(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2016/2017 ACADEMIC YEAR

SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF BACHELOR OF EDUCATION, EDE, BJM

COURSE CODE: ESM 104

COURSE TITLE: QUANTITATIVE SKILLS II

DATE: 27/9/2017   **TIME**: 11.30-1.30 p.m

INSTRUCTIONS TO CANDIDATES

Answer Question One and Any other TWO (2) Questions

TIME: 2 Hours

QUESTION ONE (30 MARKS)

a) Differentiate between the following terms

   i. Share and stock as used in stock exchange (2marks)
  ii. Deficit balance of payments and surplus balance of payments (2 marks)
 iii. Carriage inwards and carriage outwards (2 marks)

b) Moha started a business on 1st April 2017 with sh.40000 cash. The following transactions took place in his business in the month of April 2017;

2nd bought goods worth sh6000 in cash,

5th bought furniture worth 6000 in cash,

10th opened a business bank account by depositing sh11000 from the business cash box.

Draw and record these transactions in ledger accounts. (6marks)

c) Justify with FOUR reasons why every country must have a stock market (4marks)

d) State and briefly describe any FIVE types of taxes (5 marks)

e) Outline any FOUR reasons why it is necessary that an organization prepares a budget regularly (4 marks)

f)

  (i) Calculate the amount of interest on an investment of Kshs 10000 after 3 years, if simple interest is paid at an annual rate of 5%. (2marks)

  (ii) Pearson borrowed sh.25000 to be paid in 1 year at an interest of 16% p.a compounded every 4 months. Determine how much interest he paid on the amount borrowed (3 marks)

QUESTION TWO (20 MARKS)

a) Mrs Aziz receives a monthly salary of 80000, house allowance of 35000, commuter allowance of 15000, car allowance of 18000 and responsibility allowance of 18000. He is entitled to a monthly personal tax relief of sh 1162. He pays the following from his remuneration monthly: sh 320 NHIF, sh6000 insurance, sh 3000 cooperative shares, sh5000 mortgage and sh4000 to Registered Pension Scheme per month. Determine:

   i. Tax liability (7 marks)
  ii. Take home package (3 marks)

TAX SCHEDULE:

Rate (Ksh)	% Tax Rate/Month
1- 10164	10
10165-19740	15
19741-29316	20
29317-38892	25
38892 and above	30

b) Explain any **five** internal sources of government revenue other than taxation (10 marks)

2

QUESTION THREE (20 MARKS)

a) The following information was extracted from Mwashigadi trial balance on 30th April 2017.

Capital Sh58300   Sales Sh200000

Purchases Sh111000   Salaries Sh13300

Rent Income Sh40000   Opening Stock Sh12500

Insurance Sh10500   Telephone Sh9500

Advertising Sh14000   Premises Sh100000

Furniture Sh16000   Debtors Sh33500

Creditors Sh53000   Cash In Hand Sh18400

Cash At Bank Sh12600   Closing Stock Sh8500

REQUIRED

    i.   Trading, profit and loss account for the year ended 30th April 2017   (6 marks)

    ii.   Balance sheet as at 30th April 2017   (5 marks)

b) Use the final accounts prepared in (a)above to compute;
     i.   Average stock   (3 marks)
     ii.   Rate of stock turnover   (3 marks)
     iii.   Current ratio   (3 marks)

QUESTION FOUR (20 MARKS)

a)
    i. A radio/television salesman gets 8 cents in the shilling commission. He sells twenty radios at sh960 each and two television sets at sh17 990 each. How much commission does he get?   (4 marks)
    ii. A bookseller gives colleges a 15% discount on bulk orders. A text book normally costs sh88. Calculate the discount given and how much a college pays for 100 of these books?   (4 marks)

b)
    i.   What is a quoted company?   (2 marks)
    ii.   Quoted companies have several disadvantages. Outline any FIVE   (5 marks)

c) Briefly highlight any FIVE errors disclosed by a trial balance   (5 marks)

QUESTION FIVE (20 MARKS)
a) What is the rationale behind computation of price index numbers?   (2 marks)
b) A firm uses four basic raw materials W, X, Y, and Z in its production process. The table below relate to the amount and price of each of the raw materials in 2015 and 2017

Commodity	Price For The Year 2017	Quantity For The Year 2017	Price For The Year 2015	Quantity For The Year 2015
W	2	8	4	6
X	5	10	6	5
Y	4	14	5	10
Z	2	19	2	13

Using the record in the table above while considering 2015 as the base year compute and comment on;

i.	Laspeyre's index	(5 marks)
ii.	Paasche's index	(3 marks)
iii.	Fisher's ideal index	(3 marks)
iv.	Marshall Edge worth index	(3 marks)

c) A bookseller gives colleges a 15% discount on bulk orders. A text book normally costs sh88. Calculate the discount given and how much a college pays for 100 of these books? (4 marks)