

**MINISTRY OF EDUCATION AND HIGHER EDUCATION**

**FORM FOUR EXAMS, 2014**

# **BUSINESS**



**P/LAND NATIONAL EXAMINATION BOARD**

**PUNTLAND STATE OF SOMALIA**  
**MINISTRY OF EDUCATION**  
**NATIONAL EXAMINATIONS BOARD**

<b>NAME OF THE STUDENT</b>	
<b>NAME OF THE SCHOOL</b>	
<b>ROLL NUMBER</b>	

**FORM FOUR BUSINESS EXAMINATION MAY 2014**

**TIME 2:10 HOURS**

**INSTRUCTIONS TO CANDIDATES**

**Instructions to the candidate (please read carefully)**

This paper consist of 16 pages, count them now, if there is missing please inform the invigilator.

- Answer **ALL** questions in part 1 and 2.
- Write your working on the space provided below the question.
- This paper consist of two parts
- PART 1: (20 multiple choices) = 20 marks
- PART 2: (20 structured /extended questions) = 80 marks
- Total = 100 marks





**Part 1: Multiple choice Questions (20 marks) Circle the correct answer.**

1. Ali has a small amount of money to buy either books or mathematical set. He bought the books, the forgone cost of buying the mathematical set, is known as?
  - A. Overhead cost
  - B. Opportunity cost
  - C. Variable cost
  - D. Fixed cost
  
2. A building where goods are stored while waiting to be used or distributed to consumers is known as?
  - A. Premises
  - B. Stock yard
  - C. Office
  - D. Warehouse
  
3. Evaluating what the business organisation has achieved at the end of the given period is known as?
  - A. Controlling
  - B. Organising
  - C. Planning
  - D. Staffing
  
4. Suppose the price for new houses is raised and the year sale of new houses has also risen, then we can conclude that;
  - A. The demand for new houses has risen
  - B. New firms have entered the construction industry
  - C. The law of demand has been violated
  - D. Construction firms must facing higher costs
  
5. Choices have to be made because there are insufficient \_\_\_\_\_ to produce all the things which people \_\_\_\_\_
  - A. Resources, goal
  - B. Objectives, need
  - C. Resources, want
  - D. Inputs, produce



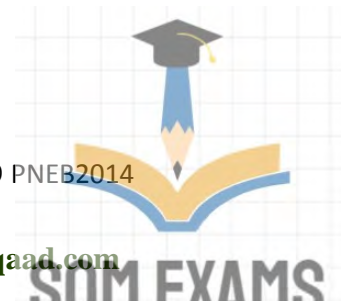
6.  $GNP = GDP +$  \_\_\_\_\_
- A. Depreciation
  - B. Imports + exports
  - C. Transfer payment
  - D. Net income from abroad
7. Which of the following factors causes movement along the supply curve?
- A. Price
  - B. Cost of production
  - C. Population size
  - D. Technology
8. The prescribed and accepted code of behaviour in an office is known as?
- A. office respect
  - B. office etiquette
  - C. office diplomacy
  - D. office honesty
9. Creditors refers to;
- A. Revenue which has been received for credit sales
  - B. A group of customers who owe the business for goods which they have received but not yet paid for
  - C. Revenue which has been received for cash sales
  - D. A group of suppliers who are owed money for goods the business has but not yet paid for
10. The process of interviewing, selecting and hiring the company's workers is known as?
- A. Staffing
  - B. Planning
  - C. Supervising
  - D. Budgeting



11. Any commodity that is generally acceptable and used as a mean of exchange and settlement of debts is called?
- A. Income
  - B. Money
  - C. Finance
  - D. Trade
12. Communication process by which information is passed from the junior employee to the senior employee is known as?
- A. Diagonal communication
  - B. Downward communication
  - C. Upward communication
  - D. Horizontal communication
13. The average number of children likely to be borne by a woman throughout her child bearing age is known as?
- A. Fertility rate
  - B. Mortality rate
  - C. Population growth rate
  - D. Birth rate
14. An association of persons who jointly and voluntarily work together to achieve a common goal is called?
- A. Partnership
  - B. Co-operative
  - C. Public corporation
  - D. Limited company
15. The persistence increase in the general price level of a product is called?
- A. Price increase
  - B. Corruption
  - C. Scarcity
  - D. Inflation



