

MINISTRY OF EDUCATION AND HIGHER EDUCATION

FORM FOUR EXAMS, 2017

BUSINESS



P/LAND NATIONAL EXAMINATION BOARD

**MINISTRY OF EDUCATION AND HIGHER EDUCATION
PUNTLAND NATIONAL EXAMINATIONS BOARD**

Code Number

**FORM FOUR EXAMINATION 2017
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. Rough work can be done on page 1. 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 CHOICE QUESTIONS	15 marks
PART TWO:	MATCHING	10 marks
PART THREE:	STRUCTURED QUESTIONS	75 marks
	TOTAL	100 marks

For the marker only

Parts	Marks
Part one	
Part two	
Part three	
Total	%



SOM EXAMS

PART ONE**MULTIPLE CHOICE QUESTIONS****(15 MARKS)****Circle the correct Answers**

1. If Puntland government levies the **same rate** of tax for each person earning any income then Puntland adapts the
 - a. Progressive taxation system
 - b. Productive taxation system
 - c. Regressive taxation system
 - d. Proportional taxation system

2. The simplest form of business ownership is a
 - a. Partnership
 - b. Sole proprietorship
 - c. Corporation
 - d. Company

3. Net profit is calculated in the financial statement of
 - a. Trading account
 - b. Trial balance
 - c. Balance sheet
 - d. Profit and loss account

4. If the birth rate is 6%, death rate is 3% and net migration rate is 2%, then the population growth rate is:-
 - a. 11%
 - b. 1%
 - c. 5%
 - d. 7%

5. If a liability increases there would either have to be an equal decrease in another liability, a decrease in a _____ or an increase in _____ for the basic accounting equation to remain equal.
 - a. Asset, liability
 - b. Asset, capital
 - c. Capital, liability
 - d. Asset, fixed asset

6. Free advertising method used to attract public attention where business use mass media is:-
 - a. Loss leader
 - b. Personal selling
 - c. Sales promotion
 - d. Publicity

7. Which of the following is MOST important source of government revenue
 - a. Fees
 - b. Fines
 - c. Tax
 - d. Interest



8. Banking developed from the activities of
- a. Soldier
 - b. Goldsmith
 - c. Carpenters
 - d. Black smith
9. _____ is the generally accepted principles and behaviors of good office workers
- a. Office etiquette
 - b. Attributes
 - c. Profession
 - d. Skills
10. In the circular flow of income the households provide to firms:-
- a. Factors of production
 - b. Goods and services
 - c. Payment for factors
 - d. All of the above
11. The unemployment that occurs when the requirement of the job does not match the skills available
- a. Cyclical
 - b. Structural
 - c. Seasonal
 - d. Under population
12. The account held and maintained by the people who wish to deposit and withdraw money at any time is known as.
- a. Current account
 - b. Fixed account
 - c. Saving account
 - d. Demand account
13. when costs of factors of production go up an inflation known as _____ is created by the increasing costs
- a. demand-pull inflation
 - b. demand-push inflation
 - c. imported inflation
 - d. cost-push inflation
14. which of the following best describes share in a company
- a. shares are loans to the company
 - b. shares are unit of capital in the company
 - c. shares are loans and collateral security is needed
 - d. shares are also known as bank overdrafts
15. A company produces an output of **50 units** in a month; the variable cost per unit is **Sh. So 4** and the total fixed cost of the company is Sh. So **300**. What is total variable cost of the company?
- a. Total variable cost is Sh. So 304
 - b. Total variable cost is Sh. So 500
 - c. Total variable cost is Sh. So 200
 - d. Total variable cost is Sh. So 350

PART TWO: MATCHING (10MARKS)

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

No.	(A) Terms	Answer	(B) Meaning
1.	Warehouse		a. Share of profits which are returned to the business or to invest to the business while some other divided to the shareholders
2.	Progressive taxation		b. Product promotion method used to promote sales of a commodity
3.	Air transport		c. A person who starts a business
4.	Elasticity		d. A trade between different countries exchanging goods and services
5.	Sales promotion		e. Mode of transport where goods are transported using air
6.	International trade		f. Response of quantity due to change in price of a commodity
7.	Entrepreneur		g. An inflation caused by persistent increase in costs of production
8.	Retained profit		h. Moral principles that guide business to avoid bad practices
9.	Cost-Push Inflation		i. A building where goods are stored waiting for sale
10.	Business ethics		j. A taxation system where tax rate increases as the income increases



PART THREE: STRUCTURED QUESTIONS (75 MARKS)**Answer all of them question****Question one**

State four principles of insurance

(4marks)

Question two

List three essential features of good warehousing?

(3marks)

Question three

For each of the following cases, name the motives for holding money in cash (3marks)

Cash holding	Motive
To meet daily transport expenses	
To meet unforeseen circumstance	
To take advantage of an anticipated fall in prices	



Question four

Central bank is the bank owned and managed by the government. State three function of such bank

(3 marks)

Question five

Using the below table **group** the following items in to the two columns, Column **A** for **assets**, column **B** for **liabilities** (4 marks)

Premises stock bank overdraft debtors loan cash in hand furniture creditor
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Column A	column B

Question six

State two types of inflation and their primary causes

(4 marks)

Question seven

Find the missing figure in each of the following P, Q and R (3marks)

Asset \$	Capital \$	Liability \$
60	40	P-----
Q-----	42	58
80	R-----	34



Question eight

Briefly explain each of the following terms

a. Marginal cost

b. Total cost

c. Management

d. Fixed cost

e. Break even

(5 marks)

Question nine

Given the table below calculate the missing figures (A, B, C). (3 Marks)

Total Revenue	Total Cost	Profit
2400	1800	A _____
B _____	2800	1400
1800	C _____	300

Question ten

The table below shows data of Kaah Shop after trading period ended. Calculate the final capital figure. (2 Marks)

Initial capital Sh. So 10,000	Drawing Sh. So 2000	Net profit Sh. So 500	Final capital Sh. So _____
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Question eleven

The population of small town consists of 3500. Each season there is 35 births. Calculate crude birth rate from data above?

(2 marks)

Question twelve

State three ways that a partnership business can be dissolved

(3 marks)

Question thirteen

Explain the main functions of management?

(5 Marks)

Question fourteen

List and explain three characteristics of human needs and wants

(3 Marks)



Question fifteen

Outline four sources of public finance

(4marks)

Question sixteen

Study the demand and supply schedule below and answer the questions that follow?

Price	Quantity demanded	Quantity supplied
10	150	65
20	125	70
30	100	100
40	75	125

a. Determine the equilibrium price and quantity (2 marks)

b. Indicate any two prices which there is shortage and surplus (2 marks)

c. State three factors that cause demand of a commodity to change.

(3 marks)

d. List three factors that may cause the supply of commodity to change.

(3 Marks)



