

Question 17

Referring to the cheque form below answer the following questions:

- (a) What is a cheque? *A cheque is an order in writing made to the customer's bank to pay a sum of money to the person or business specified as the payee.*
- (b) Name the two parts of the cheque form below. *Cheque Butt and the Cheque Form/Counterfoil*
- (c) Who is the drawee? *Better Business Bank Ltd*
- (d) Who is the drawer? *Madison Office Stationery ABN 99 000 333 555*
- (e) Who is the payee? *Campbell & Sons*
- (f) The OCR numbers at the bottom of the cheque form consist of three groups of identification numbers: the number representing the Better Business Bank, the cheque account number for the business and the actual number of the cheque. Complete the information below.
  - (i) Better Business Bank identification number *178 986*
  - (ii) Business cheque account identification *75 442112*
  - (iii) Cheque identification number *001218*
- (g) What effect does the crossing out of "OR BEARER" have on the cheque? *If the "or bearer" is crossed out, then the cheque must be cashed or paid into a bank account by the payee or endorsed by the payee on the back of the cheque making the cheque payable to a third party.*
- (h) Why is it better for a business to have two signatories rather than one? *It is better to have two signatories because it improves security and reduces fraud. A second person is always counter checking that the payment is for a valid business purpose.*
- (i) What does "Not Negotiable" mean? *This means that the right or title to the cheque is only as good as the right or title to the cheque of the person who gave the cheque. Any defect in their right or title to the cheque will also pass to the payee.*

<p><i>5 September 20</i></p> <p>TO <i>Campbell &amp; Sons</i></p> <p>FOR <i>Tax Invoice No. 147</i></p>	<p><b>BETTER BUSINESS BANK LTD</b></p> <p><b>BRISBANE</b></p> <p>BRANCH</p> <p>ABN 88 205 332 111</p>	Not Negotiable	<p><i>5 September 20</i></p> <p>PAY <i>Campbell &amp; Sons</i> OR BEARER</p> <p>THE SUM OF <i>One hundred and thirty three</i></p> <p style="text-align: center;"><i>dollars and eighty-five cents only</i></p> <p style="text-align: right; border: 1px solid black; padding: 2px;"><b>\$133.85</b></p> <p style="text-align: right;"><i>John Ballinger</i></p> <p>Madison Office Stationery ABN 99 000 333 555</p>															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">BROUGHT FORWARD</td> <td style="width: 15%; text-align: right;">\$4220</td> <td style="width: 15%; text-align: right;">00</td> </tr> <tr> <td>DEPOSITED SINCE</td> <td style="text-align: right;">1240</td> <td style="text-align: right;">30</td> </tr> <tr> <td>BALANCE</td> <td style="text-align: right;">5460</td> <td style="text-align: right;">30</td> </tr> <tr> <td>THIS CHEQUE</td> <td style="text-align: right;">133</td> <td style="text-align: right;">85</td> </tr> <tr> <td>BALANCE</td> <td style="text-align: right;">5326</td> <td style="text-align: right;">45</td> </tr> </table>	BROUGHT FORWARD	\$4220	00	DEPOSITED SINCE	1240	30	BALANCE	5460	30	THIS CHEQUE	133	85	BALANCE	5326	45	<p>NO. 001218 178.986 75.442112</p>	<p>NO. 001218 178.986 75.442112</p>	<p>NO. 001218 178.986 75.442112</p>
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