MINISTRY OF EDUCATION AND HIGHER EDUCATION

FORM FOUR EXAMS, 2013

BUSINESS



P/LAND NATIONAL EXAMINATION BOARD

Use this page for rough work. It will <u>NOT</u> be marked.

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Part I: Multiple Choice Questions (20 marks) Circle the Correct Answer

- 1- The process of planning, coordinating, and controlling a business organization in order to achieve the set objectives is known as:
 - a) Planning c) Management
 - b) Supervising d) Staffing
- 2- Change in demand is caused by ______ but change in quantity demanded is the result of ______
 - a) Price, other factors
 - b) Other factors, price
 - c) Tastes, preference and fashion, price
 - d) Government policies, price
- 3- When the absolute value of price elasticity of demand of a commodity is greater than one, then this commodity is
 - a) Relatively inelastic
 - b) Unitary elastic d) Perfectly inelastic
- 4- The main parts of a two-sector closed economy are:
 - a) Household and banks
 - b) Household and government
 - c) Household and business firms
 - d) Household and other financial institutions
- 5- If total assets is 45, 700 So. Sh. and total liabilities is 28, 200 So. Sh. then the total capital is:
 - a) 17,000 So. Sh.

c) 17,500 So. Sh.

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c) Relatively elastic

b) 18,000 So. Sh. d) 18,500 So. Sh.

- 6- An activity that involves the production, provision and sale of goods and services with the aim of making profit is called::
 - a) Entrepreneurship c) Manufacturing industry
 - b) Private Limited Company d) Business
- 7- When the demand curve shifts outward to the right, with the same price, the quantity demanded of a commodity :
 - a) Remains the same c) Increases
 - b) Decreases d) Changes
- 8- The sum of money payable to the insured by the insured in return for insurance cover is called:
 - a) Premium c) Granted
 - b) Money d) Sum insured
- 9- The document that lays down the rules and regulations for the internal organization of the company is:
 - a) Memorandum of Association
 - b) Articles of Association
 - c) Prospectus
 - d) Certificate of Trading
- 10-The process of identifying business opportunities and turning them into a successful business unit is called:
 - a) Public Company
 - b) Entrepreneurship
 - c) Business
 - d) Certificate of Incorporation

11-Public Limited Companies must have a minimum of ______ members but

there is _____ maximum number.

- a) Five, no c) Seven, no
- b) Five, twenty d) Eight, no

12-Transfer of ownership and control of an enterprise through the sale of assets from public to the private sector is:

- a) Registration c) Privatization
- b) Amalgamation d) Nationalization
- 13-IMF stands for:
 - a) International Money Funding
 - b) Internal Monetary Fund
 - c) Internal Monetary Funding
 - d) International Monetary Fund

14-The money value of the goods and services produced in a country in a given year is known as:

- a) National wealth c) National capital
- b) National income d) National budget

15-The higher the fertility rate, the _____ will the _____ rate

- a) Higher, birth c) Less, mortality rate
- b) Less, birth d) More, immigration

16-Which one of the following is likely to shift demand curve inwards to the left:

- a) Increase in income
- b) Fall in price

c) Fall in taste and preference

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d) Well distribution of wealth

c) Charity

17-The levying of compulsory financial contribution by the government on income,

property, profits and prices of goods and services is:

- a) Gift
- b) Tax d) Income

18-One of the following is not the functions of money:

- a) Medium of exchange
- b) Wealth storage
- c) Decoration
- d) Measure of value or unit of account
- 19-Suppose phone workers receive substantial wage increase, other things being equal, the price of phones will increase because of:
 - a) An increase in the demand for phones
 - b) A left shift of the supply curve for phones
 - c) A right shift of the supply curve for phones
 - d) A reduction in the demand for phones
- 20-The process of identifying, classifying, arranging and storing documents so that they can be easily accessed and obtained when needed is called:
 - a) Storing

c) Documenting

b) Filling

d) Managing



Part II: STRUCTURED QUESTIONS (80 marks)

A) Match the word in column A with its meaning in column B (10 marks)

| | Column A | | Column B | |
|----|--------------------|---|---|--|
| 1 | Parastatal | A | Set of principles that govern the economic activities of Islamic countries which can be found in the holy Quran and the Sunnah of the holy Prophet (PBUH), and can be applied under the different circumstances of time and place. | |
| 2 | Prospectus | В | The summary of all transactions that take place between the residents of a country and the rest of world during a given period of time | |
| 3 | Bank overdraft | С | All other things are equal | |
| 4 | Public finance | D | An organization purely owned by the government | |
| 5 | Publicity | E | A building where goods are received and stored before dispatching | |
| 6 | Islamic economy | F | Occurs when the bank allows the customer to withdraw more money than the customer has in his or her account with the bank. | |
| 7 | Balance of payment | G | The amount of money required by the government to carry out its programmes for economic development. It also referred as government revenue. | |
| 8 | Credit note | Н | A document that advertises and invites the company the public to subscribe to shares of the company | |
| 9 | Ceteris Paribus | I | An indirect form of a non- personal selling aimed at creating awareness of a product. | |
| 10 | Warehousing | J | Document sent to the buyer by the seller informing the buyer of a reduction in the amount quoted in an invoice sent to the buyer earlier | |

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B) Structured Questions

| Question 1: State four functions of management | (4 marks) |
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| uestion 2: State four differences between goods and service | (4 marks) |
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| lestion 3: State four ways in which a business may benefit the | people in the |
| | people in the (4 marks) |
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| uestion 3: State four ways in which a business may benefit the ommunity which is located | |
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| uestion 4: Differentiate between the law of demand and the law | of supply (2 marks) |
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| uestion 5: Explain briefly two functions of a central bank. | (2 marks) |
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| uestion 6: Explain the three forms of economic resources. | (3 marks) |
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Question 7: Fill the cells of the following table with word: increase or decrease

(6 marks)

(4 marks)

| Account Type | Debit | Credit |
|--------------|-------|--------|
| Assets | | |
| Drawings | | |
| Liabilities | | |
| Expenses | | |
| Capital | | |

Question 8: Highlight four principles of insurance.

