



# Technical University of Mombasa

*Faculty of Business & Social Studies*

**DEPARTMENT OF LIBERAL STUDIES & COMMUNITY  
DEVELOPMENT  
(UKUNDA CAMPUS)**

CERTIFICATE IN COMMUNITY DEVELOPMENT AND COUNSELING  
(CCDC JAN 13)

**BEN 1101 : INTRODUCTION TO MICRO FINANCE**

END OF SEMESTER EXAMINATIONS  
**SERIES: AUGUST 2013**  
**TIME: 2 HOURS**

**INSTRUCTIONS TO CANDIDATES:**

-Mobile phones **MUST** be switched off

-Section **A** is **COMPULSORY**.

Answer any **TWO** questions in section **B**

-This paper consists of 6 **printed** pages

## SECTION A : COMPULSORY

### QUESTION ONE

- a) Enter the following transactions of Ebenezer shop in the accounts and extract a Trial Balance as at 31 March 2010

2010

- March 1: Started in business with sh. 8,000 in the bank  
2: Bought goods on credit from the following persons:  
L. Frank £550, Brian £290, Lee £610  
5: Cash sales £510  
6: Paid wages in cash £110  
7: Sold goods on credit to: Snow £295, Park £360, Tyler £640  
9: Bought goods for cash £120  
10: Bought goods on credit to Park £610; Tyler £205  
12: Paid wages in cash £110  
13: Sold; goods on credit to: Park £610, Tyler £205  
15: Bought shop fixtures on credit from Stop Ltd £740  
17; Paid R. Brian by cheque £700  
18: We returned goods to Lee £83  
21: Paid Stop Ltd a cheque for £ 740  
24: Tyler paid us his account by cheque £845  
27: We returned goods to Frank £18  
30: Prince lent us £ 1,000 by cash  
31 Bought a van paying by cheque £6,250 (20 marks)

- b) Write brief notes on the following:

- (i) Matching concept  
(ii) Money measurement concept  
(iii) Consistency  
(iv) Prudence  
(v) Duality concept (10 marks)

## SECTION B: Answer any TWO questions

### QUESTION TWO

The following is the trial balance of Aurelia as at 31 March 2009.

	<b>Dr</b>	<b>Cr</b>
	<b>SH</b>	<b>SH</b>
Inventory: April 2008	52,800	
Sales		276,400
Purchases	141,300	
Carriage Inwards	1,350	
Carriage Outwards	5,840	
Returns Outwards		2,408
Wages & Salaries	63,400	
Business rates	3,800	
Communication expenses	714	
Commissions paid	1,930	
Insurance	1,830	
Buildings	125,000	
Sundry Expenses	280	
Accounts receivable	45,900	
Accounts payable		24,870
Fixtures	1,106	
Cash at bank	31,420	
Cash in hand	276	
Drawings	37,320	
Capital		<u>210,516</u>
	<u>514,194</u>	<u>514,194</u>

**N.B:** Inventory as at 31 March 2009 was sh. 58,440

#### Required:

- a) Prepare a Trading, Profit and loss a/c for the year ended 31 March 2009 and a Balance Sheet as at that date. (15 marks)
  
- b) Give **FIVE** reasons as to why Aurelia a sole trader should prepare financial statements. (5 marks)

### QUESTION THREE

The bank columns in the cashbook for June 2007 and the bank statement for that month for Neema are as follows:

<b>CASHBOOK</b>							
<u>2007</u>			<u>SH</u>	<u>2007</u>		<u>SH</u>	
June	1:	Balance b/d	14,100	June	5:	Hope	1,800
	7:	Mark	620		12:	Reuben	5,190
					:		
	15:	Wilson	750		16:	Silver	410
	:				:		
	28:	Steve	2,240		29:	Sisko	220
	:				:		
	30:	Banda	<u>5,820</u>		30:	Balance c/d	<u>15,910</u>
	:				:		
			<u>23,530</u>				<u>23,530</u>

<b>BANK STATEMENT</b>					
<u>2007</u>			DR	CR	Balance
			<u>SH</u>	<u>SH</u>	<u>SH</u>
June	1:	Balance b/d			14,100
	7:	Cheque		620	14,720
	8:	Hope	1,800		12,920
	16:	Cheque		750	13,670
	17:	Reuben	5,190		8,480
	18:	Silver	410		8,070
	28:	Cheque		2,240	10,310
	29:	SLM standing order	520		9,790
	30:	Flynn: Trader's credit		640	10,430
	30:	Bank charges	430		10,000

#### Required:

- a) Write the Cashbook up to date. (6 marks)
- b) Draw up a Bank reconciliation statement as on 30 June 2007 (8 marks)
- c) Define the term Bank reconciliation statement and give **FOUR** reasons for its preparation. (6 marks)

#### QUESTION FOUR

- a) (i) Why do some businesses keep a petty cashbook as well as a cashbook? **(3 marks)**  
(ii) Give a brief description on the imprest system using an illustration. **(5 marks)**

- b) The following is a summary of the petty cash transactions of Joy Ltd for May 2008

		<b>SH</b>
May	1: Received from cashier sh. 3,000 as petty cashfloat	
	2: Postage	180
	3: Travelling	120
	4: Cleaning	150
	7: Petrol for delivery van	220
	8: Travelling	250
	9: Stationery	170
	11: Cleaning	180
	14: Postage	50
	15: Travelling	80
	18: Stationery	90
	18: Cleaning	230
	20: Postage	130
	24: Delivery Van, 5,000 mile service	430
	26: Petrol	180
	27: Cleaning	210
	29: Postage	50
	30: Petrol	140

You are required to prepare a petty cashbook with analysis columns for expenditure on cleaning, motor expenses, postage, stationery, travelling. **(12 marks)**

## QUESTION FIVE

- a) A three-Column Cashbook for Wem Wholesalers is to be written up from the following details, balanced off and the relevant discount accounts in the general ledger shown

2008

- March 1: Balances brought forward: Cash £620; Bank £7,142  
2: The following paid their accounts by cheque, in each case deducting 5% cash discounts: Slick £260; Fish £320, Umi £420  
4: Paid rent by cheque £430  
6: Black lent us £5,000 paying by cheque  
8: We paid the following accounts by cheque in each case deducting a  $2\frac{1}{2}$  % cash discount: White £720, Green £960, Flip £1,600  
10: Paid motor expenses in cash £81  
12: Pie pays his account of £90, by Cheque £88, deducting £2, cash discount  
15: Paid wages in cash £81  
18: The following paid their, accounts by cheque, in each case deducting 5% cash discount. Bonny £540, Linet £700, Owen £520  
21: Cash withdrawn from the bank £400 for business use  
24: Cash drawings £200  
25: Paid Peter his account his account of £160, by cash £155, having deducted £5 discount  
29: Bought fixtures paying by cheque £720  
31: Received commission by cheque £120

(15 marks)

- b) Describe **FIVE** errors not affecting the Trial Balance.

(5 marks)