

MINISTRY OF EDUCATION AND HIGHER EDUCATION

FORM FOUR EXAMS, 2018

BUSINESS



P/LAND NATIONAL EXAMINATION BOARD

MINISTRY OF EDUCATION AND HIGHER EDUCATION
PUNTLAND NATIONAL EXAMINATIONS BOARD

Code Number

Form four EXAMINATION 2018
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: Structural Questions	75 marks
Total: 100 Marks	

For the markers only

PARTS	MARKS
Part one	
Part two	
Part three	
TOTAL	%



SOM EXAMS

[illegible]

PART ONE: MULTIPLE CHOICE QUESTIONS: CIRCLE THE CORRECT ANSWER (15 MARKS)

1. If a family spends \$400 for daily expenses in 2010 and spends \$500 in 2015. the Consumer Price Index (CPI) will be:
a. 80%
b. 20 %
c. 50 %
d. 125%
2. The income collected by the government from various sources of its citizens including taxation and fees is known as:
a. Public debt
b. Public revenue
c. Public expenditure
d. Revenue expenditure
3. Number of people living in a particular region at a particular time are called
a. Population
b. Unemployment
c. Labour
d. Human being
4. Asha opened a new business selling oranges; during one month Asha sold 50 units of oranges with a selling price of \$5 per unit. What is Asha's total revenue?
a. \$100
b. \$50
c. \$10
d. \$250
5. The process of promoting products through mass media is known as:
a. Sales promotion
b. Personal selling
c. Advertising
d. Mass selling
6. Financial institutions that accept deposits for safe keeping and lend out money in form of loans are called.
a. schools
b. banks
c. governments
d. partnerships
7. Central bank is the government bank that is primarily responsible for
a. Issue of currency
b. Collecting taxes
c. Controlling markets
d. Opening current accounts
8. Which of the following items is an example of a liability?
a. Insurance expense.
b. Trade payable.
c. Debtors.
d. Building
9. Puntland government spends money on different tasks. Which of the following is an example of recurrent expenditure?
a. Building a new schools
b. Providing scholarships
c. Paying monthly salaries
d. Building a new road



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

Match the terms in column A with their meaning/description in column B using the answer space provided.

No .	Column A	Answer space	Column B
1.	Opportunity cost	(1, __)	a. Occurs when sales revenue is exactly equal to total cost
2.	Deflation	(2, __)	b. A group of suppliers who are owed money for goods the business has but not yet paid.
3.	Mortality	(3, __)	c. Is a situation where people who are able and willing to work cannot find income generating activities to do
4.	Breakeven	(4, __)	d. The system of collecting income by the government inform of compulsory payments made by the citizens of a country.
5.	Supply	(5, __)	e. Planning, organizing, directing and controlling of business activities
6.	Creditors	(6, __)	f. It refers to a sustained decline in the price level of goods and services
7.	Taxation	(7, __)	g. Is one of the characteristics of an entrepreneur
8.	Unemployment	(8, __)	h. alternative forgone by choosing a task
9.	Management	(9, __)	i. Quantity of a commodity that sellers are able and willing to bring to the market at a given price over specific period of time.
10.	Hardworking	(10, __)	j. is the number of people who die before their life expectancy



PART THREE: STRUCTURED QUESTIONS**75 MARKS**

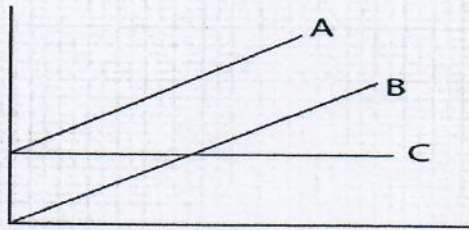
- a) State **three** characteristics of money.
3Marks

I. _____

II. _____

II. _____

1. Read the curve and answer the following questions



- a. Name the curves labelled A, B and C.

_____ (3 Marks)

- b. Interpret why cost A start above the zero.

_____ (2 Marks)

- c. Briefly define the cost C

_____ (1MARK)

2. Summarize four barriers of effective communication.

_____ (2 Marks)

3. Using the table below calculate A, B, and C
(3 Marks)

Fixed cost	Variable cost	Total cost
500	B.....	900
A.....	800	1800
600	300	C.....



