MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT SCIENCES

FIRST SEMESTER EXAMINATION FOR DIPLOMA IN SUPPLIES & PROCUREMENT MANAGEMENT

DPS 102 PRINCIPLES OF ECONOMICS

Date: 8/8/2016 **Time: 2.00-4.00 PM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

1. a) Define the term demand (2 marks)

   b) Discuss the factors which influence demand (8 marks)

   c) What are the major characteristics of a monopoly (6 marks)

   d) Explain four factors of production (6 marks)

   e) State and explain in brief **EIGHT** internal economies of scale (8 marks)

2. a) Differentiate the concepts shift of a supply curve from movement along the supply Curve (4 marks)

   b) Airtel and Safaricom operate in the communication industry and are said to be in perfect competition. Explain briefly the characteristics of this market structure. (16 marks)

3. a) Give five ways in which monopoly market structures come into existence (10 marks)

   b) State and explain the characteristics of money (10 marks)

4. a) What are the functions of money in any economy (14 marks)

b) Explain briefly two types of equilibrium which may be experienced in any economy by using illustration (6 marks)

5. a) Explain the factors which influence supply (10 marks)

b) Explain five functions of money (10 marks)

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SECOND SEMESTER EXAMINATION FOR DIPLOMA IN ACCOUNTANCY

DACC 204: AUDITING II

Date: 9/8/2016 **Time: 8.30-10.30 AM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

1. a) Explain in brief factors to consider in determining sample sizes in auditing (10 marks)
   b) Differentiate between manual and computerized systems auditing (10 marks)
   c) State and explain FIVE uses of computer audit programs (10 marks)

2. Discuss four types of audit opinions (20 marks)

3. a) What factors should be considered by the auditor when a computer bureau is used by his client (15 marks)
   b) State FIVE advantages of a computer audit program (5 marks)

4. a) State and explain the duties of audit staff in EDP system (10 marks)
   b) Explain the various audit sampling methods (10 marks)

5. a) Explain in brief the various methods of selecting audit samples (15 marks)
   b) State the advantages of audit sampling (5 marks)

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SECOND SEMESTER EXAMINATION FOR DIPLOMA IN ACCOUNTANCY

2804/320: AUDITING

Date: 2/8/2016 **Time: 2.00-4.00 PM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

1. a) Explain in brief seven objectives of investigation (14 marks)
   b) Define (1) errors (2) frauds (2 marks)
   c) Explain in brief six types of errors (6 marks)
   d) State and explain five common types of frauds in a firm (5 marks)
   e) State six advantages of good audit planning (3 marks)

2. a) State the factors to be considered when formulating the audit plan (12 marks)
   b) What is Peer Review in auditing? (3 marks)
   c) State the objectives of Peer Review (7 marks)

3. a) Discuss the objectives of Quality control policies and procedures at the level of audit firms in relation to auditing controlling (14 marks)
   b) What factors should be considered to ensure that Quality control policies and procedures at individual audit is successful (6 marks)

4. a) What is Audit Evidence? (1 mark)

b) Explain in brief FOUR methods used in obtaining audit evidence (12 marks)

c) Explain Seven management Assertions which the auditor will need to substantiate when obtaining audit evidence (7 marks)

5. a) What is Audit Sampling? (1 mark)

b) Why do auditors adopt sampling approach? (12 marks)

c) State seven factors to consider before adopting statistical techniques (7 marks)

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SECOND SEMESTER EXAMINATION FOR DIPLOMA IN ACCOUNTANCY

2904/315: COMPANY LAW

Date: 3/8/2016 **Time: 8.30-10.30 AM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

1. a) What are the powers of a company Managing Director (2 marks)
   b) Citing a case explain the concept of delegation of directors' powers (6 marks)
   c) State the qualifications of the company secretary (7 marks)
   d) Explain the principle of majority rule by use of a Cited case (15 marks)

2. Explain the exceptions of majority rule using Cited cases (20 marks)

3. a) Explain various ways in which a person can be disqualified from being a Company secretary (10 marks)
   b) Discuss the powers of company secretary as per Table A Of the company Act (10 marks)

4. a) Using the case of **Freeman & Lockyer V Buckhurst Park Properties Ltd** as an example of the application of the rule in **Turquands** case explain the rule of Majority Rule (15 marks)
   b) What are the powers of a board of directors (5 marks)

5. a) explain in brief the three types of meetings. (12 marks)
   b) State various disqualifications of being a company director (8 marks)

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SECOND SEMESTER EXAMINATION FOR DIPLOMA IN INFORMATION COMMUNICATION AND TECHNOLOGY.

