



*(Knowledge for Development)*

**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**2017/2018 ACADEMIC YEAR**

**FIRST YEAR SECOND SEMESTER**

**MAIN EXAMINATION**

**PART TIME PROGRAM**

**FOR THE DEGREES OF BACHELOR OF EDUCATION (ARTS) AND BACHELOR OF  
EDUCATION (EARLY CHILDHOOD EDUCATION )**

**COURSE CODE:** ESM 104

**COURSE TITLE:** QUANTITATIVE SKILLS II

**DATE:** 4/12/2018

**TIME:** 11.30AM - 1.30PM

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**INSTRUCTIONS TO CANDIDATES**

Answer Question **One** and Any **other Two** (2) Questions

TIME: 2 Hours

This Paper Consists of 4 Printed Pages. Please Turn Over. ►

### QUESTION ONE (30 MARKS)

- (a) Highlight any FOUR circumstances under which a company may be deregistered from the stock market. (4 marks)
- (b) Outline any FOUR internal 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 a country (4 marks)
- (f) 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. (2 mark)
  - ii) Discount and commission. (2 mark)
  - iii) Geometric series and arithmetic series (2 mark)
  - iv) Interest payable and interest receivable (2 mark)

### QUESTION TWO (20 MARKS)

The following was extracted from the books of Jane as at 31<sup>st</sup> December 2009: Sales Kshs. 67,000, Purchases Kshs. 42,600, Lighting & heating expenses Kshs. 1,900, Rent Kshs. 2,400, Wages for Shop Assistant Kshs. 5,200, General expenses Kshs. 700, Carriage outwards Kshs. 1,100, Buildings Kshs. 20,000, Fixtures & Fittings Kshs. 7,500, Debtors Kshs. 12,000, Creditors Kshs. 9,000, Bank Kshs. 1,200, Cash Kshs. 400, Drawings Kshs. 9,000, Capital Kshs. 1,000, Stock (at December 2008) Kshs. 3,000 and Stock (at 31/12/2009) Kshs 5500. Using the above information

- a) Prepare Jane's Trial Balance (2 marks)
- b) State any FOUR errors that may not be disclosed by a trial balance (4 marks)
- c) Prepare Jane's Trading, Profit & Loss Account. (6 marks)
- d) Prepare a Balance Sheet as at the last day of the business. (4 marks)
- e) Comment on the solvency of the business (2marks)

### QUESTION THREE (20 MARKS)

- (a) The following table shows prices and quantities of commodities sold in a market for the years 2015 and 2018.

Commodity	2015		2018	
	Qty (Kg)	Price (Kshs)	Qty (Kg)	Price (Kshs)
Maize	90	3,500	280	13,100
Beans	90	7,200	90	7,500
Potatoes	80	4,800	70	4,500
Tomatoes	55	6,700	60	7,500
Onions	70	10,500	75	11,500

Using 2015 as the base year, calculate:



- i. Lespeyres price index (4marks)
- ii. Paasche's price index (4marks)
- iii. Fisher's ideal index (4marks)
- iv. Price index using none of the weights (2marks)

b) State and explain any THREE classes of accounts for recording transactions (6 marks)

**QUESTION FOUR (20 MARKS)**

An employee in a certain firm drew the following earnings per month: Basic salary Ksh. 240,000/=, House allowance Ksh 140,000/=, Car allowance Ksh 40,000/=, Entertainment allowance Ksh 24,000/=, Responsibility allowance Ksh 30,000/=, Telephone allowance Ksh 12,000/=, In the month, the employee made the following contributions: 6% of basic salary to a registered pension scheme, 10% of basic salary to the bank for a loan he took, 8% of house allowance to NHIF and 80% of car allowance to a motor spares shop for spares he had taken to repair his car. If he is entitled to Ksh 10,500 tax relief. Using the following tax schedule,

**Tax Schedule**

Monthly Income	Tax Rate
First Kshs. 10,164	10%
On the next Kshs. 9,576	15%
On the next Kshs. 9,576	20%
On the next Kshs. 9,576	25%
Excess and over Kshs. 38,892	30%

Calculate:-

- a) His annual gross income. (3mks)
- b) His annual taxable income (3mks)
- c) His monthly income tax (7mks)
- d) Total monthly deductions (5mks)
- e) Monthly net income (2mks)

**QUESTION FIVE (20 MARKS)**

Public Finance involves financing of state activities of the government.

- a) Outline any FOUR functions of the government in Kenya (4 marks)
- b) State any THREE reasons for the increased government expenditure (3marks)
- c) Suggest any FOUR remedial measures that may help improve the Kenyan budget deficit. (4 marks)
- d) Explain any FOUR principles that guide Kenyan Public expenditure (4 marks)
- e) Outline any FIVE reasons for budgeting in Kenya. (5 marks)