# The Best
# V.A.T. Business
# Accounts Book

## For a VAT registered Small Business

> There are three Accounts Books in this Series, catering for different types of business. See the back cover for details.

■ **This VAT book is ideal for:** Builders & Contractors, Consultants, Craftworkers, Designers, Engineers, Freelancers, Hauliers, Internet Traders, Kennels & Catteries, Landscapers, Mail Order, Manufacturers, Motor Traders, Photographers, Plant Nurseries, Property Maintenance, Tradespeople, Trainers etc.

■ Designed for people new to VAT Book-Keeping

■ Simple format. Easy-to-balance Columns

■ Monthly Accounts and VAT in One Compact Book

■ Simplifies the completion of VAT Returns

■ Suitable for Sole Trader, Partnership or Ltd Co.

■ **Highly Recommended (see rear cover)**

## Designed and written by Peter Hingston

DO YOUR OWN BOOK-KEEPING. INSTRUCTIONS INSIDE.

# Month

**WORKED EXAMPLE & Guide Notes**

© P. Hingston

## SALES (VAT OUTPUT) SUMMARY

| Invoice Date | No. | Customer | Net Value £ | Net Value p | VAT £ | VAT p | Invoice Total £ | Invoice Total p | |
|---|---|---|---|---|---|---|---|---|---|
| 4 | 026 | John Smith's | 570 | 50 | 114 | 10 | 684 | 60 | ✓ |
| 5 | 027 | B.I.G. Buyers & Co | 1520 | 00 | 304 | 00 | 1824 | 00 | |
| 8 | 028 | Brown & Son CREDIT NOTE | (120 | 00) | (24 | 00) | (144 | 00) | |
| 12 | 029 | A. Supply Co | 696 | 10 | 139 | 22 | 835 | 32 | |
| 16 | 030 | ABC Co | 315 | 25 | 63 | 05 | 378 | 30 | ✓ |
| 17 | 031 | D. Jones & Son | 185 | 50 | 37 | 10 | 222 | 60 | |
| 19 | 032 | Brown & Son | 365 | 00 | 73 | 00 | 438 | 00 | |
| 23 | 033 | A. Supply Co Cancelled Order | | | | | | | |
| 23 | 034 | A. Smith | 245 | 60 | 49 | 12 | 294 | 72 | |
| 26 | 035 | B.I.G. Buyers & Co | 2069 | 00 | 413 | 80 | 2482 | 80 | |
| 26 | 036 | The XYZ Co | 1077 | 50 | 215 | 50 | 1293 | 00 | |
| 31 | — | Card Sales (total) | 429 | 00 | 85 | 80 | 514 | 80 | |
| | | **Totals** | 7353 | 45 | 1470 | 69 | 8824 | 14 | |

*Guide notes (left page):*

- The Invoice No. above can be the last 2 or 3 figures of the Invoice Number.
- These three columns record (from left to right): The Net Value (which excludes any VAT), the VAT (if any) and the Total charged on the Invoice (including any VAT).
- Your list of Sales Invoices on this page should be in the same order as your filed copies.
- The VAT rate used in this Worked Example is 20%, but the rate may be changed at any time by the Government.
- **Zero-rated Sales** Remember you also need to record here any zero-rated sales that you make.
- **Exempt Supplies** If you make such supplies, you need to record them separately, with a separate total.
- **General Note** All the data in this Worked Example is fictitious.
- At the end of the month, total up as shown above. If you fill more than one column, then do a sub-total at the bottom of this page.