DIT 111: FINANCIAL ACCOUNTING AND MANAGEMENT

Date: 8/8/2016 **Time: 8.30-10.30 AM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

1. a) Explain four finance functions of financial management (8 marks)
   b) State the features of ordinary share capital as a source of funds in a firm (8 marks)
   c) State five advantages of ordinary shares (5 marks)
   d) ABN Ltd is considering investing in a milling machine which will cost sh. 50,000 with expected life of five years. The expected cash flows for the five years are sh.10,000,sh11600,sh12,400,sh13,000 and shs19,000 respectively.

Required:

Using NPV and a discount rate of 10% advice the firm management.

2. a) State the advantages of ratio analysis to a business. (8 marks)
   b) The management of CISQO IT Consultants intends to invest sh 500,000 in a project with the following cash flows.

Year	cashflows
1.	Sh 200,000
2.	sh 180,000

3. Sh 350,000

4. Sh 600,000

The management has made a decision to invest in projects with payback periods of 4 years. Using payback period method advice the management (6 marks)

c) What are the advantages of payback period method? (6 marks)

3. a) Joram deposited sh 35,000 at the beginning of each year in a bank account paying compound interest of 17.5% per annum. He stopped further deposits after Ten years but the money remained in the account for five more years earning the same rate of interest.

Calculate amount earned for the

i) First 10 years

ii) Entire period of 15 years (10 marks)

b) What are the advantages of bank overdraft as a source of funds? (10 marks)

4. a) Mr.Amunga deposited sh 1,000,000 in a fixed deposit account in bank for a period of 6 years. The bank pays interest rate of 6% per annum. Calculate interest if compounded.

i) Annually (2 marks)

ii) Semi-annually (2 marks)

iii) Quarterly (2 marks)

b) Explain the importance of working capital management in a firm (10 marks)

c) What are the two financial objectives of a firm? (4 marks)

5. a) Discuss SEVEN non- financial objectives of a firm (7 marks)

b) State the disadvantages of a debenture as a source of finance (6 marks)

c) In brief explain various sources of funds for a firm (7 marks)

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SECOND SEMESTER EXAMINATION FOR DIPLOMA IN ACCOUNTANCY

DACC 211: FINANCIAL MANAGEMENT II

Date: 2/8/2016 **Time: 8.30-10.30 AM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

1. a) what is dividend policy (1 mark)
   b) Explain four aspects of dividend policy (8 marks)
   c) State FIVE advantages of a bonus issue (5 marks)
   d) AB LTD had the following capital structure as at 31 Dec 2015

100,000 ordinary shares, sh 1 each	sh 100,000
50,000 8% preference shares, sh 1each	sh 50,000
Sh 150,000	

The market price for ordinary shares as at 31 Dec 2015 was sh 3. Declared dividends was 10%. In the year total earnings were sh 68,000 and tax was 50 %

Calculate

i) Dividend payout ratio (3 marks)
ii) Dividend Yield ratio (3 marks)
e) Explain the factors which may influence a company's capital structure (10 marks)

2. a) Explain in brief three capital structure theories (6 marks)
   b) A firm has an expected annual income of sh 2,000,000 and an equity rate of 10% and sh 10,000,000 6% debenture.
   Establish the value of the firm using Net Income Approach (10 marks)
   c) State the advantages of residual Dividend Theory (4 marks)

3 a) what are the uses of break-even analysis in a business (5 marks)

b) The following information relates to ARC Ltd for the year ended 31st Dec 2015.

Variable Data	Per Pair (sh)
Selling price	30.00
Cost of shoes	19.50
Sales commission	1.50
Total variable cost	21.00
Annual fixed costs	
Rent	60,000
Salaries	200,000
Advertising	80,000
Other fixed expenses	20,000
360,000	

The company sells TEN (10) Different styles of men shoes.

Required

i) What is the annual break-even point in sales (11 marks)

ii) If 35,000 units were sold , what would be the stores operating income/loss (4 marks)

4. a) what are the assumptions of CVP analysis

b) What are the limitations of CVP analysis?

5. a) what are the assumption of EOQ model (3 marks)

b) MUC has an annual demand of 10,000 units of typing papers. The ordering cost per unit is sh. 20 and holding cost is sh. 17 per unit

Determine:

i. EOQ

ii. Total Cost for MUC

iii. No. of orders per year (15 marks)