

**1** Omer is a trader.

The following transactions took place in April 2023.

April	3	Paid \$1000 into the bank from his own personal money
	7	Paid \$360 to a supplier, Alexander, by telephone transfer
	10	Cash sales, \$695, were paid directly into the bank account
	12	Purchased goods, \$340, on credit from Alexander
	15	Paid \$68 cash for petrol
	16	Paid rent, \$400, by standing order
	23	Received a cheque, \$384, from a credit customer, Esme, in full settlement of an invoice for \$400
	27	Paid \$323 by cheque to Alexander, having deducted \$17 cash discount
	28	Purchased goods, \$235, on credit from Alexander

**REQUIRED**

- (a) Complete Omer's cash book on the page opposite.  
Balance the cash book and bring down the balances on 1 May 2023.

Omer

[illegible]

[11]

- (b)** Prepare the account for Alexander for April 2023. Balance the account and bring down the balance at 1 May 2023.

Omer  
Alexander account

[illegible]

[4]

Omer buys all his supplies from Alexander who does not allow Omer any trade discount. Omer is now considering also purchasing supplies from Tahir who would offer him 3% trade discount but no cash discount.

## REQUIRED

- (c) Advise Omer whether he should choose:  
Option 1 – purchase supplies from Alexander only, or  
Option 2 – purchase supplies from both Alexander and Tahir  
Justify your answer by providing **three** advantages and **one** disadvantage of the option you have chosen.

..... [5]

[5]

**[Total: 20]**

Question	Answer										Marks
1(a)	Omer Cash Book										11
	Date	Details	Disc.	Cash	Bank	Date	Details	Disc.	Cash	Bank	
	2023		\$	\$	\$	2023		\$	\$	\$	
	Apr 1	Balance b/d		120		Apr 1	Balance b/d			477	
	3	Capital (1)			1 000	7	Alexander (1)			360	
	10	Sales (1)			695	15	Motor expenses (1)		68		
	23	Esme (1)	16		384	16	Rent payable (1)			400	
						27	Alexander (1)	17		323	
						30	Balance c/d		52	519	
			16*	120	2079			17 (1)*	120	2079	
May 1	Balance b/d		52	519							
			(1)OF	(1)OF							
*both discount totals +(1) dates											

Question	Answer	Marks																																										
1(b)	<div>Omer Alexander account</div> <table><thead><tr><th>Date 2023</th><th>Details</th><th>\$</th><th>Date 2023</th><th>Details</th><th>\$</th></tr></thead><tbody><tr><td>Apr 7</td><td>Bank (1)</td><td>360</td><td>Apr 1</td><td>Balance b/d</td><td>360</td></tr><tr><td>27</td><td>Bank }</td><td>323</td><td>12</td><td>Purchases }</td><td>340</td></tr><tr><td></td><td>Discount received } (1)</td><td>17</td><td>28</td><td>Purchases } (1)</td><td>235</td></tr><tr><td>30</td><td>Balance c/d</td><td>235</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>935</td><td></td><td></td><td>935</td></tr><tr><td></td><td></td><td></td><td>May 1</td><td>Balance b/d (1)OF</td><td>235</td></tr></tbody></table>	Date 2023	Details	\$	Date 2023	Details	\$	Apr 7	Bank (1)	360	Apr 1	Balance b/d	360	27	Bank }	323	12	Purchases }	340		Discount received } (1)	17	28	Purchases } (1)	235	30	Balance c/d	235						935			935				May 1	Balance b/d (1)OF	235	4
Date 2023	Details	\$	Date 2023	Details	\$																																							
Apr 7	Bank (1)	360	Apr 1	Balance b/d	360																																							
27	Bank }	323	12	Purchases }	340																																							
	Discount received } (1)	17	28	Purchases } (1)	235																																							
30	Balance c/d	235																																										
		935			935																																							
			May 1	Balance b/d (1)OF	235																																							
1(c)	<p><b><u>Option 1 – buy from Alexander only</u></b></p> <p><b>Advantages</b> A offers cash discount but T does not (1) A offers 5% cash discount (1) A’s cash discount is a higher % than T’s trade discount (1) Maintain good relationship with A (1) Familiar with A’s quality/reliability (1) (Max 3)</p> <p><b>Disadvantages</b> T offers trade discount but A does not (1) May lose cash discount by not paying on time (1) Depending on one supplier only (1) A has no incentive to offer more competitive terms (1) (Max 1)</p> <p><b>Accept other valid points</b></p>	5																																										

Question	Answer	Marks
	<p><b><u>Option 2 – buy from both Alexander and Tahir</u></b></p> <p><b>Advantages</b>  T offers trade discount but A does not (1)  Trade discount is deducted from invoice and does not depend on when payment is made (1)  Cost of buying goods from T is reduced (1)  Not dependent on one supplier (1)  A may offer more competitive terms to compete with other supplier (1)  <b>(Max 3)</b></p> <p><b>Disadvantages</b>  A offers cash discount but T does not (1)  T's trade discount is a lower % than A's cash discount (1)  May damage relationship with A (1)  Not familiar with T's quality/reliability (1)  <b>(Max 1)</b></p> <p><b>Accept other valid points</b></p> <p><b>Recommendation (1)</b></p>	