Sub-totals (carry forward to next column)

## SALES (VAT OUTPUT) SUMMARY (continued)

| Invoice Date | No. | Customer | Net Value £ | Net Value p | VAT £ | VAT p | Invoice Total £ | Invoice Total p |
|---|---|---|---|---|---|---|---|---|
| Sub-totals (brought forward) | | | | | | | | |
| | | | | | | | | |

*Guide notes (right page):*

- When invoices are paid you could tick off the entries. This will help you to spot any unpaid invoices.
- If you need to issue a Credit Note, then this could be recorded as shown left. The brackets indicate the figure has to be subtracted when totalling up the column.
- If you need to cancel a raised invoice before issuing it, don't destroy it as the sequence of invoice numbers should remain complete. If you discover a mistake _after_ you have issued an invoice then you should issue a Credit Note to your customer.
- If you make a lot of small value card sales, you could list them somewhere (eg in a notebook) and then enter a total here at the month end.
- To check your arithmetic, once you have added up each column vertically, add the totals horizontally.
- **Caution** Particular care needs to be taken to record your Sales correctly. Whereas the BANK RECORD and PAYMENTS columns' entries can be checked against your Bank Statement, and the PETTY CASH can be counted, there is no such simple check for the SALES SUMMARY. But its accuracy can be checked by comparing its figures with customers' payments, and your Bankings.
- Only a few sales entries are shown here to illustrate how to complete this page.
- **Using a Spreadsheet** You can save time by using a spread-sheet in conjunction with this accounts book for those columns with a lot of transactions to add up (eg the SALES or PAYMENTS). Each month print out the completed spreadsheet, file it in a ring binder, and copy just the total figures into this accounts book. Start a new spread-sheet for the next month.

Totals for Month

# Month

## BANK RECORD

## PETTY CASH

© P. Hingston

| | £ | p |
|---|---|---|
| Balance in Bank at start of Month | 1505 | 64 |

*This "start of Month" figure is 0 if this is your first month of trading. Otherwise it is the previous month's "Balance at end of Month".*

| | £ | p |
|---|---|---|
| Money in Petty Cash at start of Month | 87 | 34 |

*This "start of Month" figure is 0 if this is your first month of trading. Otherwise it is the previous month's "Money in Petty Cash at end of Month".*

### BANKINGS (& Direct Credits)

| Date | Details | Ref | Non-Sales £ | p | Sales £ | p |
|---|---|---|---|---|---|---|
| 4 | A. Supply Co | 138 | | | 220 | 48 |
| 8 | From Personal a/c | D/C | 1000 | 00 | | |
| 11 | B.I.G. Buyers & Co | D/C | | | 2382 | 50 |
| 19 | Sales (Invoices 011-019) | 139 | | | 955 | 25 |
| 26 | ABC Co | D/C | | | 986 | 60 |
| 31 | The XYZ Co | D/C | | | 1126 | 50 |
| 31 | Card Sales (total) | D/C | | | 150 | 00 |
| | Totals | | 1000 | 00 | 5821 | 33 |
| | Totals | | | | 6821 | 33 |

*The entries above are listed in the same order (and dates) as they appear in your Bank Statement. This makes this column easier to complete and check.*

*Any loan, grant, sale of an asset, interest the bank pays, tax or VAT refund, or personal money you put into the business should be entered in the "Non-Sales" column. Always specify the source of the funds.*

*The "Ref" (Reference) column could be the last 3 figures of the Bank pay-in slip or the number of the sales invoice(s) being paid. Here "D/C" means a Direct Credit.*

*File your Remittance Advice notes and bank pay-in details together in the same order as above.*

*Record below your finance-related Direct Debits and Standing Orders.*

### DIRECT DEBITS (& Standing Orders)

| Date | Details | Ref | VAT (if any) £ | p | Total (inc VAT) £ | p |
|---|---|---|---|---|---|---|
| 26 | Bank Charges | D/D | | | 65 | 00 |
| | Bank Interest | | | | | |
| 1 | Card Charges | D/D | | | 170 | 00 |
| 1 | Other Finance Charges  Van | S/O | | | 295 | 00 |
| 12 | Cash Withdrawals (by card) | | | | 100 | 00 |
| | Total Debits (including Standing Orders) | | | | 630 | 00 |

*"Bank interest" is for interest you are charged, eg for a loan.*

*For those suppliers you pay by Direct Debit, you could record that here but it is probably better to record those transactions on the following PAYMENTS pages as that permits an analysis of the expenditure and it is easier to add to similar expenditure made by cheque etc.*

