

MINISTRY OF EDUCATION AND HIGHER EDUCATION

FORM FOUR EXAMS, 2015

BUSINESS



P/LAND NATIONAL EXAMINATION BOARD

MINISTRY OF EDUCATION AND HIGHER EDUCATION
PUNTLAND NATIONAL EXAMINATIONS BOARD

Code Number

FORM FOUR EXAMINATION 2015
Time 2 hours AND 10 minutes for reading

BUSINESS

Instructions to candidates

- Answer all the questions
- This paper consists of 12 printed 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 your invigilator.
- No extra paper is allowed. Rough work can be done on page 2. This will not be marked
- If you make a mistake, **cross out the incorrect** answer and **write your correct answer**.

This exam paper consists of following parts

PART ONE: Multiple choices 20 marks
PART TWO: Structured questions 80 marks

TOTAL 100 marks

For the marker only

Parts	Marks
Part one	
Part two	
Total	%

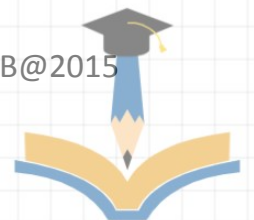
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Use this page for rough work. It will **NOT** be marked.

A series of horizontal dotted lines for rough work.

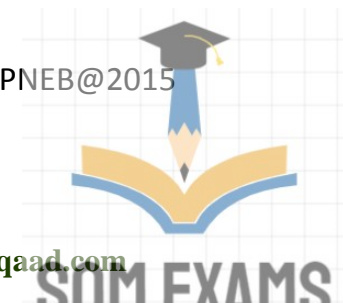
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PART I: Multiple choice questions (20 marks)

1. If demand curve shifts to the left inward, with the same price, the new quantity demanded is:
 - A. less than the original one
 - B. equal to the original one
 - C. greater than the original one
 - D. cannot be determined
2. All of the following are factors of internal business environment, except
 - A. human resources
 - B. inflation
 - C. raw materials
 - D. finance
3. Fixed costs do not change with changes in the quantity of
 - A. labor force
 - B. raw materials
 - C. output
 - D. goods
4. The price elasticity of demand of commodity X is -2. The demand of this commodity is
 - A. perfectly elastic
 - B. less than zero
 - C. relatively elastic
 - D. relatively inelastic
5. Which one of the following factors is not included in political legal environment factors
 - A. customs
 - B. laws and regulations
 - C. political stability of a country
 - D. type of government
6. Which type of unemployment is caused by a mismatch between skills required by industries and those that people have
 - A. seasonal
 - B. structural
 - C. frictional
 - D. cyclical



7. The goods or money that an owner takes from a business unit for personal use reduces
- A. the fixed asset of the company
 - B. the capital of the owner
 - C. the current assets of the company
 - D. the cash assets of the company
8. Documents which provide information on transactions carried out in a business is known as
- A. books of original entry
 - B. purchase journal
 - C. invoices
 - D. source documents
9. All of the following are characteristics of money, except
- A. durable
 - B. divisible
 - C. source
 - D. massive
10. Balance of trade is the difference between the value of:
- A. visible exports and invisible imports
 - B. visible exports and visible imports
 - C. invisible exports and invisible imports
 - D. invisible exports and visible imports
11. The act of storing goods until they are required for sale or use is
- A. stocks
 - B. warehousing
 - C. supermarket
 - D. inventory
12. Which of the following is not included as advantages of publicity
- A. it reaches a large audience
 - B. it is expensive
 - C. it improves firms social image
 - D. its message credibility is high
13. The central bank is responsible for carrying out the financial operations on behalf of the
- A. commercial banks
 - B. financial institutions



- C. government
D. business organizations
14. An individual or business organization that takes up insurance with a view of being compensated in future if a loss occurs is known as:
- A. insurance
B. insured
C. subrogation
D. insurer
15. Which one of the following factors is not considered when choosing a means of transport
- A. type of fuel
B. cost
C. reliability
D. speed
16. Aging population is caused by:
- A. a decrease in old age mortality rate
B. increase in infant mortality rate
C. decrease in birth rate
D. all of the above
17. Cash = 130,000 So.sh, office equipment = 58,000 So.sh, furniture & fittings = 72,000 So.sh capital = 110,000 So.sh creditors = 85,000 So.sh, total capital and liabilities = 293,000 So.sh. of the only fourth asset of this organization is debtors, then it is equal to
- A. 31,000 So.sh
B. 32,000 So.sh
C. 33,000 So.sh
D. 30,000 So.sh
18. Referring to question 17, if the only remaining liability of this organization; the bank overdraft, then, it is equal to:
- A. 90,000 So.sh
B. 91,000 So.sh
C. 98,000 So.sh
D. 96,000 So.sh
19. Some reasons why the government levy taxes on their citizens are:
- A. to raise government revenue
B. to discourage consumption of certain commodities
C. to protect local industries
D. all of the above
20. Public corporations are created by:
- A. act of government
B. act of parliament



C. act of foreign investors

D. act of national investors

PART II: Structured Questions

80 marks

A. Matching. Find the definitions of the words in column A in column B 10 marks

	A			B
1.	Business studies		a.	Social values, beliefs, customs
2.	Home trade		b.	Facilities used in office to enable work to be carried out easily
3.	Formal communication		c.	Collection of all accounts
4.	Oligopoly		d.	How government collects and spends money
5.	Ledger		e.	Involves acquiring the necessary know ledger, skills and attitudes to carry out the business activities of production and distribution
6.	Office equipment		f.	Trade that takes place within a countries boundaries
7.	Social environment		g.	Process of passing information through recognized channels
8.	Terms of trade		h.	How much in value of one product must be exported in order to obtain a unit of an imported good
9.	Trading account		i.	An industry dominated by a few suppliers
10.	Public finance		j.	Financial statement that determines the gross profit or loss