Question 9: From the following supply schedule, draw a supply curve and name the (3 marks) axes.

Quantity Supplied Price per unit (So. Sh.)

| 60 | 30 |
|----|----|
| 50 | 25 |
| 40 | 20 |
| 30 | 15 |
| 20 | 10 |
| 10 | 5 |

Question 10: Fill the blank spaces of the following Waberi Traders as at 31st January 2013. (6 marks)

| Balance Sheet, As at January 2013 | | | | |
|-----------------------------------|---------|---------|--------------------------|---------|
| ASSETS | | | LIABILITIES PLUS CAPITAL | |
| Current assets | | | Liabilities | |
| Cash in hand | 30,000 | | Creditors | 13,250 |
| Cash at bank | 50,000 | | | |
| Debtors | | | | |
| | | | | |
| Stock | 25,000 | | | |
| Total current | | 115,00 | Long term | |
| asses | | | liabilities | |
| Fixed assets | | | Three year loan | 150,000 |
| Motor vehicle | 100,000 | | | |
| Building | | | | |
| | | | | |
| Land | 100,000 | | Capital | |
| | | | | |
| Tatal firmal | | | | |
| Total fixed | | | | |
| assets | | 150.000 | | |
| Total assets | | 456,200 | Liabilities plus capital | |

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| uestion 11: What s an opportunity cost? And give one example o | f it. (3 marks) |
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| uestion 12: Differentiate between demand pull inflation and cost p | |
| destion 12. Differentiate between demand puir innation and cost p | |
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| | (2 marks) |
| uestion 13: What are the disadvantages of personal selling? | (2 marks) |
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C) Extended Questions

Question 1: Discuss the four advantages and three disadvantages of a partnership business. (7 marks)

Question 2: Record the following business transactions in T accounts and prepare a trial balance. (8 marks)

- a) Shukri invested 80,000 So. Sh. in a new business, Ladan Traders, in January 8, 2012
- b) Purchased supplies for cash, 9,000 So. Sh.
- c) Paid rent for the month, 400 So. Sh.
- d) Purchased equipment on credit, 5,300 So. Sh.
- e) Sold goods and received cash, 12,000 So. Sh.
- f) Sold goods on credit, 34,000 So. Sh.
- g) Brought a big table worth 4,800 So. Sh. from her house to the business
- h) Paid for advertising in local newspaper, 1,000 So. Sh.
- i) Paid electric and gas bills 2,500 So. Sh.
- j) Paid salary of assistant 15,000 So. Sh.

TRIAL BALANCE

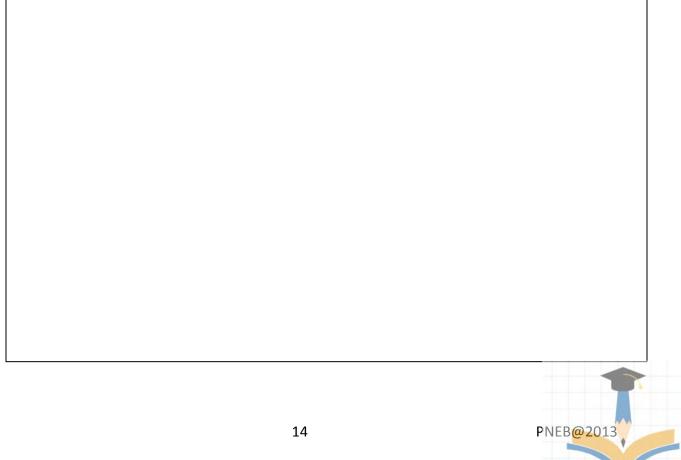


Question 3: The table below shows the demand and supply schedules for a particularcommodity.(10 marks)

| Price | Quantity demanded per | Quantity supplied | |
|-----------|-----------------------|-------------------|--|
| (So. Sh.) | week | per week | |
| 10 | 20 | 80 | |
| 9 | 25 | 70 | |
| 8 | 30 | 60 | |
| 7 | 35 | 50 | |
| 6 | 40 | 40 | |
| 5 | 45 | 30 | |
| 4 | 50 | 20 | |

a) Plot the supply and demand curves

(2 marks)



| b) | Find the point of intersection of the curves | (1 marks) |
|----|---|-----------------------|
| c) | What is the equilibrium price? | (1 marks) |
| d) | What is the equilibrium quantity demanded and supplied? | (1marks) |
| e) | What is the total revenue at the equilibrium price? | (1 marks) |
| f) | Assuming supply reduces in half at all prices, with the demand r unchanged, plot the new supply curve. | emaining (2 marks) |
| g) | What is the new equilibrium price? | (1 marks) |
| h) | What is the quantity demanded and supplied at this price? | (1 marks) |
| | END | |
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