



Technical University of Mombasa

Faculty of Business & Social Studies

DEPARTMENT OF LIBERAL STUDIES & COMMUNITY DEVELOPMENT

CERTIFICATE IN COMMUNITY DEVELOPMENT AND COUNSELING
(CCDC SEPT. 2012)

BEN 1101: INTRODUCTION TO MICRO FINANCE

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: JUNE 2013

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES:

-Answer questions **ONE (COMPULSORY)** any other **TWO**.
This paper consists of **5** printed pages

SECTION A (COMPULSORY) 30 MARKS

QUESTION ONE

Nyangira traders had the following balances as on 1st January 2011

Capital	sh. 120,000
Cash	sh. 40,000
Land and buildings	sh. 100,000

The following transactions took place during the first two weeks of January:

- January**
- 1: Bought goods on credit sh. 12,000
 - 2: Cash sales sh. 6,000
 - 3: Cash purchases sh. 9,000
 - 4: Paid for carriage inwards in cash sh. 200
 - 6: Returned goods to a creditor sh. 100
 - 7: Cash sales sh. 4,000
 - 8: Paid a creditor in cash sh. 7,000
 - 10: Cash purchases sh. 2,500
 - 12: The owner took cash from the business sh. 300 for personal use.
 - 14: Credit sales sh. 2,400

Required:

- (a) Prepare ledger accounts fully balanced.
- (b) Prepare a Trial Balance as at 31st January 2001 **(20 marks)**
- (c) Errors are miscalculations which affect the accuracy in books of accounts. State and explain any **FIVE** types of errors which do not affect the trial balance. **(10 marks)**

QUESTION TWO

- (a) Pauline a petty cashier of Kamawe Traders operates on a imprest of sh. 5,000 every week. She had a balance of sh. 400 on 30th June 2007. The following payments were made:

- July 2: Travelling sh. 600, postage sh. 200
3: General expenses sh. 150, tea leaves sh. 120
4: Postage sh. 8, travelling sh. 700
5: Momanyi a creditor sh. 900, postage sh. 160
6: Cleaning sh. 200, sugar sh. 170, travelling sh. 500
7: Gacheri, a creditor sh. 180, stationery sh.130

Required:

Prepare a petty cashbook with analytical columns for travelling, postage, general expenses, staff tea, and ledger accounts. **(10 marks)**

- (b) Give explanatory notes on the following accounting concepts citing relevant examples in each case.

- (i) Matching concept
- (ii) Materiality concept
- (iii) Consistency concept
- (iv) Entity concept
- (v) Prudence concept.

(10 marks)

QUESTION THREE

The following Trial balance was extracted from Baraka Traders on 31st August 2010

Details	DR SH	CR SH
Sales		350,000
Purchases	160,000	
Cash at bank	290,000	
Return Inwards	5,000	
Carriages inwards	20,000	
Carriage Outwards	14,000	
Salaries and Wages	10,000	
Debtors	56,000	
Creditors		90,000
Stock	35,000	
Machinery	265,000	
Rent		25,000
Discount received		18,000
Light and heating	12,000	
Buildings	240,000	
Advertising	13,000	
Drawings	30,000	
Capital		667,000
	1,150,000	1,150,000

Stock on 31st August 2010 was valued at sh. 50,000

Required:

- (a) (i) Prepare a Trading, Profit and Loss Account for the year ended 31st August 2010
(ii) Prepare a Balance Sheet as at 31st August 2010. **(14 marks)**
- (b) State SIX reasons you would give to convince Riziki who runs a sole proprietorship business to prepare final account. **(6 marks)**

QUESTION FOUR

Enter the following transactions in:-

- (i) Sales and Purchases journals. (6 marks)
- (ii) Returns daybooks. (4 marks)
- (iii) Ledgers (6 marks)
- (iv) Show transfers to the general ledger. (4 marks)

2010

- Jun 1: Credit purchases to Burton sh. 2,500,000; Mauritius sh. 1,450; Adeno sh. 3,550,000
- e
- 5: Credit sales to David sh. 4,100,00; White sh. 3,400,000, Black sh. 1,900,00
 - 6: Goods returned to Burtons h. 350,000 and Mauritius sh. 500,000
 - 10: Credit purchases to Thomas sh. 1,470,000: Burton sh. 1,000,000; Mauritius sh. 1,900,000
 - 11: Good returned by white sh. 250,000; Black sh. 300,000
 - 12: Credit purchases to Thomas sh. 1,860,000; Burton sh. 2,500,000; Mauritius sh. 500,000
 - 15: Credit sales to White sh. 1,500,000; David sh. 2,200,000
 - 18: Goods returned to Thomas sh. 200,000, Mauritius sh. 100,000
 - 25: Goods returned by white sh. 180,000

QUESTION FIVE

The following are extracts from the cashbook and the bank statement of Alex. You are required to:-

- (a) Write the cashbook up to date and state the new balance as on 31st December 2002 (7 marks)
- (b) Draw up a bank reconciliation statement as on 31st December 2002. (7 marks)

<u>CASHBOOK</u>							
<u>2002</u>			<u>2002</u>			£	
Dec	1	Balance b/d	1,740	Dec	8	Dailey	348
	7	J. Map	88		15	R. Mason	33
	2	J. Cream	73		28	G. Small	115
	2						
	3	K. Wood	249				
	1						
	3	M. Bawet	178		31	Balance c/d	1,831
	1						
			<u>2,328</u>				<u>2,328</u>

<u>BANK STATEMENT</u>					
<u>2002</u>			Dr (£)	Cr (£)	Balances (£)
Dec	1	Balance b/d			1,740
	7	Cheque		88	1,828
	11	A. Dailey	349		1,479
	20	R. Mason	33		1,446
	22	Cheque		73	1,519
	31	Credit transfer: J. Walters		54	1,573
	31	Bank charges	22		1,551

- (c) State and explain reasons why a bank reconciliation statement is to be prepared. (6 marks)