B. Short Answer Questions 40 marks

1. State four disadvantages of international trade

3 marks

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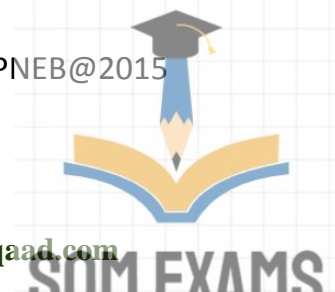
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2. Distinguish between a movement along the demand curve and a shift in the demand curve 3 marks

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3. State the meaning of business transaction 2 marks

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4. Explain the concept of double entry applied to business transaction 2 marks

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5. Describe any four functions of wholesalers 4 marks

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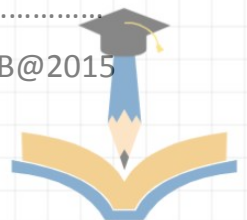
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6. state three steps that a country may take to reduce un employment 3 marks

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7. Brief describe types of supply 4 marks

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8. Distinguish between long-term liabilities and current liabilities and give an example of each 3 marks

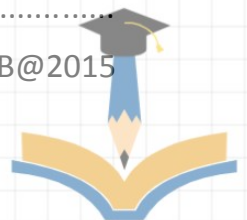
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9. List four barriers to effective communication 4 marks

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10. The following balance were drawn fro the books of Amina Stores on 31st December 2013

Land and building s	217,000 So.sh
Creditors	40,000 So.sh
Capital	210,000 So.sh
Stock	50,000 So.sh
Loan from bank	65,000 So.sh
Debtors	21,000 So.sh
Motor van	25,000 So.sh
Cash	2,000 So.sh

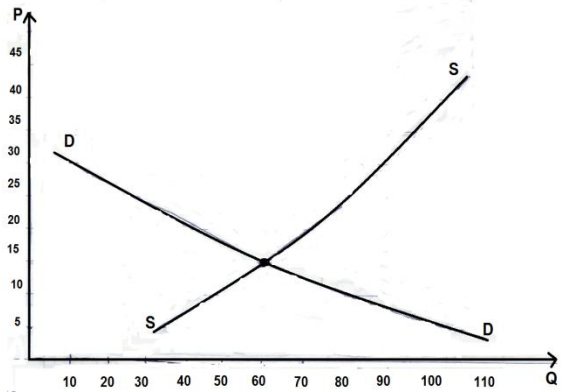
Draw the balance sheet

5 marks



11. With the help of the following demand and supply curves answer the following

- a. The equilibrium price is _____
- b. The equilibrium quantity is _____
- c. The equilibrium quantity demands is _____
- d. At price 25 So.sh, the quantity demanded is _____
- e. At the price 25 So.sh, the quantity supplied is _____
- f. At the price 25 So.sh is it excess supply or excess demand -----
- g. How much is the surplus or shortage at the price 25 So.sh _____



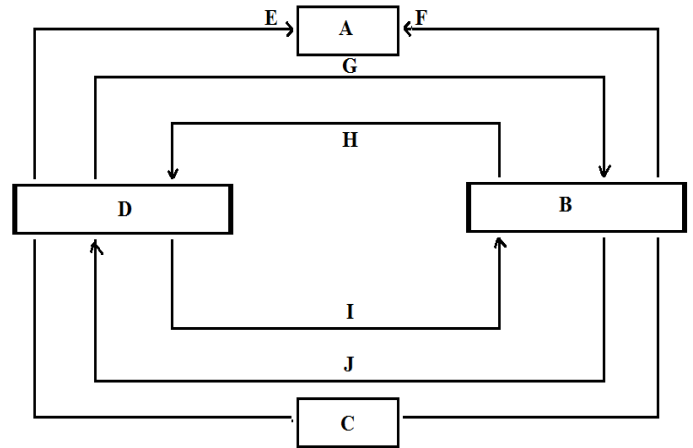
C. Extended questions

30 marks

- 1. The diagram below represents the circular flow of income in a four-sector closed economy 10 marks

State what the letters in the following diagram represent

- A. _____ 1 mark
- B. _____ 1 mark
- C. _____ 1 mark
- D. _____ 1 mark
- E. _____ 1 mark
- F. _____ 1 mark
- G. _____ 1 mark
- H. _____ 1 mark
- I. _____ 1 mark
- J. _____ 1 mark



- 2. With of the aid of a diagram, explain how a perfect competition market determines the equilibrium point in the cases of 10 marks
 - a. Excess supply (surplus)

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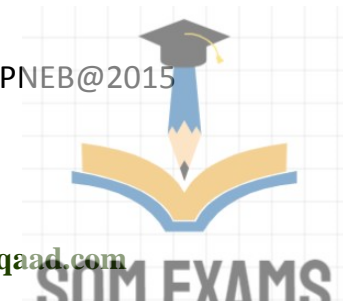
b. Excess demand (shortage)

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3. The following balances were drawn from Sugulle Traders accounts on December 1, 2014, prepare
 - a. The trading profit and loss account of Sugulle traders on December 31, 2014
 - b. The balance sheet of Sugulle Traders on 31/12/2014

**Sugulle Traders
Trail Balance
as at 31st December 2014**

Account title	Debit	Credit
Purchase	91,300	
Stock	33,800	
Sales		129,080
Fixed assets	103,300	
Creditors		42,580
Debtors	31,800	
Bank overdraft		39,080
Cash	24,300	
Return outward		36,480
Return inward	23,800	
Salaries	35,300	
General expenses	26,500	
Capital		122,880
Total	370,100	370,100



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