	Clean Free and Easy		136.00		816.00
28/5/20X7	Clean Free and Easy		26.47		158.82
28/5/20X7	Workwear		21.00	126.00	
31/5/20X7	Top up petty cash				160.33
	Total		355.13		

Task 6

Suzi now has a good system in place for monitoring her cash flow and petty cash items; she has continued to process her transactions in this new format for the rest of the financial year up to 31 March 20X8.

An extract has been provided from the cashbook and petty cash book below.

Dr										
Cash Book										
Date	Details	Account code	Cash £	Bank £	Date	Details	Account code	VAT £	Cash £	Bank £
					31-Mar	Balance c/d			550	24,550

Petty cash

Date	Details	Amount £	Date	Details	Amount £	VAT £	Petrol £	Cleaning Materials £
31/3/20X8	Bank	300.00						

At the end of the financial year, Suzi has a cash balance of £_____ and £_____ in the petty cashbook. The total amount of cash is £_____. Suzi has £_____ in her bank account which, added to her cash, would provide her with a healthy cash and bank balance of £_____.

Answers

Task 1

Suzi started her business on 1 April 20X7 with £20,000 which she paid into a business account; she also purchased a small van paid for from the bank costing £8,000, excluding VAT.

On the 9 April 20X7, Suzi bought some cleaning materials costing £1,240, excluding VAT paid from the bank.

Enter the above transactions into her cashbook, and work out the VAT where necessary.

Dr	Cashbook – Money In			
Date	Details	Account code	Cash £	Bank £
1/4/20X7	Capital			20,000

Cr	Cashbook – Money out				
Date	Details	Account code	VAT £	Cash £	Bank £
1/4/20X7	Van		1,600		9,600
9/4/20X7	Cleaning materials		248		1,488

After entering her business set up costs, Suzi can clearly see that she has **£8,912** left from the initial £20,000 she invested into her business.

Task 2

Suzi has recorded some of the transactions for the house cleaning and laundry services she provided in April 20X7; however she has come across some transactions that have not yet been recorded.

Date	Customer	Type of House	Code	Hours	Total	Payment Method
15/4/20X7	Mr Williams	4 Bed House	HOCL02	4.5	£58.50	Bank
17/4/20X7	Mr Clarke	2 Bed House	HOCL02	2	£25.00	Cash
21/4/20X7	Mr Williams	4 Bed House	HOCL02	3	£39.00	Bank
29/4/20X7	Mr Clarke	2 Bed House	HOCL02	6	£75.00	Cash

Her client entries for her laundry service are detailed below:

Date	Customer	Description	Code	Quantity	Total	Payment Method
10/4/20X7	Mrs Pearce	Wash & Tumble Dry	CODL03	2	£28	Cash
12/4/20X7	Mr Fulder	Duvet - king size	CODL03	1	£22	Cash
30/4/20X7	Mr Swarki	Wash & Tumble Dry	CODL03	3	£42	Bank

Help Suzi by posting the above transactions into the debit side of the cashbook below.

Dr Cashbook – Money In				
Date	Details	Account code	Cash £	Bank £
01/4/20X7	Capital			20,000.00
10/4/20X7	3 Bed Flat - Mr Toomey	HOCL02	75.00	
14/4/20X7	3 Bed House – Miss Tierney	HOCL02		88.00
15/4/20X7	Wash & Tumble Dry – Mrs Pearce	CODL03		14.00
17/4/20X7	2 Bed Flat - Mrs McIntosh	HOCL02	56.25	
10/4/20X7	Wash & Tumble Dry - Mrs Pearce	CODL03	28.00	
12/4/20X7	Duvet - king size - Mr Fulder	CODL03	22.00	
15/4/20X7	4 Bed House – Mr Williams	HOCL02		58.50
17/4/20X7	2 Bed House – Mr Clarke	HOCL02	25.00	
21/4/20X7	4 Bed House - Williams	HOCL02		39.00
29/4/20X7	2 Bed House – Mr Clarke	HOCL02	75.00	
30/4/20X7	Wash & Tumble Dry – Mr Swarki	CODL03		42.00

What is the total cash Suzi has received in April? **£281.25**

What is the total paid into Suzi's Bank in April? **£20,241.50**

Task 3

Suzi has pulled together all her receipts and invoices for April in a manual folder grouped by type.

