

MINISTRY OF EDUCATION AND HIGHER EDUCATION

FORM FOUR EXAMS, 2019

# BUSINESS



P/LAND NATIONAL EXAMINATION BOARD

MINISTRY OF EDUCATION AND HIGHER EDUCATION  
PUNTLAND NATIONAL EXAMINATIONS BOARD

Code Number

FORM FOUR EXAMINATION 2019  
TIME 2 HOURS AND 10 MINUTES FOR READING

# BUSINESS

## Instructions to candidates

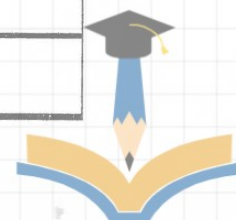
- Answer all the questions
- This paper consists of 11 pages, count it and if any is missing inform your invigilator
- Do not write your **name and roll number** on the exam paper
- Make sure that **student's profile** is attached to the exam paper, if not, inform you invigilator.
- No extra paper is allowed.
- If you make a mistake, **cross out the incorrect** answer and **write your correct answer**.

This exam paper consists of following parts

Parts	Marks
Part one: Multiple Choice	15 marks
Part two: Matching	10 marks
Part three: Structured Questions	75 marks
Total: 100 Marks	

## For the markers only

PARTS	MARKS
Part one	
Part two	
Part three	
TOTAL	%



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**PART ONE: MULTIPLE CHOICE QUESTIONS****(15 MARKS)**

1. The company employees who are responsible overseeing and controlling the entire organization are known as
  - A. Middle level managers
  - B. Top level managers
  - C. First level managers
  - D. Program managers
2. Which of the following is an office accounting machine
  - A. Computer
  - B. Telephone
  - C. Cash accounting machine
  - D. Photo copy
3. A company has total assets of **Sh.so 1200** and the total liability of the company is **60%** of the total assets. What is the capital of the company?
  - A. 480
  - B. 720
  - C. 288
  - D. 240
4. Services are:
  - A. Tangible
  - B. Intangible and invisible
  - C. tangible and visible
  - D. Visible
5. To avoid **double counting** when measuring gross domestic product(**GDP**) we:
  - A. Use price of intermediate products
  - B. Calculate value added at each stage of production
  - C. Use net factor from abroad
  - D. Use expenditure approach
6. Which of the following activities considered as a **business activity**
  - A. Selling of shampoo along road side
  - B. Make your hair beauty
  - C. Playing football with your friend
  - D. Visiting your parents during holidays





7. A situation in which the basic needs of an individual or family exceed the means to satisfy those needs is called
- A. Hungry  
B. Human need  
C. Scarcity  
D. Poverty
8. The business activity that involves obtaining of natural resources from the natural environment is known as
- A. Construction  
B. Trade  
C. Processing  
D. Extraction
9. The unemployment that arises when workers are in-between two different jobs
- A. Structural unemployment  
B. Frictional unemployment  
C. Cyclical unemployment  
D. Hidden unemployment
10. A fall in the price of a commodity causes producers to reduce the quantity of the goods they are willing to produce. This shows
- A. change in supply  
B. change in demand  
C. law of supply  
D. law of demand
11. The following information on the right relates to a particular company. What is the marginal cost of the company when output increases from 15 units to 20 units?

Output (Q)	Total cost (TC)
10	100
15	300
20	400

- A. 20  
B. 40  
C. 30  
D. 15
12. The \_\_\_\_\_ measures the percentage change in the average level of prices between two years.
- A. Consumer price index  
B. Inflation rate  
C. Disinflation  
D. deflation
13. Passing of information through recognized channels such as letters and memos.
- A. Formal communication  
B. Oral communication  
C. Horizontal communication  
D. Vertical communication
14. Someone who takes the financial risk of starting and managing a new venture.
- A. Manager  
B. Founder  
C. Owner  
D. Entrepreneur
15. The property that is insured whose loss, damage or destruction would result financial loss to the insured.
- A. Sum insured  
B. Insurable risks  
C. Matter insured  
D. Insurance cover



