

**MINISTRY OF EDUCATION AND HIGHER EDUCATION**

**FORM FOUR EXAMS, 2013**

# **BUSINESS**



**P/LAND NATIONAL EXAMINATION BOARD**







11-Public Limited Companies must have a minimum of \_\_\_\_\_ members but there is \_\_\_\_\_ maximum number.

- a) Five, no
- b) Five, twenty
- c) Seven, no
- 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
- b) Amalgamation
- c) Privatization
- 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
- b) National income
- c) National capital
- d) National budget

15-The higher the fertility rate, the \_\_\_\_\_ will the \_\_\_\_\_ rate

- a) Higher, birth
- b) Less, birth
- c) Less, mortality rate
- 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
- d) Well distribution of wealth



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
- c) Charity
- 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
- b) Filing
- c) Documenting
- 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	B	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	C	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	H	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



**B) Structured Questions**

**Question 1:** State **four** functions of management (4 marks)

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**Question 2:** State **four** differences between goods and service (4 marks)

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**Question 3:** State **four** ways in which a business may benefit the people in the community which is located (4 marks)

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**Question 4:** Differentiate between the law of demand and the law of supply (2 marks)

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**Question 5:** Explain briefly two functions of a central bank. (2 marks)

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**Question 6:** Explain the three forms of economic resources. (3 marks)

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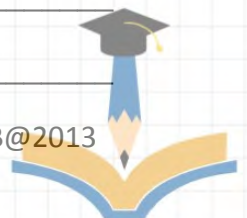
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**Question 7:** Fill the cells of the following table with word: increase or decrease

(6 marks)

Account Type	Debit	Credit
Assets		
Drawings		
Liabilities		
Expenses		
Capital		

**Question 8:** Highlight **four** principles of insurance.

(4 marks)

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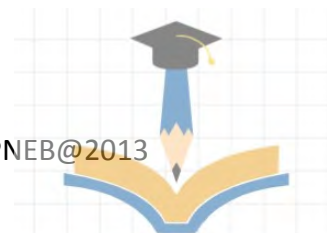
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**Question 9:** From the following supply schedule, draw a supply curve and name the axes.

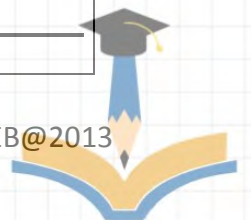
(3 marks)

Price per unit (So. Sh.)	Quantity Supplied
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 31<sup>st</sup> January 2013. (6 marks)

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



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**Question 11:** What s an opportunity cost? And give **one** example of it. (3 marks)

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**Question 12:** Differentiate between demand pull inflation and cost push inflation.

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\_\_\_\_\_ (2 marks)

**Question 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)

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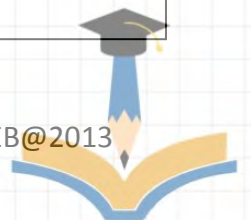
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**Question 2:** Record the following business transactions in T accounts and prepare a trial balance. (8 marks)

- 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.



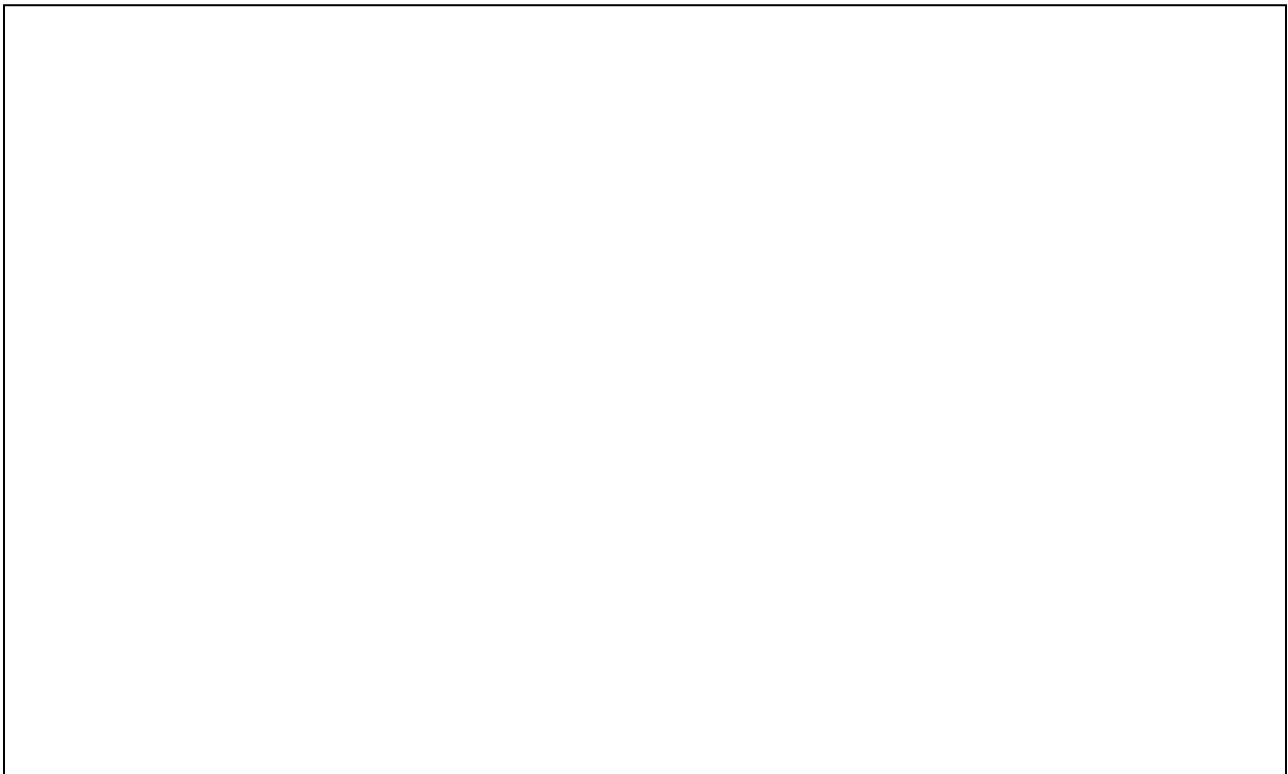
**TRIAL BALANCE**



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

Price (So. Sh.)	Quantity demanded per week	Quantity supplied 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)

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c) What is the equilibrium price? (1 marks)

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d) What is the equilibrium quantity demanded and supplied? (1marks)

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e) What is the total revenue at the equilibrium price? (1 marks)

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f) Assuming supply reduces in half at all prices, with the demand remaining unchanged, plot the new supply curve. (2 marks)

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g) What is the new equilibrium price? (1 marks)

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h) What is the quantity demanded and supplied at this price? (1 marks)

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**END**

