



OFFICE OF THE DEPUTY VICE CHANCELLOR
ACADEMICS, RESEARCH AND STUDENT AFFAIRS

UNIVERSITY EXAMINATIONS

2024 /2025 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER MAIN EXAMINATION

**FOR THE OF BACHELOR OF COMMUNICATION
AND PUBLIC RELATIONS DEGREE**

COURSE CODE: HRD 104

COURSE TITLE: QUNTITATIVE SKILLS II

DATE: 7TH APRIL 2025

TIME: 2 TO 5 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES PLEASE TURN OVER

MAIN EXAM

HRD 104: QUANTITATIVE SKILLS II

STREAM: CPR

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

- a) Elaborate five defensive tactics a target company could use to prevent takeover (5 marks)
- b) Explain the qualities of a good and useful financial information (4 marks)
- c) Differentiate between a petty cashbook and a three-column cashbook (6 marks)
- d) A three-column cashbook is to be written up from Njeri's shop from the following transactions. As the accountant, balance off and the relevant discount accounts in the general ledger (15 marks)

March 1998

- 1 Balances brought forward: cash sh.230 bank sh.4756
- 2 The following paid their accounts by cheque, in each case deducting 5% discounts: Burton sh140, Taylor sh220, Harris sh300
- 4 Paid rent by cheque sh120
- 6 J Cotton lent us sh1000 paying by cheque
- 8 We paid the following accounts by cheque in each case deducting 2.5% cash discount: NBlack sh360, PTowers sh480, CRose sh800
- 10 Paid motor expense in cash sh44
- 12 Hankins pays his account of sh77, by cheque sh74, deducting sh3 cash discount
- 15 Paid wages in cash sh160
- 18 The following paid their accounts by cheque, in each case deducting 5% cash discounts, Winston sh260, Wilson sh340, Winter sh460
- 21 Cash withdrawn from the bank sh350 for business use
- 24 Cash drawings sh120
- 25 Paid T Briers his account of sh140, by cash sh133, having deducted sh7 cash discount
- 29 Bought fixtures paying by cheque sh650
- 31 Received commission by cheque sh88

QUESTION TWO

- a) Define the following accounting concepts and for each explain their implication in the preparation of financial accounts.
 - i. The going concern concept (2mks)
 - ii. Business entity (2mks)
 - iii. Accruals concept (2mks)
 - iv. Prudence Concept (2mks)
 - v. Consistency concept (2mks)
- b) Discuss five agency problems and their solutions that can arise between a shareholder and manager (10mks)

QUESTION THREE

- a. Mr. Omari commenced trading as a wholesaler stationer on 1st may 2000 with a capital of sh.5000 with which he opened a bank account for his business.

During May the following transactions took place.

- May 1 Bought shop fittings and fixtures from store fitments Ltd for sh2,000.00
- May 2 Purchased goods on credit from Abel sh.650.00
- May 4 Sold goods on credit to Bruce sh.700.00
- May 9 Purchased goods on credit from Green sh300.00
- May 11 Sold goods on credit to Hill sh580.00
- May 13 Cash sales paid into bank account sh.200.00
- May 16 Received cheque from Bruce in settlement of his account
- May 17 Purchased goods on credit from Kay sh.800.00
- May 18 Sold goods on credit to Nailor sh.360.00
- May 19 Sent Cheque to Abel in settlement of his account
- May 20 Paid rent by cheque sh.200.00
- May 21 Paid delivery expenses by cheque sh50.00
- May 24 Received from Hill sh200.00 on account
- May 30 Drew cheque for personal expenses sh200.00 and assistant wages sh320.00
- May 31 settled the account of Green.

Required

- i. Record the transactions in the books of prime entry (sales account, purchase account and cash account) and Balance the ledger accounts where necessary. (5mks)
 - ii. Extract a trial balance as at 31 May 2000. (5mks)
- b) Fundamental differences exist between financial accounting and management accounting. Discuss clearly the distinguishing features between the two branches of accounting. (10mks)

QUESTION FOUR

- a) State the benefit of mergers and acquisition (5mks)
- b) The trial balance of Shujaa Ltd as at 31 October 2004 is as follows:

	Sh.'000	Sh.'000
Ordinary shares of Sh.50 each		10,000
10% preference shares of Sh.100 each		9,000
10% debentures		8,000
Land and buildings (net book value)	25,000	
Plant and machinery (net book value)	8,000	
Motor vehicles (net book value)	2,000	
Inventory	6,000	
Accounts receivables and payables	20,000	19,000
Cash at bank	4,100	
Capital redemption reserve		6,000
Share premium		4,000
Retained profits as at (November 2003)		3,000
Debenture interest	400	
Preference dividend	450	
Gross profit		25,000
Other operating income		4,000
Administrative expenses	13,000	
Distribution costs	6,000	

Other operating expenses	1,550	
Interim ordinary dividend paid	2,000	
Corporation tax		500
	<u>88,500</u>	<u>88,500</u>

Additional information:

1. A building whose net book value is currently Sh.5 million is to be revalued to Sh.9 million
2. A final ordinary dividend of Sh.2 million is proposed.
3. The balance on the corporation tax for the current year is estimated at Sh.3 million.

Required:

- (i) Income statement for the year ended 31 October 2004. (8mks)
- (ii) Statement of financial position as at 31 October 2004. (7mks)

QUESTION FIVE

- a. Explain the term "bank reconciliation" and state the reasons for its preparation. (5mks)
- b. A company has the following investment opportunities;

Projects / Cash flows '000	0	1	2	3	4
A	-100	20	40	80	58
B	-150	-50	100	140	74
C	-60	20	40	-	44
D	-100	60	60	-	115
E	-50	20	40	40	62
F	-100	30	30	30	30

The company uses discount rate 10% to appraise projects.

Required;

- i. What is the decision rule under Net Present Value? (2mks)
- ii. Which project should be accepted (13mks)