*"Other Finance Charges" is for lease, HP payments, etc (but add a note as to what the payment is for).*

*This cash is only to top up the Petty Cash Box. Note the entry under "MONEY INTRODUCED..." on the same date.*

*The "Balance at end of Month" (below) and your Bank Statement balance should be the same if your entries in the BANK RECORD and PAYMENTS columns match those in your Bank Statement.*

### MONEY INTRODUCED DURING MONTH

| Date | Source of Money | Ref | £ | p |
|---|---|---|---|---|
| 12 | From Business Bank a/c - by card | | 100 | 00 |
| | Total | | 100 | 00 |

*If you were to make a petty cash payment with your own cash, you need to record the same amount here, as you have added new money into the "petty cash box".*

*If you make a lot of small value card sales, you could add them up on your bank statement and enter the total here. The total may not match the SALES figure due to the delay in them appearing in your bank statement.*

### PAYMENTS

| | | Date | Ref | Net Value £ | p | VAT (if any) £ | p | Invoice Total £ | p |
|---|---|---|---|---|---|---|---|---|---|
| Stock | | | | | | | | | |
| Employee Costs | Staff Wages | | | | | | | | |
| | A. Helper (Pt-time) | | 14 | 50 | 00 | — | | 50 | 00 |
| Premises Costs | Rent/Rates | | | | | | | | |
| | Cleaning | | | | | | | | |
| | Utilities | | | | | | | | |
| RM | Repairs/Maintenance | | | | | | | | |
| Gen. Admin. Expenses | Post/Parcels | | 6,7,8 | 12 | 48 | — | | 12 | 48 |
| | Stationery/Print | | 12 | 5 | 83 | 1 | 17 | 7 | 00 |
| | Sundries | | 11,13 | 2 | 56 | — | | 2 | 56 |
| | Tel/Fax/Mobile | | | | | | | | |
| Motor | Fuel | | 9 | 45 | 00 | 9 | 00 | 54 | 00 |
| | Other Expenses | | 10 | 25 | 00 | 5 | 00 | 30 | 00 |
| Travel | | | | | | | | | |
| Ads | Adverts & Promotion | | | | | | | | |
| Other | | | | | | | | | |
| Drawings | | | | | | | | | |
| | Total Payments by Petty Cash | | | 140 | 87 | 15 | 17 | 156 | 04 |

*Allowable Expenses — Generally, costs you pay with the sole purpose of earning business profits are allowable expenses. Hence non-business or personal costs are not usually tax deductible.*

*Ideally, use one line per employee.*

*If there is more than one transaction in any category in the month, just show the total.*

*The "Ref" (Reference) for a Petty Cash payment could be the sequential number you write on each invoice/receipt (as shown here) or the date.*

*"Other Expenses". Avoid overuse of this category, and explain any payment you record here.*

*"Drawings" is where you record any wages taken from petty cash as a sole trader or partner.*

### MONTH'S BANK BALANCE & STATEMENT CHECK

| | £ | p |
|---|---|---|
| Balance at start of Month + Total Bankings − Total Debits | 7696 | 97 |
| Less Total Payments (from overpage) | 4691 | 57 |
| Leaves: Balance at end of Month (carry forward) | 3005 | 40 |

**BANK STATEMENT CHECK**

| | | |
|---|---|---|
| Add payments not... | | — |
| Less banking... | | — |
| Leaves: Balance as... | 3005 | 40 |

*This check is only needed if you date your entries when you do the transaction rather than date them as they appear in your Bank Statement.*

### MONTH'S PETTY CASH BALANCE

| | £ | p |
|---|---|---|
| Petty Cash at start of Month + Money Introduced | 187 | 34 |
| Less Total Payments by Petty Cash (from above) | 156 | 04 |
| Less any surplus Cash paid into Bank | | |
| Leaves: Money in Petty Cash at end of Month | 31 | 30 |