Suzi has remembered that her friend advised her to analyse the VAT, and she has done this where the VAT was visible.

All petrol was paid from the business bank account using her debit card. The rest of the products were bought using cash. All items are VATable at 20%.

Date	Type	Total (£)
21/4/20X7	Petrol	25.00
22/4/20X7	Cleaning Materials	45.55
30/4/20X7	Petrol	15.00
30/4/20X7	Latex Gloves (100)	7.99

Suzi also has the following two invoices for additional cleaning materials which she paid for in cash at the time of purchase.

Invoice			
Clean Free and Easy Wholesalers			
To Suzi Curling		Date:	14/4/20X7
		PO No:	n/a
Qty	Description	Unit Price £	Net £
2	Wet Floor Signs	£4.98	£9.96
5	Glass Cleaner	£2.89	£14.45
5	Toilet Cleaner	£5.90	£29.50
Sub total			£53.91
VAT			£10.78
Total			£64.69

Invoice			
Clean Free and Easy Wholesalers			
To Suzi Curling		Date:	28/4/20X7
		PO No:	n/a

Qty	Description	Unit Price £	Net £
5	Floor Cleaner	£15.99	£79.95
5	Toilet Cleaner	£5.90	£29.50
5	Large sponge (10)	£2.59	£12.95
5	Air Freshener	£1.99	£9.95
		Sub total	£132.35
		VAT	£26.47
		Total	£158.82

Enter the above transactions into the credit side of the cashbook. Work out the VAT where this is not provided.

Cr	Cashbook – Money out				
Date	Details	Account code	VAT £	Cash £	Bank £
1/4/20X7	Van		1,600.00		9,600.00
9/4/20X7	Cleaning Materials		248.00		1,488.00
9/4/20X7	Petrol		3.33		20.00
11/4/20X7	Petrol		3.33		20.00
20/4/20X7	Sugar Soap		0.58	3.50	
14/4/20X7	Clean Free and Easy		10.78	64.69	
21/4/20X7	Petrol		4.16		25.00
22/4/20X7	Cleaning Materials		7.59	45.55	
28/4/20X7	Clean Free and Easy		26.47	158.82	
30/4/20X7	Petrol		2.50		15.00
30/4/20X7	Latex Gloves (100)		1.33	7.99	

What is the total cash Suzi has paid out in April? **£280.55**

What is the total payments that have been made from Suzi's Bank account in April? **£11,168.**

Suzi's business is becoming more successful and she has recognised the need to have cash available, to buy additional cleaning products, when she runs out. Suzi has decided she should have some form of petty cash system that has a float and can be tracked more easily. She thinks setting up an imprest amount will ensure that she has cash available at all times.

Having recognised that she spends a large amount of cash at Clean Free and Easy Wholesalers, Suzi has applied for a credit account to help her cash flow. This has been approved and Suzi has been granted a credit limit of £2,000.

Task 4

Suzi has now set up a petty cash system, that analyses how much petrol and additional materials she is purchasing each month. Suzi withdrew £300 cash from the Bank on the 1 May 20X7 which was put in the petty cash tin. Any small items up to the value of £35 should be paid for using petty cash. At the end of the month, Suzi will restore the imprest in the petty cash to ensure that she always has money available.

Date	Type	Total (£)
19/5/20X7	Cleaning Materials	32.88
21/5/20X7	Petrol	20.00
29/5/20X7	Mop heads x 10	7.50
31/5/20X7	Petrol	25.00

Help Suzi by:

- entering the petty cash transactions into the petty cashbook and analyse the VAT (20%).
- balancing off the petty cashbook, showing the balance carried down.
- showing the amount to be withdrawn from the bank to restore the imprest balance of £300 of petty cash.

