**2021 Confucian Private Secondary Paper 2 Question 5**

On 1 July 2020, Mr Heng had the following balances on his personal accounts:

|  |  |  |  |
| --- | --- | --- | --- |
| **Accounts Receivables** | **RM** | **Accounts Payable** | **RM** |
| Kenny | 3,750 | Joe | 3,500 |
| Marcus | 700 |  |  |
| Amin | 375 |  |  |

|  |  |  |
| --- | --- | --- |
| Jul | 1 | Received Marcus’s acceptance (Bill 1) for RM 700 at two months. The bill was discounted at his bank and incurred charges of RM 40. |
|  | 4 | Mr. Heng drew a bill of exchange (Bill 2) on Amin for RM 375 at 1 month from sight. |
|  | 5 | Drew a two months bill (Bill 3) for RM 1,750 and a three months bill (Bill 4) for RM 1,900 to Kenny in full settlement of his debts. All the bills were duly accepted by Kenny and received by Mr. Heng. |
|  | 6 | Endorsed and transferred the acceptance (Bill 3) to Joe in part payment of the amount due to him. |
|  | 15 | Paid Joe a cheque of RM 1,200 and accepted a one month bill (Bill A) for the balance. |
| Aug | 7 | Bill 2 was paid on due date. |
|  | 10 | Prior to the due date of Bill A, Mr. Heng desired to retire the bill. Joe agreed and allow a rebate of RM 25. |
| Sep | 4 | Bill 1 was returned by the bank as dishonoured. The bank had paid noting charges RM 55. On the following day, Mr. Heng drew a new bill (Bill 5) on Marcus plus the noting charges for a further period of 1 month. |
|  | 8 | Bill 3 was paid on due date. |
| Oct | 8 | Bill 4 was met on maturity, Bill 5 was returned as dishonoured on due date. |
|  | 12 | Marcus declared bankruptcy, his debt was written off immediately. |

**You are required to:**

1. prepare the General Journal up to 12 October 2020 in the books of Mr Heng.

**[Remarks: 3 days grace period is required and Narration is not required]**

1. list out three advantages or alternatives available to a drawer of a bill of exchange.