**PART TWO: MATCHING****(10MARKS)**

Match the terms in **column A** with their meaning in **column B** using the space provided for answer (10marks)

No.	Column A	Answer	Column B
1.	Demography		a) Buying the rights of another business to distribute its products under its name.
2.	Financial accounting		b) The process of classifying, arranging and storing documents so that they can be easily obtained.
3.	Franchise		c) focuses on producing financial statements for external use
4.	Indemnity		d) Firms that are responsible creating and designing promotional messages
5.	Liquidity		e) Is the item or the economic activity on which the tax is levied
6.	Public debt		f) the study of population
7.	Advertising agencies		g) A rule that requires the insured to be compensated only to the extent of the actual financial loss
8.	Filing		h) Facilities which are used to produce other goods and services to satisfy human wants.
9.	Tax base		i) Refers to how quickly a financial asset can be turned into cash
10.	Economic resource		j) this is the money that the government barrows when public revenue is insufficient to meet all its financial obligations



**PART THREE: STRUCTURED QUESTIONS****(10MARKS)**

1. A company produces **20 units** of a product with a unit variable cost of **Sh.so 12** and a unit selling price of **Sh.so 20**. The company incurs a total fixed cost of **Sh.so 800**.

a) Calculate the total variable cost of the company (1 Mark)

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b) Calculate the breakeven quantity of the company (1 Mark)

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c) Calculate the total cost of the company, when produces 20 units. (1 Marks)

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2. The following data is the gross domestic product and population of a country.

<b>GDP</b>	12,000
<b>Population</b>	2,000

a) Calculate per capita income of the country (1 Mark)

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b) What does the term "**GDP**" stands for (1 Mark)

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c) Identify the formula used to calculate "**GDP**" (1 Mark)

3. The table below shows the consumer price index of a specific country with corresponding years.

<u>Year</u>	<u>CPI</u>
2017	100
2018	118
2019	130

a) Calculate inflation rate between years 2018 and 2019 (2 Marks)

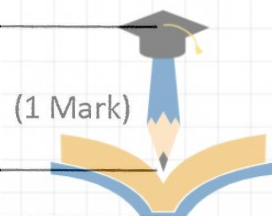
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b) Define deflation

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4. Using the words in the table below, complete the blank spaces. (5 Marks)

Source documents	Tactical plan	Circular flow diagram	Sales promotion	prospectus
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- a) \_\_\_\_\_ Strategies and methods used to encourage customers to buy a product.
- b) \_\_\_\_\_ A document issued by public limited company to invite the public to subscribe shares.
- c) \_\_\_\_\_ Model of the economy that shows how money flows through markets among households and firms.
- d) \_\_\_\_\_ Is detailed plan that translate strategic plans into the strategies, actions and tasks for the short to medium term.
- e) \_\_\_\_\_ Any written or printed evidence of a business transaction that describes the essential facts of that transaction.
5. Given the data in the table below, answer all of the following questions.

Description	amount
Number of Births	120
Number of deaths	90
Total population	6000
Emigrants(out)	38
Immigrants(in)	50

a) Calculate **crude birth rate** (1 Mark)

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b) Calculate **crude death rate** (1 Mark)

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c) Compute **net migration** (1 Mark)

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d) Evaluate **net migration rate** (1 Mark)

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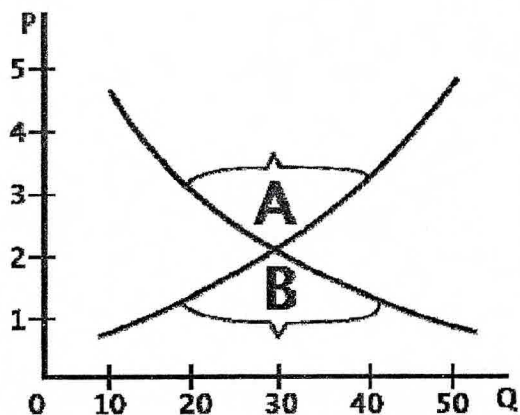
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6. Look at the diagram below and complete the gaps in the box at the right.

