



ALUPE UNIVERSITY
COLLEGE

... Bastion of Knowledge...

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ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS

UNIVERSITY EXAMINATIONS

2020 /2021 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER REGULAR EXAMINATION

**FOR THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT**

COURSE CODE: IRD 104

COURSE TITLE: QUANTITATIVE SKILLS 11

DATE:29/07/21

TIME: 8.00AM-11.00AM

INSTRUCTION TO CANDIDATES

- ***SEE INSIDE***

THIS PAPER CONSIST OF 5 PAGES

PLEASE TURN OVER

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

QUESTION ONE

- a) Discuss the goals of a firm (10 Marks)
- b) The data given below indicates the prices and production of some horticultural products in Central Territory:

Produce	Production (1000 boxes)		Price per box (Shs)	
	1980	1990	1980	1990
Cabbages	486	620	10	15
Tomatoes	220	374	22	31
Onions	470	614	18	20
Spinach	431	557	13	17

Required:

Calculate the increase or decrease in prices from 1980 on the basis of the following indices:

- a) Laspeyres index (5 marks)
- b) Paasche index (5 marks)
- c) Marshall – Hedge worth index (5 marks)
- d) Fisher's index. (5 marks)

QUESTION TWO

A three-column cashbook is to be written up from the following details, balanced off, and the relevant discount accounts in the general ledger shown. (20 Marks)

1998

- Mar 1 Balances brought forward: Cash £1,230; Bank £5,756.
- “ 2 The following paid their accounts by cheque, in each case deducting 5 percent discounts: R Burton £160; E Taylor £240; R Harris £900.
- “ 4 Paid rent by cheque £220.
- “ 6 J Cotton lent us £2,000 paying by cheque.
- “ 8 We paid the following accounts by cheque in each case deducting a 5 per cent cash discount: N Black £360; P Towers £480; C Rowse £300.
- “ 10 Paid motor expenses in cash £44.
- “ 12 H Hankins pays his account of £77, by cheque £74, deducting £3 cash discount.
- “ 15 Paid wages in cash £160.
- “ 18 The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: C Winston £260; R Wilson & Son £340; H Winter £460.
- “ 21 Cash withdrawn from the bank £350 for business use.
- “ 24 Cash Drawings £120.
- “ 25 Paid T Briers his account of £140, by cash £133, having deducted £7 cash discount.
- “ 29 Bought fixtures paying by cheque £650.
- “ 31 Received commission by cheque £88.

QUESTION THREE

- a. Explain the importance of cash budgeting to a business organization (10 marks)
- b. Discuss the phases of the accounting process (10marks)

QUESTION FOUR

The following data was provided by Emakaya Ltd for budgeting purposes:

	Credit Sales	Credit purchases
November	950,000	600,000
December	900,000	550,000
January	850,000	450,000
February	800,000	400,000
March	750,000	500,000

Additional Information

- i) Debtors settle according to the following patterns: 60% within the month of sale and 40% the month thereafter.
- ii) On purchases, past experience shows that 80% are settled in the month of purchase and the balance the month after.
- iii) Wages are sh 100,000 per month and overheads sh 200,000 per month including sh 50,000 depreciation
- iv) Taxation of sh 70,000 has to be settled in February; the company is to receive settlement of an insurance claim of sh 200,000 in March and pay legal costs sh 60,000 same month.
- v) Opening cash balance is sh 400,000 and is to be maintained as minimum cash balance.

Required:

- a) Prepare a receipts schedule for the period January to March (2 marks)
- b) Prepare a purchase schedule for the period January to March (2 marks)
- c) Prepare a cash budget for the period January to March (14 marks)
- d) What advice would you offer on the cash flow position? (2 marks)

QUESTION FIVE

The following information relates to Munene ltd for the year 2003;

March 1 Started business with cash £2,000.

- “ 2 Bought goods on credit from A Cliks £396.
- “ 3 Paid rent by cash £58.
- “ 4 Paid £2,000 of the cash of the firm into a bank account.
- “ 5 Sold goods on credit to J Simpson £54.
- “ 7 Bought stationery £15 paying by cheque.
- “ 11 Cash sales £49.
- “ 14 Goods returned by us to A Cliks £17.
- “ 17 Sold goods on credit to P Lutz £29.
- “ 20 Paid for repairs to the building by cash £18.
- “ 22 J Simpson returned goods to us £14.
- “ 27 Paid ACliks by cheque £279.
- “ 28 Cash purchases £225.
- “ 29 Bought a motor vehicle paying by cheque £495.
- “ 30 Paid motor expenses in cash £15.
- “ 31 Bought fixtures £120 on credit from R west.

Write up the above transactions in the books of Munene ltd and extract a trial balance

(20 marks)