



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS  
2023/2024 ACADEMIC YEAR  
FIRST YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS  
CERTIFICATE IN BUSINESS MANAGEMENT.**

**COURSE CODE: CBM 005**

**COURSE TITLE: BOOK KEEPING  
&ACCOUNTS**

**DATE: 5/2/2024**

**TIME: 0830-1030 HRS**

---

**INSTRUCTIONS TO CANDIDATE**

Answer Question **ONE** and any other **THREE** questions

## SECTION A (COMPULSORY)

### QUESTION 1.

a) State the importance of book keeping to the business.

**(5 Marks )**

b) You have been provided with the following data

1. Mr. Kamau started a business dealing with watches. He had a capital in cash Ksh. 50,000.
- 2 . July 2 Bought 20 watches for cash Ksh. 20,000.
- 3 . July 3 Bought 10 watches for cash Kshs. 7,500.
- 4 . July 4 Sold 5 watches for cash Kshs. 7,000.
- 5 . July 10 Sold 10 watches to S. Walker Kshs. 10,000 on credit.
- 6 . July 12 Bought 15 watches from A. Smith and Company Kshs. 12,000 on credit.
- 7 . July 25 Paid general expenses in cash Kshs. 2,000.
- 8 . July 28 Sold 17 watches to S. William Kshs. 15,000 on credit.
- 9 . July 31 Paid wages to all employees by cash Kshs. 3,000.
- 10 . July 31 Paid cash to A. Smith and Company Kshs. 12,000.
- 11 . July 31 Received cash from S. Walker Kshs. 10,000

#### **Required**

Enter the following transactions into various ledger accounts and extract a trial balance as at 31 July 2023 **(15marks)**

C) State and explain **FIVE** features of a good accounting system.

**(5Marks)**

## SECTION B

### Question 2.

- a) What is a petty cash book **(1 mark)**
- b) Explain any **FOUR** reasons for preparing a petty cash book in a business **(4 marks)**
- c) Explain the importance of Book keeping in a business **(5 marks)**
- d) Identify and explain any **FIVE** users of accounting information **(5 Marks)**

### Question 3.

- a) Briefly describe the characteristics of accounting information  
(5 Marks)
- b) Describe five concepts / principles that guide accounting and accounts  
(10 Marks)

### Questions 4.

- a) S. Owero started a business at April 1, 2023 with cash Kshs. 50,000. The following transactions took place during April 2023.
1. April 1 Opened a bank account with KCB, pays Kshs. 45,000.
  2. April 2 Bought goods for cash Kshs. 1,000.
  3. April 3 Bought a motor vehicle and paid by cheque Kshs. 20,000
  4. April 5 Bought goods for Kshs. 5,000 and paid by cheque.
  5. April 7 Sold goods for cash Kshs. 2,000.
  6. April 10 Paid expenses for Kshs. 500 in cash.
  7. April 15 Sold goods and received a cheque Kshs. 3,500.
  8. April 16 Paid cash into bank Kshs. 2,000.
  9. April 17 Bought goods for cash Kshs. 1,500.
  10. April 20 Paid wages to an assistant Kshs. 1,000 in cash.
  11. April 22 Cashed a cheque for office use Kshs. 1,500.
  12. April 30 Paid expenses Kshs. 800 in cash.

### Required

Using the above information, prepare a two-column cash book. (10marks)

- b) Explain FIVE types of journals (5 marks)

### QUESTION FIVE

- a) Describe various errors in accounting that do not affect the balancing of trial balance. (5marks)
- B) Explain FIVE objectives of accounting. (10 marks)

/END/