



# TECHNICAL UNIVERSITY OF MOMBASA

## SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

### SOCIAL SCIENCES

#### UNIVERSITY EXAMINATION FOR:

#### CERTIFICATE IN COMMUNITY DEVELOPMENT AD COUNSELING

#### BEN 1101: INTRODUCTION TO MICRO FINANCE

**SERIES: DECEMBER 2016**

**TIME: 2 HOURS**

**DATE: 7 Dec 2016**

#### **Instructions to Candidates**

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

**Do not write on the question paper.**

#### **Section A**

1a) define the following terms as used in book keeping

- i) Transaction
- ii) Balance sheet
- iii) Accounting cycle
- iv) Book keeping
- v) Invoice

(10 marks)

1b) Juma Salim retired from employment on 30 April 2015 and was paid retirement benefits amounting to Sh.216,500. With this money Mr. Salim Started a business in Nairobi on 1 June 2015

His transactions for the month were as follows:

June 1 Started business with Sh. 216,500 in cash

2 Opened a bank account and deposited Sh.168, 000

- 4 Paid by cheque six months' rent in advance Sh.72, 000
- 8 Bought furniture by cheque Sh.24, 000
- 15 Purchased goods for sale Sh.19, 500
- 18 Withdrew Sh.3,500 from the bank for office use
- 21 Sold goods for cash Sh.28, 800
- 23 Deposited into the bank Sh.42, 300
- 25 Purchased goods on credit from J. Barkarey with 2% cash discount for Sh.21, 000
- 26 Sold goods for Sh.36,000 receiving payment by cheque
- 27 Paid J. Barkarey in cash the amount due in full after the discounts
- 27 Sold goods on credit to T.Kings for Sh. 14,300
- 28 Paid wages in cash sh.7,400
- 29 Paid transport in cash Sh.2,400
- 30 Withdrew from the bank for personal use Sh.12,000
- 30 Received Sh. 13800 cash from T.Kings in full settlement of amount due from him.

Required:

- i) A three column cash book to record the above transactions (10 marks)
- ii) Ledger accounts to record the above transactions (10 marks)

## SECTION B

2a) the following information was extracted from the books of Wanyama traders as at 31<sup>st</sup> December 2015

	Kshs
Bank loan	567,000.00
Capital	1,680,000.00
Bank loan interest	1,400.00
Closing stock	87,000.00
Creditors	272,400.00
Debtors	140,000.00
Discount allowed	10,000.00
Electricity	30,000.00
Furniture repairs	20,000.00
Gross profit	642,000.00
Maintenance costs	40,000.00
Motor vehicles	680,000.00
Motor running expenses	20,000.00
Premises	800,000.00
Rent received	200,000.00
Sundry expenses	12,000.00
Plant & machinery	1,000,000.00
Furniture	503,000.00

Prepare

(i) Profit and loss for the year ended 31<sup>st</sup> December 2015

(ii) Balance sheet as at 31<sup>st</sup> December 2015

(10 marks)

2b) Distinguish between SACCOs and MFIs in their operations and highlight any similarities in their goals (10 marks)

3a) The Cooperative movement has been for the last couple of years empowering its members economically through various financial products and rapidly expanding its membership. You are requested to discuss the challenges facing management of SACCOs. (10marks)

b) The following trial balance is prepared after preparation of income statement for F. Green as at 31 March 2016

	Dr sh.	Cr sh.
Premises	30000	
Furniture	15000	
Vehicles	4000	
Inventory	3400	
Bank	2300	
Capital		43500
Loan from ABC bank		10000
Trade receivables and trade payables	2000	2300
Net profit		8500
Drawings	7600	
	64300	64300

Required: prepare balance sheet for F.Green as at 31 March 2015 in both horizontal and vertical style (10marks)

Note: In the absence of information about the date of repayment of a liability, then it may be assumed that loan is a non-current liability and a trade payable is a current liability.

- 4a) i. Discuss the role of SASRA (Regulatory authority) (5 marks)
- ii. Draw the structure of the co-operative movement in Kenya. (5 marks)
- a) Discuss the major challenges in Sacco movement. (10 marks)

5a) Enter the following transactions in a petty cash book , having analysis columns for postage & telegrams, office stationery, travelling expenses and sundry expenses:-

2016

June 1 Received from cashier for petty cash sh.500

June 2 Paid bus fares sh.15, and postage sh20

June 3 Bought office stationery for sh.135

June 5 Paid bus fare sh.25, Telegrams sh.25

June 6 Paid sundry Expenses sh.55

Balance the book as on June 6 and carry down the balance. (10 marks)

5bi) Describe the principles of micro finance institutions (5marks)

ii) Describe the principles of co-operatives (5marks)

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