



# Technical University of Mombasa

*Faculty of Business & Social Studies*

## **DEPARTMENT OF LIBERAL STUDIES & COMMUNITY DEVELOPMENT**

CERTIFICATE IN COMMUNITY DEVELOPMENT AND COUNSELING  
(CCDC JAN 13)

**BEN 1101 : INTRODUCTION TO MICRO FINANCE**

SPECIAL/SUPPLEMENTARY EXAMINATIONS

**SERIES:** OCTOBER, 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 information relating to Lucy Retailers into the ledgers and extract a trial balance.

2010

- March 1: Started in business with £. 8,00 and £ 2,200 in the bank.  
2: Bought goods on credit from the following persons:  
Word £ 610, Green £ 214, Taylor £ 174, Gemmini £ 345, Tonny £ 542  
4: Sold goods on credit to: Sharp £340; Boy £ 720, Titmus £ 1,152  
6: Paid rent by cash sh 180  
9: Sharpe paid us his account by cheque £ 340  
10: Titmus paid us £ 1,000 by cheque  
12: We paid the following by cheque; Taylor £ 174, Ward £610  
15: Paid carriage by cash £ 38  
18: Bought goods on credit from Green £ 291; Gemmini £ 940  
21: Sold goods on credit to Boy £ 810  
31: Paid rent by cheque £ 230

**(20 marks)**

- b) Discuss any **FIVE** accounting policies applied by accountants in preparation and presentation of information.

**(10 marks)**

## SECTION B: Answer any **TWO** questions

## QUESTION TWO

From the following Trial balance of Junior Enterprises you are required to draw up an Income Statement for the year ended 30 June 2008 and a Balance Sheet as at that date.

	<b>Dr SH</b>	<b>Cr SH</b>
Sales		265,900
Purchases	154,870	
Rent	4,200	
Lighting & Heating Expenses	530	
Salaries & wages	51,400	
Insurance	2,100	
Buildings	85,000	
Fixtures	1,100	
Sundry Expenses	412	
Accounts Payable		15,910
Accounts receivable	31,300	
Cash at Bank	14,590	
Drawings	30,000	
Vans	16,400	
Motor running expenses	4,110	
Capital		<u>114,202</u>
	<u>396,012</u>	<u>396,012</u>

Inventory at 30 June 2008 was £ 16,280

**(14 marks)**

a) Outline the importance of book-keeping.

**(6 marks)**

### QUESTION THREE

- (a) Rule up a petty cashbook with analysis columns for office expenses, motor expenses, cleaning expenses and cash labour. The cash float is sh. 6,000 and the amount spent is re-imbursed on 30 June.

<u>2012</u>		<u>SH</u>
June	1: Ben-casual labour	180
	2: Letter headings	410
	2: Abel Motors-Motor repairs	670
	3: Cleaning materials	40
	6: Envelopes	110
	8: Petrol	220
	11: Lionell-Casual labour	160
	12: Paper clips	80
	12: Anderson –cleaner	50
	14: Petrol	190
	16: Adhesive tape	20
	21: Motor taxation	950
	21: Petrol	250
	22: Lucky-casual labour	190
	23: Anderson-cleaner	140
	24: Randy-casual labour	270
	25: Copy paper	80
	26: Lively cars- Motor repairs	830
	29: Petrol	240
	30: Fred-casual labour	210

(15 marks)

- (b) Discuss the role of the imprest system to an organization

(5 marks)

## QUESTION FOUR

**2011**

(a) \_\_\_\_\_ May 1:

Balance brought down from April	<b>SH</b>
Cash balance	290
Bank Balance	6,540
Accounts Receivable accounts:	
King	1,200
Campbell	2,800
Shan	400
Accounts Payable account:	
Barrow	600
Allen	4,400
Long	1,000

2: King pays us by cheque, deducting 2½% cash discount  
8: We pay long his account by cheque, deducting 5% cash discount  
11: We withdrew sh. 1,000 from bank for business use  
16: Campbell pays us his account by cheque, deducting 2½% discount  
25: We paid of expenses in cash, sh. 920  
28: Shan pays us in cash after deducting 5% cash discount  
29: We pay Barrow by cheque less 5% cash discount  
:30 We pay Allen by cheque less 2½% cash discount.

### Required:

From the above information, prepare a three-column cashbook

**(15 marks)**

(b) Write short notes on the following:

- (i) Sales invoice
- (ii) Purchases invoice
- (iii) Debit not
- (iv) Delivery not
- (v) Credit not

**(5 marks)**

**QUESTION FIVE**

**CAHBOOK**

<u>2005</u>		<b>PR</b>	<b>£</b>	<b>2002</b>		<b>CR</b>	<b>£</b>
Dec	1:	Balance b/d	1740	Dec	8:	Dennis	349
	7:	Martin	88		15:	Jason	33
	22:	Chris	73		28;	Shawn	115
	31	Willian	249				
	31	Ben	178		31	Balance c/d	1,831
			<u>2,328</u>				<u>2,328</u>

**BANK STATEMENT**

<u>2005</u>			DR	CR	BALANCE
			£	£	£
Dec	1:	Balance			1740
	7:	Cheque		88	1820
	11:	Dennis	349		1479
	20:	Jason	33		1479
	22:	Cheque		73	1519
	31:	Credit transfer: Walter		54	1573
	31:	Bank charges	22	2	1551

The above information relates to the cashbook and bank statement of Junior.

**Required:**

- (i) Prepare an updated cashbook balance as on 31December 2005
- (ii) Draw up a Bank reconciliation statement as on that date. **(14 marks)**
- (iii) Discuss the importance of a Bank reconciliation statement to an organization **(6 marks)**