

and pays cash for everything. The enterprise cash/cheque transactions for the month of August are indicated below. Jane is registered for value-added tax (VAT) at 14%. (All enterprises with a turnover of more the R300 000 a year must register for VAT.) At the beginning of the month, Jane showed a positive (favourable) cash book balance of R3 000. Draw up the transactions that are given below in date sequence in the analysis cash book of Jane's Events in the two sections:

- Sales and receipts cash book (deposits);
- Purchases and payments cash book (cheques).

DAY	TRANSACTION
1	Jane buys candles for R1 606 from the wholesaler Candles Galore (Pty) Ltd with cheque no. 110. Deposits cash services to the value of R1 523.
2	EFT (2/7) payment for water and lights: amount R704. Deposits cash sales to the value of R2 031.
3	Telephone account of R171 for July paid (EFT 3/7). Pays Ding-Dong Dairy R255 (cheque no. 111); milk is zero-rated for VAT.
4	Bank sales amounting to R1 161, including R125 for the sale of an unused chair in the office.
5	Cheque no. 112 is given to Mr Cotton for R245 worth of flowers for an event. The supplier is not registered for VAT.
6	Wages for the week total R2 000 (cheque no. 113 cashed at the bank). Deposit cash for services R1 321.
7	Included in the sales of day 2 was a cheque for R259 that was sent back by the bank R/D (refer to drawer). Purchases from the wholesaler total R1 865 (cheque no. 114). Buys a new printer for the company's computer R2 074 (cheque no. 115) from Magic Q. Jane sells her old printer to a friend, Riedwaan, for R519.

VAT is calculated as follows:

$$\frac{\text{Sales} \times 14}{114} = \text{amount of VAT included in your price}$$



Calculate the VAT included in sales of R15 960.

$$\frac{R15\,960 \times 14}{114} = R1\,960$$