

MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**FIRST YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS & ECONOMICS**

**CERTIFICATE IN BUSINESS MANAGEMENT**

**COURSE CODE: CBM 05**

**COURSE TITLE: BOOK KEEPING & ACCOUNTING**

**DATE: 24TH APRIL 2017 TIME: 8.30AM-10.30AM**

**INSTRUCTIONS TO CANDIDATES**

* ***Answer question ONE (compulsory) and any other THREE questions.***
* ***Question one carries 25 marks***
* ***All other questions carry 15 Marks each***

**QUESTION 1**

1. Define the following terms as used in accounting
2. Sole proprietorship ***(2marks)***
3. Partnership ***(2marks)***
4. Limited Companies  ***(2marks)***
5. Liabilities **(2marks)**
6. Return inwards ***(2marks)***
7. carriage outwards ***( 2marks)***
8. Identify three causes of depreciation ***(3marks)***
9. The following balances are extracted from the books of Smith as at 31st December 1998

Shs

Capital 250,000

Loan from bank 50,000

Creditors 10,000

Office machinery 200,000

Stock of goods 35,000

Debtors 45,000

Cash at Bank 30,000

Required

Prepare Smiths balance sheet as at 31st December 1998 ***(10marks)***

**QUESTION 2**

1. Identify 5 source documents for accounting information ***(5marks)***
2. State 5 users of accounting information ***(5marks)***
3. What is the purpose of bank reconciliation statement ***(5marks)***

**QUESTION 3**

1. There are two main types of control accounts, briefly describe them

***(5marks)***

1. A machine costing Shs 10,000 is purchased. Its expected working life is 10years and at the end of this time, its scrap value will be sh I,000. Calculate the annual depreciated and pass the necessary journals ***(10marks)***

**QUESTION 4**

1. What is the purpose of control accounts  ***(4marks)***
2. From the following information, prepare the creditor’s ledger control account ***(11marks)***

1998 Shs.

Jan 1 Purchases Ledger balances b/f 11,500

Totals for the year 1998

Purchases 23,589

Returns outwards 3,843

Discount received 1,582

Cheques paid to suppliers 20,473

**QUESTION 5**

1. Mr. Kamau has given you the following balances extracted from his books as at 30th September 1989

Sh.

Cash on hand 1,200

Cash in bank 11,000

Stock 1.9.89 21,000

Debtors 8,000

Creditors 10,000

Returns inwards 500

Sales 56,500

Purchases 20,500

Capital 14,900

Salaries 4,000

Water & Electricity 600

Postage 200

Drawings 900

Stock 30.9.89 13,500

Furniture & fittings 7,500

Motor van 35,000

Loan 30,000

Rent received 1,200

Office rent 1,700

From the above balances, prepare his trial balance as at 30.9.89 ***(11marks)***

b) Explain the purpose of bank reconciliation  ***(5marks)***