Petty cashbook

PCB01

Date	Details	Amount £	Date	Details	Amount £	VAT £	Petrol £	Cleaning Materials £
1/5/20X7	Bank	300.00	10/5/20X7	Petrol	20.00	3.33	16.67	
			12/5/20X7	Petrol	20.00	3.33	16.67	
			14/5/20X7	Bleach x 5	9.95	1.65		8.30
			14/5/20X7	Petrol	25.00	4.16	20.84	
			19/5/20X7	Cleaning Materials	32.88	5.48		27.40
			21/5/20X7	Petrol	20.00	3.33	16.67	
			29/5/20X7	Mop heads x 10	7.50	1.25		6.25
			31/5/20X7	Petrol	25.00	4.16	20.84	
					160.33	26.69	91.69	41.95
31/5/20X7	Bank	160.33	30/5/20X7	Balance c/d	300.00			
		460.33			460.33			

Task 5

Suzi has just secured two small office cleaning contracts in May. Each contract is for three hours, one hour in the morning and two hours in the evening; luckily for Suzie they are both in the same building. The contracts are for five consecutive days Monday to Friday.

Suzi has a set price of £25 per hour and has agreed that each office will pay monthly via BACS. The amounts owed in May are for 5 weeks as follows:

Date	Customer	Code	Hours	Per Hour	Total £	Payment Method
31/5/20X7	Office A	OFCL01	75	£25	£1,875	BACS
31/5/20X7	Office B	OFCL01	75	£25	£1,875	BACS

What is the total amount Suzie will have earned from office cleaning at 31 May 20X7? **£3,750**

Suzi has completed the cashbook for May; the only items not entered are the BACS payments from Office A and B.

You are required to:

- enter these two amounts in the cashbook
- balance off the full cashbook recording the balance c/d for both columns.

Dr	Cashbook – Money In			
Date	Details	Account code	Cash £	Bank £
22/5/20X7	Opening Balance		228.95	9,139.50
22/5/20X7	4 Bed House – Mr Williams	HOCL02		97.50
29/5/20X7	2 Bed House – Mr Clarke	HOCL02	37.50	
30/5/20X7	Wash & Tumble Dry - Mrs Pearce	CODL03	28.00	
31/5/20X7	Wash & Tumble Dry – Miss Iqbal	CODL03		28.00
31/5/20X7	Office A	OFCL01		1,875.00
31/5/20X7	Office B	OFCL01		1,875.00
	Total		294.45	13,015.00

Cr					
Cashbook – Money out					
Date	Details	Account code	VAT £	Cash £	Bank £
3/5/20X7	Clean Free and Easy		165.00		990.00
9/5/20X7	MOT		6.66	39.99	
14/5/20X7	Van Insurance				1,500.00
22/5/20X7	Clean Free and Easy		136.00		816.00
28/5/20X7	Clean Free and Easy		26.47		158.82
28/5/20X7	Workwear		21.00	126.00	
31/5/20X7	Top up petty cash				160.33
	Balance c/d			128.46	9,389.85
	Total		355.13	294.45	13,015.00

Task 6

Suzi now has a good system in place for monitoring her cash flow and petty cash items; she has continued to process her transactions in this new format for the rest of the financial year up to 31 March 20X8.

An extract has been provided from the cashbook and petty cashbook below.

Dr										Cash Book										Cr			
Date	Details	Account code	Cash £	Bank £	Date	Details	Account code	VAT £	Cash £	Bank £	Date	Details	Account code	VAT £	Cash £	Bank £	Date	Details	Account code	VAT £	Cash £	Bank £	
					31-Mar	Balance c/d			550	24,550													

Petty cash

Date	Details	Amount £	Date	Details	Amount £	VAT £	Petrol £	Cleaning Materials £
31/3/20X8	Bank	300.00						

At the end of the financial year, Suzi has a cash balance of **£550** and **£300** in the petty cashbook.

The total amount of cash is **£850**. Suzi has **£24,550** in her bank account which, added to her cash, would provide her with a healthy cash and bank balance of **£25,400**.

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