



(d) State the meaning of the following terms.

(i) Bank overdraft

.....  
..... [1]

(ii) Bank charges

.....  
..... [1]

[Total: 20]

1(b)		Updating cash book	Bank reconciliation statement	<b>3</b>
Bank error		✓ (1)		
Cheque from Uma dishonoured	✓ (1)			
Bank charges	✓ (1)			

Question	Answer	Marks
1(c)	<p><b>For:</b>            Most payments are already being made from the bank (1)            Less risk of cash being stolen/less risk of fraud/greater security using bank transfers (1)            Cheques may be dishonoured/unpaid and reduced risk of stale/unpresented cheques (1)            Bank transfers are quicker than cheques (1)            Bank charges may reduce if there are fewer cheques (1)            May be time saving – do not have to visit bank to pay cheques in (1)  <b>Max (3)</b></p> <p><b>Against:</b>            Customers/suppliers may prefer not to use bank transfers and deal in cash/cheques/may lose customers/sales (1)            Not all customers may have a bank account (1)            A charge may be incurred for electronic payments (1)            There may be technical issues with internet/card terminals (1)            Possible danger of internet banking fraud (1)            A petty cash book/petty cashier would be required (1)  <b>Max (3)</b></p> <p><b>Accept other valid points</b>  <b>Max (4)</b>  <b>Recommendation (1)</b></p>	5
1(d)(i)	<b>Bank overdraft</b> – when more has been paid out of the business bank account than paid in resulting in an amount that is owed to the bank (1)	1
1(d)(ii)	<b>Bank charges</b> – amount debited to/deducted from the business bank account to cover the bank’s costs of running the account (1)	1