



**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)**

**UNIVERSITY EXAMINATIONS  
2018/2019 ACADEMIC YEAR**

**FIRST SEMESTER EXAMINATIONS**

**FOR THE DIPLOMA**

**IN**

**SOCIAL WORK**

**COURSE CODE: DSC/DCR 051**

**COURSE TITLE: ENTREPRENEURSHIP, BUSINESS AND BASIC  
ACCOUNTING**

**DATE: 22/5/2019**

**TIME: 9:00-11:00am**

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**INSTRUCTIONS TO CANDIDATES**

**Answer Questions ONE and ANY OTHER TWO.**

**TIME: 2 HOURS**

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

### Question One

- (a) Karemi, after completing his education joined the course of electrician in a Technical College in town near his village. On completion of this course he tried for a government job but could not get the same. He, therefore, decided to work as a helper to a renowned electrician of that area. After working with him for some two years he decided to start his own electrician shop in the village where he purchased equipment and hired a shop managing the business himself.
- (i) Discuss in brief the 7 (seven) benefits the community and country as a whole will enjoy from Karemi's entrepreneur. **[7 Marks]**
  - (ii) Apart from the savings he had accrued, which other 6 (six) sources of Finance will he opt to assist him establish the business? **[3 Marks]**
  - (iii) Which are the major 3 (three) major reasons that prompted and drove Karemi to go out and work on his own rather than being employed? **[3 Marks]**
  - (iv) For Karemi to start the enterprise what areas should he assess before he establishes the kind of business he ventured in? **[4 Marks]**
  - (v) Discuss the (5) five roles played by Karimi's small business in the Development of the society and Kenyan economy. **[5 Marks]**
- (b) In accounting we have the Generally Accepted Accounting Principles. Citing Relevant examples, discuss any 4 (four) Principles stating their importance. **[8 Marks]**

### Question Two

- (a) The following Balances were extracted from the books of Ms. S. Atieno as at 31<sup>st</sup> December 2015.

Capital Kshs.	250,000	Stock of goods Kshs.	35,000
Loan from Bank Kshs.	50,000	Debtors Kshs.	45,000
Creditors Kshs.	10,000	Cash at Bank Kshs.	30,000
Office Machinery Kshs.	200,000		

#### Required

Prepare Ms. S. Atieno's balance sheet as at 31<sup>st</sup> December, 2015 showing

- (i) The Long term liabilities (ii) Current Liabilities (iii) Fixed Assets
  - (iv) Current Assets (v) Net worth **[8 Marks]**
- (b) Using relevant examples differentiate the following terms:
- (i) Fixed Assets and Current Assets
  - (ii) Long term Liabilities and Current Liabilities **[4 Marks]**
- (c) Discuss 4 (four) main functions of Accounting in Business **[4 Marks]**
- (d) Irrespective of the size or industry, successful entrepreneurs often share common characteristics. Discuss in brief any four (4) of them. **[4 Marks]**

### **Question Three**

- (a) An Entrepreneur has principles to observe in order for him/her to be successful. In brief highlight seven (7) principles citing relevant examples of each. **[7 Marks]**
- (b) Identify skills that businessmen should nurture in order to improved the day to day running of their business . **[ 5 Marks]**
- (c) Highlight the major steps to be followed when one establishes a small Business in today's world. **[8 Marks]**

### **Question Four**

- (a) Discuss the five (5) importance of keeping a sound and healthy Profit and loss Account in an organization at the end of any accounting period. **[5 Marks]**
- (b) Define the Accounting Cycle highlighting the major steps involved to complete the Accounting Process. **[10 Marks]**
- (c) In the ever changing technological era, when an enterprise practices the correct Accounting Procedures in their daily operations they have an added advantage over their competitors. Discuss. **[5 Marks]**

### **Question Five**

- (a) Differentiate between the following terms:
- (i) An Active Partner and Innovative Entrepreneur **[3 Marks]**
  - (ii) Book Keeping and Accounting **[3 Marks]**
  - (iii) Cash Transactions and Credit Transactions **[3 Marks]**
  - (iv) Good will and Trade Mark **[3 Marks]**
  - (v) Sole Proprietor and Partnership **[3 Marks]**
- (b) In your own view expand why it is important for a successful entrepreneur to have Communication skills, Marketing skills and Leadership skills in order to remain competent. **[5 Marks]**