

1 Kalima is a trader.

At the start of September 2024, Kalima had a cash balance of \$240, a bank balance of \$890 credit and a credit customer, Elizah, owed Kalima \$520.

The following transactions took place during the month:

September	2	Paid stationery in cash, \$82
	3	Cash sales, \$478
		A cheque for \$30 received at the end of August from Badr, a credit customer, was dishonoured
	5	Paid wages by credit transfer, \$1390
	7	Bought goods from Gulnar on credit, \$200
	10	Kalima withdrew \$150 from the business bank account for personal use
	14	Received a cheque from Elizah in full settlement of the amount owed less 2.5% cash discount
	16	Paid \$120 cash into the business bank account
	21	Paid Gulnar the full amount due by credit transfer less a cash discount of 2%
	23	Sold goods to Elizah on credit, \$1450
	29	A credit note totalling \$325 was issued to Elizah for goods returned

REQUIRED:

(a) Prepare Kalima's cash book on the page opposite, for September 2024.

Balance the account and bring down the balances on 1 October 2024.

- (b) What does the credit balance in the bank on 1 September 2024 represent?

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[1]

- (c) Prepare the account of Elizah as it would appear in Kalima's books. Balance the account and bring down any balances on 1 October 2024.

Kalima

Elizah Account					
Date 2024	Details	Amount \$	Date 2024	Details	Amount \$
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[5]

- (d) Name the section heading in Kalima's statement of financial position where the balance on Elizah's account would appear.

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[1]

[Total: 20]

Question	Answer										Marks
1(a)	<div style="text-align: center;">Kalima Cash book</div>										13
	Date	Details	Discount t allowed	Cash	Bank		Date	Details	Discount Receive d	Cash	Bank
	2024		\$	\$	\$		2024		\$	\$	\$
	Sept 1	Balance b/d		240			Sept 1	Balance b/d			890
	3	Sales		478		(1)	2	Stationery		82	(1)
	14	Elizah	13		507	(1)	3	Badr			30 (1)
	16	Cash			120	(1)	5	Wages			1 390 (1)
							10	Drawings			150 (1)
							16	Bank		120	(1)
							21	Gulnar	4		196 (1)
	30	Balance c/d			2 029		30	Balance c/d		516	
			13	718	2 656				4	718	2 656 (1)OF*
	Oct 1	Balance b/d		516		(1)OF	Oct 1	Balance b/d			2 029 (1)OF
(1) for dates *For totalling dr and cr columns											
1(b)	Bank overdraft										1

Question	Answer						Marks
1(c)	Kalima						5
	Elizah Account						
	Date 2024	Details	Amount \$	Date 2024	Details	Amount \$	
	Sept 1	Balance b/d	520	Sept 14	Bank	507 (1)OF	
	23	Sales	1 450 (1)		Discount allowed	13 (1)OF	
				29	Sales returns	325 (1)	
				30	Balance c/d	<u>1 125</u>	
			<u>1 970</u>			<u>1 970</u>	
	Oct 1	Balance b/d	1 125 (1)OF				
1(d)	Current Assets						1