(4 Marks)



a) Determine the equilibrium price

\_\_\_\_\_

b) Determine the equilibrium quantity

\_\_\_\_\_

c) What does the region labeled "A" stands for

\_\_\_\_\_

d) What does the region labeled "B" stands for

\_\_\_\_\_

7. Identify three steps of personal selling

(3 Marks)

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

8. Differentiate between home trade and international trade

(2 Marks)

\_\_\_\_\_  
\_\_\_\_\_

9. The following information relates to accounts of Dhuux Business.

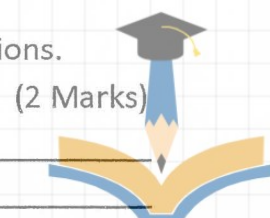
Account	Amount (Sh.so)
Sales	600
Purchases	350
Opening stock	50
Closing stock	80
Insurance expense	10
Carriage inwards	20
Return inwards	40
Return outwards	50

Using the information in the table above answer all of the following questions.

a) Compute **Cost of goods sold** of Dhuux Business

(2 Marks)

\_\_\_\_\_  
\_\_\_\_\_



b) Compute the **Gross profit** of Dhuux business (2 Marks)

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c) Compute the **Net profit** of Dhuux Business (2 Marks)

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10. Classify the following information into leakages and injections. Use tick (✓) to indicate your answer. (4 Marks)

Item	Leakage	Injection
Import		
Export		
Saving		
Investment		

11. Briefly explain two functions of an office in an organization (3 Marks)

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12. Identify two objectives of a business organization (2 Marks)

- a) \_\_\_\_\_
- b) \_\_\_\_\_

13. State two characteristics of economic resources (2 Marks)

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14. List three factors that affect the demand for a commodity (3 Marks)

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15. List two roles of banking in an economy (2 Marks)

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16. Write **short** explanations of the following terms

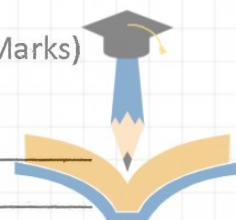
(3 Marks)

a) Proportional tax

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b) Cost-push inflation

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c) Finance department

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17. Underline the equipment related to the following functions (3 Marks)

Functions	Equipments
a) Used for trimming and cutting paper documents	(Guillotine, paper punch)
b) Use for storing and processing of electronic information	(Printer, computer)
c) Used to count large quantities of cash	(Cash register, cash counter)

18. Differentiate between **direct** and **indirect** costs (2 Marks)

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19. Remember three principles of **taxation** (3 Marks)

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

20. Ahmed spent **Sh.so 3,000** in 2017 for his family and **Sho.so 6,000** in 2018 for the same purposes; **compute** the value of consumer price index for 2018? (3 Marks)

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21. State three essentials of communication (3 Marks)

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22. Justify two characteristics of an entrepreneur (2 Marks)

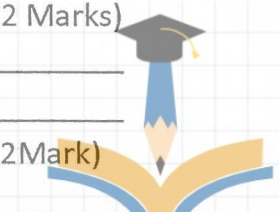
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23. What does the term "ATM" stands for? (2Mark)

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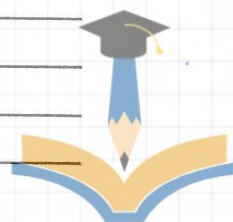
Goodir Business Centre		
Trial balance as at 31 December 2018		
Accounts	Debit	Credit
Buildings	600	
Equipment	500	
Opening Stock	250	
Purchase	240	
Sales		720
Discount Allowed	50	
Discount Received		80
Wages And Salary	200	
General Expenses	30	
Debtors	220	
Creditors		300
Cash	160	
Drawings	150	
Long Term Loan		600
Capital		700
<b>Total</b>	<b>2400</b>	<b>2400</b>

- Closing stock is **Sh.so 160**
- Net profit for the year was **Sh.so 190**

Prepare **balance sheet** of Goodir as at 31 December 2018 (6Marks)

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**END**