



- 1 Kadima is a trader. He sells on credit only. During March 2025, the following transactions took place.

- March 4 Paid Lee, \$196, by bank transfer in full settlement of an invoice for \$200
- 6 Received payment by cheque, \$291, from Sophiah who had deducted 3% cash discount
- 14 Paid motor expenses, \$26, by cash
- 19 Received payment by bank transfer, \$375, from Merve, a customer
- 22 Paid Mark, \$240, by online transfer, having deducted 4% cash discount
- 28 Withdrew \$400 cash from the bank for business use
- 29 Paid wages, \$362, in cash
- 30 Paid motor expenses, \$91, by cheque

REQUIRED

- (a) Complete Kadima's cash book on **page 3**. Balance the cash book and bring down the balances at 1 April 2025.



Kadima Cash Book

[illegible]



Kadima has received a bank statement dated 31 March 2025. The bank statement shows:

- 1 The cheque for motor expenses had **not** yet been presented to the bank.
- 2 The amount received from Merve was \$357. Kadima has checked his records and found that the amount shown on the bank statement is the correct amount.

REQUIRED

- (b)** Calculate the amount for the bank balance which Kadima would show in his statement of financial position at 31 March 2025.

..... [3]

Kadima is considering stopping using cash and cheques in his business. All payments would be made directly from the bank account and all customers would be required to pay by bank transfer. He would allow cash discount of 5% for all payments received within 30 days of the invoice.

REQUIRED

- (c) Advise Kadima whether or not he should make the above changes. Justify your answer by providing points for and against making these changes.

[5]

[Total: 20]



Question	Answer										Marks
1(a)	Kadima Cash Book										12
	Date	Details	Disc Allowed	Cash	Bank	Date	Details	Disc Rece	Cash	Bank	
	2025		\$	\$	\$	2025		\$	\$	\$	
	Mar 1	Balance b/d		50	840	Mar 4	Lee	4		196	
	6	Sophiah	(1) 9		291	14	Motor expenses	(1)	26		
	19	Merve	(1)		375	22	Mark	(1)	10	240	
	28	Bank*		400		28	Cash	(1)*		400	
						29	Wages	(1)	362		
						30	Motor expenses	(1)		91	
						31	Balance c/d		62	579	
							(1)OF				
							</				

Question	Answer	Marks
1(b)	<div style="text-align: right; margin-right: 20px;">\$</div> <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">Cash book balance</div> <div style="text-align: right;">579 (1)OF</div> </div> <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">Cash book error (357 – 375)</div> <div style="text-align: right;">(18 (1)</div> </div> <div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">Revised cash book balance</div> <div style="text-align: right; border-top: 1px solid black;">561 (1)OF</div> </div>	3
1(c)	<p>For requiring bank transfers and increased cash discount</p> <p>Record keeping would be easier (1)</p> <p>Increase in cash discount may attract more customers / increase sales (1)</p> <p>Most businesses use bank transfers (1)</p> <p>Money is usually safer in the bank, than being held in cash / reduces risk of theft / fraud (1)</p> <p>No need to visit the bank to pay in cheques (1)</p> <p>Cheques may be returned unpaid (1)</p> <p>Cheques take time to clear (1)</p> <p>Accept other valid points</p> <p>Max (3)</p> <p>Against requiring bank transfers and increased cash discount</p> <p>Increased cash discount allowed would reduce profitability (1)</p> <p>Bank charges may increase (1)</p> <p>Some customers/suppliers may prefer to deal in cash/cheques (1)</p> <p>Not all customers may have a bank account (1)</p> <p>Employees may prefer to continue to be paid in cash (1)</p> <p>Accept other valid points</p> <p>Max (3)</p> <p>Overall For and Against: Max (4)</p> <p>Recommendation (1)</p>	5