*If you have a discrepancy between the calculation below and the cash as counted, note it here and carry the actual figure forward to the next month.*

# PAYMENTS (VAT INPUT) SUMMARY  (For cheques, cards or direct banking)  © P. Hingston

| Date | Paid To | Ref | TOTAL (incl VAT) | | VAT | | | Drawings, NI (or Salary) | | Stock or Raw Material | | Employee Costs | | Premises Co... Rent/Rates | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2 | Auto Repair Co | 364 | 70 | 10 | 11 | 68 | | | | | | | | | | | |
| 2 | Self (to personal a/c) | D/B | 1500 | 00 | — | | | 1500 | 00 | | | | | | | | |
| 3 | Webdesigns | S/O | 50 | 00 | — | | | | | | | | | | | | 3 |
| 3 | ABCD Company | 363 | 17 | 50 | 2 | 92 | | | | | | | | | | | 4 |
| 4 | Stationery Supplies | D/B | 128 | 26 | 21 | 38 | | | | | | | | | | | 5 |
| 9 | The Big Phone Co | D/D | 289 | 87 | 48 | 31 | | | | | | | | | | | 6 |
| 12 | Local Council | D/D | 750 | 00 | — | | | | | | | | | 750 | 00 | | 7 |
| 14 | Auto Repair Co | 367 | 139 | 99 | 23 | 33 | | | | | | | | | | | 8 |
| 14 | Parcels Service | 365 | 158 | 27 | 26 | 38 | | | | | | | | | | | 9 |
| 18 | APR Co | 366 | 400 | 00 | 66 | 67 | | | | | | | | | | | 10 |
| 29 | Computer Supply Co | D/B | 625 | 00 | 104 | 17 | | | | | | | | | | | 11 |
| 31 | Self (Card reimbursement) | D/B | 562 | 58 | 93 | 76 | | | | | 125 | 00 | | | | | 12 |
| | | | 4691 | 57 | 398 | 60 | | | 1500 | 00 | 125 | 00 | | | 750 | 00 | 13 |

Annotations (circled notes):

"Employee Costs" is for wages, NI (National Insurance) and PAYE, also Directors' salaries, though you may find it convenient to put your own salary under "Drawings (or Salary)". For sole traders and partners, record your wages under "Drawings".

"Premises Costs" also includes Cleaning and Property Insurance. Use the next blank column if necessary.

This "Utilities" column is for Premises Costs that relate to any Electric, Gas, Heating or Water bills.

**WORKED - & Guide**

The entries above are listed in the same order (and dates) as they appear in your Bank Statement, and in the same order as the invoices are filed. This makes this page easier to complete & check.

**VAT**
If there is VAT included in a payment, record it in the VAT column, then put the net amount (ie the total less the VAT) in the appropriate expenses column. Note: The VAT rate used in this Worked Example is 20% but the rate may be changed at any time by the Government.

**"Ref" (Reference)**
This column could show the last 3 figures of the cheque number, or "D/B" for a Direct Banking, "D/D" for a Direct Debit, or "S/O" for a Standing Order.

**1st Column**
The first column heading is blank. You could use it for a category of expenses that you have to pay often. Alternatively, you could use it as a second VAT column.

**PROCEDURE FOR PERSONAL CARDS**
If you use a personal card for some business purchases, then reimburse yourself from your business account every month or so, and at that time enter the details in that month's PAYMENTS (as shown on the 31st above).

**PROCEDURE FOR CHEQUES**
For each cheque: record the date (as it appears in the Bank Statement), the payee, the last 3 figures of the cheque number (as a Reference) and the total paid. You then write the VAT (if any) in the VAT column. Then "analyse" the payment by entering the total (less VAT) in the correct expenses column (or columns, where relevant).

**PROCEDURE FOR DIRECT BANKING**
This includes online and telephone banking, and where you are paying your suppliers by Direct Debit or by Standing Order. Record the date (as it appears in the Bank Statement), the payee, the reference, and the total paid. You then write the VAT (if any) in the VAT column. Then "analyse" the payment by entering the total (less VAT) in the correct expenses column (or columns, where relevant).