4. At January 1, 2016, Diiriye Company had total asset of **\$5,000** and total capital of **\$2800**. What is the amount of total liabilities at January 1, 2016? (2 Mark)

5. Indicate whether inflation have a negative, positive or no effect on the following groups of people (3 Marks)

NO	TYPE	EFFECT
1	creditor	
2	debtor	
3	fixed income earner	

6. List three factors that affect business from outside? (3 Marks)

7. A company produces and sells **20 units** of product A, the unit variable cost for the product is **Sh.So 25** per unit and the unit selling price of the product is **Sh.So 35** per unit, if the fixed cost of the company is **Sh.So 300**. Calculate the breakeven quantity of the company?

(3 Marks)

8. Classify the following items into liabilities and assets

- a) Motor vehicle
b) Inventory
c) Creditors

- d) Cash at bank
e) Loan from bank
f) Machinery

Assets	Liabilities
	4marks



9. List and explain two methods of product promotion?

(4 Marks)

10. Identify the three categories of public expenditure.

(3 Marks)

11. The following data relates to a particular country.

Total deaths	150
Total population	2500

Using the above data calculate **Crude Death Rate**.

(3 Marks)

12. Briefly explain each of the following terms

a. entrepreneurship

(1 Marks)

b. Communication

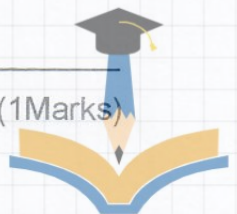
1Marks)

c. Double entry

(1 Marks)

d. Cost

(1Marks)



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13. Using the table below answer all of the following questions.

Price (\$)	Quantity demanded (KG)	Quantity supplied (KG)
6	20	100
5	80	80
4	100	50
3	120	20

a) Indicate the equilibrium price and quantity.

Equilibrium price _____ (1 Marks)

Equilibrium quantity _____ (1Marks)

b) Illustrate the demand and supply curves on the same diagram. (3 marks)

c) Indicate two factors that affect supply of a commodity. (2 Marks)

14. Using the terms in the table below, complete the blank spaces with the suitable words.

Balance sheet	Drawings	Expenses	Capital expenditure
----------------------	-----------------	-----------------	----------------------------

- _____ The cost of assets consumed or services used in the process of earning revenue. (1 Mark)
- _____ A financial statement that reports the assets, liabilities, and owner's equity at a specific date. (1 Mark)
- _____ Withdrawal of cash or other assets from an unincorporated business for the personal use of the owner(s). (1 Mark)
- _____ spending of business on non-current assets (1 Mark)

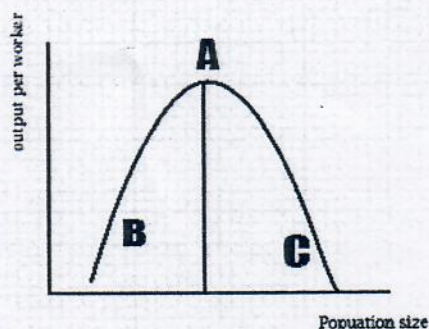


(4 Marks)

_____ (3 Marks)

Description	Type of account
Account holders are required to deposit a specific initial amount as well maintain minimum balance	
Account holders may deposit and withdraw money whenever they want without maintaining a minimum balance	
Banks pay interest rates at comparatively high interest rates	

19. Referring to the diagram below rearrange the letters on the below space.



(3 Marks)

- a. under population _____
 b. over population _____
 c. optimum population _____

20. The following trial balance was extracted from **Somali patriotic company**.

Somali patriotic company.

The trial balance as at 31 December 2016:

ledger accounts	Dr	Cr
Debtors	300	
opening stock	50	
Creditors		250
purchases	220	
Sales		410
Rent expense	8	
4 years loan		320
Salary and expense	50	
insurance	10	
general expenses	12	
buildings	1400	
Motor vehicles	800	
returns inwards	10	
Returns outwards		20
Cash	140	
bank overdraft		800
capital		1200
Total	3000	3000

The value of the stock as at 31 December 2016 was Sh.50

Requirement

a. Rewrite the cost of goods sold (Cost of sales) _____
 b. Construct (prepare) an income statement for the year to 30 September 2017. _____

(2 Marks)

(4 Marks)

