

**W1-2-60-1-6**

## JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

**UNIVERSITY EXAMINATIONS 2018/2019**

**THIRD YEATR,SEMESTER 2 EXAMINATIONS FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRI-BUSINESS MANAGEMENT & ENTERPRISE DEVELOPMENT**

**AME 2302: SMALL BUSINESS ENTERPRISE**

**DATE: APRIL 2019 TIME: 2 HOURS**

**INSTRUCTIONS: ANSWER ALL QUESTIONS IN SECTION ONE (COMPULSORY) AND ANY OTHER TWO IN SECTION B**

**SECTION ONE (30 MARKS)**

**QUESTION ONE (15 MARKS)**

a) Explain briefly how the following concepts and principles are applied in business management (7 marks)

i) The meaning and use of accounting in small business (2 marks)

ii) Equality of accounting equation (2 marks)

iii) Double entry system (3 marks)

b) At the end of the month, a statement should be sent to each debtor who owes money on the last day of the month. What sort of things could result in the statement and the accounts held in the books of the debtor showing different balances? (4 marks)

c) Gross profit in the excess of sales revenue over the costs of goods sold? What does this tell you about costs and revenues that are included in the calculation of gross profit? In other words, what do you include in the calculation? (4 marks)

**QUESTION TWO (8 MARKS)**

a) Explain how merchandising accounting differs from general accounting (5 marks)

b) How does use of computerized accounts principles compare to the use of general accounting principle? Explain (3 marks)

**QUESTION THREE (7 MARKS)**

Explain the following:

a) The difference and similarities between partner and single proprietor accounting

(4 marks)

b) The application of effective cash management in sound performance of small business

(3 marks)