



**KIBABII UNIVERSITY COLLEGE**

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**UNIVERSITY REGULAR EXAMINATIONS**

**2012/ 2013 ACADEMIC YEAR**

**1<sup>st</sup> YEAR SEMESTER TWO**

**FOR THE DEGREE OF BACHELOR OF  
EDUCATION (ARTS)**

**SCHOOL BASED PROGRAMME  
(MAIN EXAM)**

**COURSE CODE:** ESM 104

**COURSE TITLE:** QUANTITATIVE SKILLS 2

**DATE:** 3<sup>rd</sup> September, 2013

**TIME:** 8a.m. – 11a.m.

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**INSTRUCTIONS TO CANDIDATES**

- Question ONE is compulsory
- Answer any other THREE questions

1. (i) Differentiate between current assets and fixed assets. (2mks)
  - (ii) A salesman earns a commission of 10% on any sales over 12,000 shillings. In February she sold goods worth 30,000 shillings. Calculate the amount earned in commission. (3mks)
  - (iii) List any five reasons for governments levying taxes. (5mks)
  - (iv) Differentiate between the Gross National Product and the Gross Domestic Product. (2mks)
  - (v) State any three purposes of business record keeping. (3mks)
  - (vi) Define an index number and state any four applications of index numbers. (5mks)
  - (vii) Explain any five important reasons of budgeting in any institution. (5mks)
2. The table below shows the prices and quantities of selected commodities sold at Kiminini Central Stores in the years 1997 and 1999.

Commodity	1997		1999	
	Prices (Ksh)	Quantity (Bags)	Prices(Ksh)	Quantity (Bags)
Maize	2400	12	2350	25
Wheat	4200	25	4660	18
Beans	4800	10	5320	20

Using 1997 as the base year, calculate and comment on.

- (a) Laspeyre's index. (5mks)
  - (b) Paasche's index. (5mks)
  - (c) Fisher's ideal index. (5mks)
3. An employee draws the following benefits in a month: Basic salary Ksh.s 37,650, House allowance Kshs. 36,600, Subsistence allowance Kshs. 2,900, Car allowance Kshs. 4,400, Responsibility allowance Kshs. 800 and a non contributory medical scheme. In a month the employee contributes 10% of basic salary to a registered pension scheme, Kshs. 320 to NHIF, 15% of basic salary to cooperative society and Ksh. 400 to the union for all employees. The employee is however entitled to a personal relief of Kshs. 1,080 per month. Using the tax schedule provided below.

Monthly Income(Ksh)	Tax rate%
1-10800	10
10801-21600	15
21601-32400	20
32401-54000	25
More than 54000	30

Calculate the employees:-

- (a) Gross income per year. (3mks)
  - (b) Yearly taxable income. (3mks)
  - (c) Monthly tax charged. (6mks)
  - (d) Net monthly income received. (3mks)
4. (a) State and explain any six ways through which governments raise revenue? (12mks)
- (b) Briefly explain any three principles that should govern the government's spending of public revenue. (3mks)
5. State any five circumstances under which a business may experience gross loss? (5mks)
- (b) State and explain any five considerations you would make before embarking on a business Investment. (10mks)