



(Knowledge for development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

MAIN EXAMINATION -SCHOOL BASED

FOR THE DEGREE OF BACHELOR OF EDUCATION ARTS

COURSE CODE: ESM 104

COURSE TITLE: QUANTITATIVE SKILLS II

DATE: 18/04/2016

TIME: 3.00-05.00 P.M.

INSTRUCTIONS TO CANDIDATES

Answer question **ONE** and any other **THREE** questions.

This paper consists of 4 printed pages. Please Turn Over.



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- Q1. (a) Highlight any THREE circumstances under which a company may be deregistered from the stock market. (3 marks)
- (b) Outline any FOUR sources of government revenue in Kenya. (4 marks)
- (c) Explain any THREE opportunities for tax evasion in Kenya. (3 marks)
- (d) Explain any FOUR problems associated with program and performance based budgeting system. (4 marks)
- (e) State any FOUR functions of the Nairobi stock market in the growth of Kenyan economy. (4 marks)
- (f) Gross loss doesn't imply net loss to a business. Suggest any THREE circumstances under which gross loss may occur in a business. (3 marks)
- (g) Differentiate between the following:-
- i) Differed annuity and annuity due. (1 mark)
 - ii) Discount and commission. (1 mark)
 - iii) Geometric series and arithmetic series (1 mark)
 - iv) Interest payable and interest receivable (1 mark)

Q2. The following balances were extracted from the books of Bayusuf Traders as at 31st December 2012.

Stock (1/1/2012)	Kshs. 50,000	Land and Buldings	Kshs. 240,000
Debtors	Kshs. 90,000	Purchases	Kshs 280.00
Salaries & Wages	Kshs. 35,000	Furniture & Fittings	Kshs. 25,000
Sales	Kshs. 520,000	Discount Allowed	Kshs. 7,500
Discount received	Kshs. 4,500	Plant and Machinery	Kshs 140,000
Rates	Kshs. 5,600	Advertising	Kshs 10,400
Insurance	Kshs. 3,800	General expenses	Kshs. 7,200
Provision for bad debts	Kshs. 1,800	Creditors	Kshs. 58,000
Cash in hand	Kshs. 2,400	Bank Overdraft	Kshs. 18,600
Drawings	Kshs. 6,000	Capital	Kshs. 300,000

Additional Information

1. Depreciation is provided on straight hire method on plant and machinery at 10% p.a and furniture and fittings at 15% p.a.
 2. Provision for bad debts is to be increased to an amount equal to 40% of debtor.
 3. Prepaid insurance Ksh. 500 and Rates accrued Kshs. 400.
 4. Closing stock was valued and Kshs. 60,000.
 5. During the year the owner of the business took goods worth Kshs. 2000 for personal use.
- (a) Prepare Bayusuf Traders Trading profit and loss account for the year ended 31/12/2012. (8 marks)

- (b) Prepare Bayusuf Traders balance sheet as at 31/12/2012 (5 marks)
(c) Comment on the solvency of the business. (2 marks)

Q3. A firm used five raw materials A, B, C, D, and E in its production process. The table below shows the amount for the number of units and price for each of the raw material in the base and current year respectively.

	Price per unit		Amount for number of units	
	Base Period	Current period	Base period	Current period
A	8	65	200	1950
B	20	30	1400	1050
C	5	20	80	900
D	10	15	360	300
E	27	10	2160	600

Using the data compute.

- a) The fishers ideal index (10 marks)
b) The marshall Edgerworth index (3 marks)
c) Price index using none of the weights (2 marks)
- Q4. The Managing director of a certain company drew the following benefits in the month of March 2012: Basic salary Ksh. 80,000, House allowance of Kshs. 55,000, Medical allowance of Kshs. 15,000, Car allowance of Kshs. 15,000. Entrainment allowance of Ksh;. 10,000 and Responsibility allowance of Kshs. 15,000. During the month the director paid Kshs. 320 to NHIF, 10% of basic salary to a registered pension scheme, 5% of basic salary to the co-operative society as shares and Kshs. 1000 as union dues. In addition, the director received a tax relief of Kshs. 1,162. Using the tax schedule provided, calculate the directors.

Tax Schedule

Monthly Income (Kshs.)	Tax Rate
First Kshs. 10,164	10%
On the next Kshs. 9576	15%
On the next Kshs. 9576	20%
On the next Kshs. 9576	25%
Excess and over Kshs. 38,892	30%

- a) Gross income (2 marks)
- b) Taxable pay (2 marks)
- c) Tax charged (4 marks)
- d) The net income (2 marks)
- e) Highlight any FIVE principles that guide taxation in Kenya. (5 marks)

Q5. Public Finance involves financing of state activities of the government .

- a) State any THREE reasons for the increased government expenditure in Kenya (3 marks)
- b) Suggest any FOUR remedial measures that may help improve the Kenyas budget deficit. (4 marks)
- c) Explain any FOUR principles that guide Kenyas Public expenditure. (4 marks)
- d) Outline any FOUR reasons for budgeting in Kenya. (4 marks)