**PROCEDURE FOR BUSINESS CARDS**
For a debit card on your business account, for each transaction: record the date (as it appears in the Bank Statement), the payee, the word "Card" (as a Reference) and the total paid. You then write the VAT (if any) in the VAT column. Then "analyse" the payment by entering the total (less VAT) in the correct expenses column (or columns, where relevant).

**General Note**
All the data in this Worked Example is fictitious.

**Overflow Pages**
If in any month you need more lines, then please note there are overflow pages after Month 12 in this book.

At the end of the month, total up each column. The overall Total Payments (£4,691.57 in this worked example) is then entered in the MONTH'S BANK BALANCE on the previous page.

| Total Payments for Month | | | 4691 | 57 | 398 | 60 | | | 1500 | 00 | 125 | 00 | | | 750 | 00 | |

© P. Hingston

**EXAMPLE Notes**

| | Post/Parcels | Stationery/Print | Sundries | Tel/Fax/Mobile | Website | Motor Expenses | Travel & Subsistence | Adverts & Promotion | | Others |
|---|---|---|---|---|---|---|---|---|---|---|
| *General Administrative Expenses* | | | | | | | | | | |
| | | | | | | 58 42 | | | | |
| | | | 14 58 | | 50 00 | | | | | |
| | | 106 88 | | | | | | | | |
| | | | | 241 56 | | | | | | |
| | | | | | | 116 66 | | | | |
| | 131 89 | | | | | | | | | |
| | | | | | | | | 333 33 | | |
| | | | | | | | | | New Computer | 520 83 |
| | 20 00 | | 3 70 | 85 00 | | 110 12 | 125 00 | | | |
| | 151 89 | 106 88 | 18 28 | 326 56 | 50 00 | 285 20 | 125 00 | 333 33 | | 520 83 |

"General Administrative Expenses" can also include: Business Insurances, Subscriptions and Website costs. If necessary, use the blank columns on either side.

This blank column could be used for "Repairs and Renewals" (of business premises or machinery, but not motor vehicles). Alternatively you could use the "Others" column on the far right, leaving this column for more "Premises Costs" or more "General Admin. Expenses".

The blank columns are for your own headings. Suggestions include: "Legal & Professional", "Refunds", "Capital Expenditure" & "Others" - or to suit your needs. In one month you might need a column for one type of expense, but not the following month when the same column could then be used for another category.

It may be useful to title the last column as "Others" and to use it for any one-off or infrequent payments. These can then be annotated as shown below.

The narrow column on the left is there should you need an extra column.

**General Note**
For every payment, the amount is entered not only in the "TOTAL" column but also in the appropriate expenses column (less VAT).

**Headings**
Try to be consistent and put similar expenses under the same headings every month so that adding up your annual totals will be easier.

**Useful Feature**
Every 5th horizontal line is darker to make it easier to read across the page.

**Allowable Expenses**
Generally, costs you pay with the sole purpose of earning business profits are allowable expenses. Hence non-business or personal costs are not usually tax deductible.

**Good Practice**
When you complete a month, it is good practice to transfer the figures to the "At Year End" Annual Summaries located before the VAT Section in this book. Tip: Use a pencil (lightly) to begin with.

Only a few entries are shown here to illustrate how to complete this double page.

**CHECKING YOUR FIGURES**
The column totals (below), when added together horizontally, should equal the first column "TOTAL" added vertically (ie the totals in this worked example should both equal £4,691.57). This is a most useful check!

| | Post/Parcels | Stationery/Print | Sundries | Tel/Fax/Mobile | Website | Motor Expenses | Travel & Subsistence | Adverts & Promotion | | Others |
|---|---|---|---|---|---|---|---|---|---|---|
| | 151 89 | 106 88 | 18 28 | 326 56 | 50 00 | 285 20 | 125 00 | 333 33 | | 520 83 |