



OFFICE OF THE DEPUTY CHANCELLOR
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER MAIN EXAMINATION
FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: HRD/IRD 104
COURSE TITLE: QUANTITATIVE SKILLS

DATE: 16TH APRIL 2024

TIME: 2.00 P.M TO 5.00 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

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MAIN EXAM

IRD 104: QUANTITATIVE SKILLS

STREAM: MLS

DURATION: 3 Hours

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 (30 MARKS)

- a) Describe **four** uses of the accounting information in making business decisions (8 marks)
- b) Explain **three** different methods used in capital budgeting (6 Marks)
- c) Examine importance of index numbers (4 Marks)
- d) The following information relates proposed Project W of ABC Limited.

Year	0	1	2	3	4	5
Outflow (\$)	40000					
Inflows (\$)		10000	12000	10000	7000	5000

As part of your advice to the company;

- i. Calculate payback period given the following information (6 marks)
- ii. Examine the difference between profitability index and payback period (6 marks)

QUESTION TWO (20 MARKS)

- a) The following prices relate to three commodities namely cheese, eggs and potatoes.

Commodities	1998	1999	2000
Cheese (per 100 gms)	12.00	15.00	15.60
Egg (per piece)	3.00	3.60	3.30
Potato (per kg)	5.00	6.00	5.70
Aggregate	20.00	24.60	24.60
Index	100	123	123

Required:

- i) Calculate the simple aggregative index for the year 1999 over 1998 (5 marks)
- ii) Compute the simple aggregative index for year 2000 over 1998 (5 marks)
- b) Explain the challenges of constructing index numbers (10 marks)

QUESTION THREE (20 MARKS)

- a. Explain importance of capital budgeting (6 marks)
- b. Explain the advantages of using NPV over payback period in prioritizing projects (6 marks)
- c. Describe the steps of using IRR(internal rate of return) in project evaluation (4 marks)

- d. Explain how management of a company would do comparison of various alternative investments (4 marks)

QUESTION FOUR (20 MARKS)

- (a) Given the following fixed deposit rates for XYZ bank, rates per annum given below.

Amount	Rate within 90 days	Rate within 180 days	Rate 365days
100000-500000	8%	8%	8.5%
500001-750000	8.5%	8.5%	9%

Required: Compute the amount payable in 3 months to an investor for fixing Kshs.300,000 (note that the interest rate is given per annum) (6 marks)

- (b) Given data for mean marks for students calculate the mean, mode and median marks

40,40,46,39,41,40,43,39,28,25

(9 marks)

- (c) Explain important factors to consider before taking an investment loan by an individual who wants to grow his incomes. (5 marks)

QUESTION FIVE (20 MARKS)

- (a) Lacey Inc. purchased a tract of land on which a \$60,000 payment will be due each year for the next five years. What is the present value of this stream of cash payments when the discount rate is 12%? (8 Marks)

- (b) Given the following entries for ABC Ltd;

Current Assets For Is 90000

Current Liabilities 30000

Inventory 30000

Account Receivable 45000

Bank 15000

Required: Calculate and explain the importance of the following:

- a) The current ratio

(6 Marks)

- b) Acid test ratio

(6 Marks)