

- 1 Shvan maintains a petty cash book using the imprest system. The imprest amount, which is \$200, is restored every Wednesday.

All payments of less than \$75 are made from petty cash. All cash receipts of less than \$75 are paid into petty cash.

On 1 March 2023 Shvan had \$61 in his petty cash box. He provided the following information for the first week in March 2023.

March	1	Restored petty cash imprest from the business bank account
	2	Paid \$55 to Giles, a trade payable
	3	Paid taxi fare, \$21
	6	Paid \$18 for notepads and pens
	6	Received cash, \$25, from Mitchell, a trade receivable
	7	Paid \$30 for office cleaning

#### REQUIRED

- (a) Prepare Shvan's petty cash book for the first week of March 2023, on the page opposite. Balance the petty cash book at 7 March 2023 and bring down the balance at 8 March 2023.

Shvan  
Petty Cash Book

<i>Total received \$</i>	<i>Date</i>	<i>Details</i>	<i>Total paid \$</i>	<i>Office expenses \$</i>	<i>Travel \$</i>	<i>Ledger accounts \$</i>
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[10]

Shvan makes payments to Giles from his bank account as well as by cash. He provided the following information.

- March 1 Owed Giles, \$165, from February
- 13 Paid Giles the amount outstanding on his account, by cheque
- 22 Purchased goods on credit from Giles, list price \$150, subject to a trade discount of 4%

- (b) Prepare the account for Giles as it would appear in the books of Shvan. Balance the account at 31 March 2023 and bring down the balance at 1 April 2023.

Shvan  
Giles account

Date	Details	\$	Date	Details	\$
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[4]

Shvan is considering whether to stop keeping cash at his business premises. He would require all customers to transfer payment directly into his bank account and he would make all business payments from his bank account.

**REQUIRED**

- (c) (i) State **one** way Shvan could pay his suppliers, from his bank account, other than by cheque.

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..... [1]

- (ii) Advise Shvan whether he should stop using cash. Justify your answer by providing **two** advantages and **two** disadvantages of stopping using cash.

..... [5]

[Total: 20]

Question	Answer							Marks	
1(a)	Shvan Petty Cash Book							10	
	Total received \$	Date	Details		Total paid \$	Office expenses \$	Travel \$		Ledger accounts \$
	61 139    25	2023							
		Mar 1	Balance b/d	(1)					
			Bank	(1)					
			2	Giles	(1)	55			55
			3	Taxi fare	(1)	21			21
			6	Notepads and pens	(1)	18	18		
			6	Mitchell	(1)				
			7	Office cleaning	(1)	30	30		
			(1)OF	124	48	21	55		
				101					
	225	7	Balance c/d		225				
101	Mar 8	Balance b/d	(1)OF						
+ (1) dates									

Question	Answer	Marks																																										
1(b)	<div>Shvan Giles account</div> <table><tr><th>Date</th><th>Details</th><th>\$</th><th>Date</th><th>Details</th><th>\$</th></tr><tr><td>2023</td><td></td><td></td><td>2023</td><td></td><td></td></tr><tr><td>Mar 2</td><td>Petty cash (1)</td><td>55</td><td>Mar 1</td><td>Balance b/d</td><td>165</td></tr><tr><td>13</td><td>Bank (1)</td><td>110</td><td>22</td><td>Purchases (1)</td><td>144</td></tr><tr><td>31</td><td>Balance c/d</td><td>144</td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>309</td><td></td><td></td><td>309</td></tr><tr><td></td><td></td><td></td><td>Apr 1</td><td>Balance b/d (1)OF</td><td>144</td></tr></table>	Date	Details	\$	Date	Details	\$	2023			2023			Mar 2	Petty cash (1)	55	Mar 1	Balance b/d	165	13	Bank (1)	110	22	Purchases (1)	144	31	Balance c/d	144						309			309				Apr 1	Balance b/d (1)OF	144	4
Date	Details	\$	Date	Details	\$																																							
2023			2023																																									
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31	Balance c/d	144																																										
		309			309																																							
			Apr 1	Balance b/d (1)OF	144																																							
1(c)(i)	Direct debit (1) Internet transfer (1) Telephone transfer (1) Credit transfer (1) Debit/credit card (1) Max (1)	1																																										

Question	Answer	Marks
1(c)(ii)	<p><b>Advantages of stopping using cash</b>            Safer – no cash on premises/no transporting cash to/from bank (1)            May reduce fraud (1)            A petty cash book would not be required (1)            Time saving - no cash-handling or journeys to/from bank/ need to be physically present to exchange cash (1)            Bank transactions can be quicker (1)  <b>Accept other valid points</b>  <b>Max (2)</b></p> <p><b>Disadvantages of stopping using cash</b>            Some customers/suppliers/service providers may prefer to use cash (1)            May take longer to receive funds via the banking system/ <b>OR</b> using cash may be quicker (1)            It may be useful to keep some cash on the premises for emergency use/small expenses (1)            May incur extra bank charges (1)            Bank reconciliation may take longer/is more complex (1)  <b>Accept other valid points</b>  <b>Max (2)</b></p> <p><b>(1) for recommendation</b></p>	<b>5</b>
		<b>3</b>