16. Which one of the following are 2 examples of unincorporated business organisation?
- A. Partnership and private limited company
  - B. Public corporation and co-operative
  - C. sole proprietorship and partnership
  - D. Private limited company and public limited company
17. A situation where people who are willing and able to work at given market rate cannot find income generating activities to do is called?
- A. Frictional unemployment
  - B. Unemployment
  - C. Cyclical unemployment
  - D. Employment
18. The device used in an office to make working effective and efficient is known as?
- A. Office machines
  - B. Office files
  - C. Office workers
  - D. Office suppliers
19. The insurance policy where the insurance cover is only taken by those who will directly suffer the financial loss when a risk occurs on the matter insured is called?
- A. Indemnity
  - B. Subrogation
  - C. Insurable interest
  - D. Utmost good faith
20. The use of various methods and techniques to inform, influence and persuade customers to buy a product is known as?
- A. Distribution
  - B. Communication
  - C. Transportation
  - D. Product promotion



**Part two: Structured Questions**

**(80 marks)**

**A. Short questions**

**Question 1:** What is memorandum of association? List **three** clauses that are outlined in a memorandum of association. (4 marks)

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**Question 2:** State **three** causes of unemployment in an economy (3 marks)

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**Question 3:** Highlight **four** limitation of barter trade (4 marks)

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**Question 4:** Outline **two** characteristics that distinguish a business from any other activity (2 marks)

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**Question 5:** Muse spent \$2,400 per month in 2012 for his family's upkeep. In 2013, he spent \$3,000 per month to maintain his family at the same level of living. Calculate consumers' price index (C.P.I) for the period between 2012 and 2013 and comment on your answer (3marks)

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**Question 6:** State **three** methods of product promotion (3 marks)

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**Question 7:** Highlight **four** characteristics of economic resources (4marks)

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**Question 8:** In each of the following cases, state the type of inflation described.

(4 marks)

A. A rise in price due to an increase in money supply

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B. A rise in price due to an increase in the price of factors of production

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C. A rise in the price due to buying goods from foreign countries

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D. A rise in price due to uneven growth in some sectors of economy

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**Question 9:** Outline **four** factors one has to consider when evaluating a business opportunity (4 marks)

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**Question 10:** State **four** factors to consider when choosing a channel of distribution for a product (4 marks)

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**Question 11:** Highlight **four** advantages of face to face communication. (4 marks)

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**Question 12:** State **four** factors that may cause a demand curve to shift outwards to the right (4 marks)

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**Question 13:** Identify the national income measurement approach under which each of the following item will be considered (4marks)

- A. Wages and salaries \_\_\_\_\_
- B. Value of intermediate goods \_\_\_\_\_
- C. Expenditure on imports \_\_\_\_\_
- D. Transfer payments \_\_\_\_\_

**Question 14:** Outline **three** advantages of international trade (3 marks)

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**Question 15:** The following balances were extracted from the books of Bosaso trading company on 31<sup>st</sup> January, 2014.

Capital _____	\$59,000
Debtors _____	\$12,000
Creditors _____	\$14,000
Stock _____	\$ 31,000
Cash in hand _____	\$ 6,000
Premises _____	\$ 24,000



Prepare a balance sheet of the business as at 31<sup>st</sup> January, 2014

(4 marks)

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**Question 16:** Outline **three** factors to consider when designing office layout. (3 marks)

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**Question 17:** State **three** factors that determine the national income of a country (3 marks)

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**Question 18:** Highlight **four** sources of public finance (4marks)

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**B. Extended Questions. Answer all questions**

**Question 1:**With the help of diagrams, state the effects of the following changes in demand and/ or supply on equilibrium price and equilibrium quantity(6marks)

A. A decrease in supply

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**Question 2:** The following trial balance was extracted from Asha Electronics on 30<sup>th</sup> September, 2013

Asha Electronics  
Trial balance  
As at 30<sup>th</sup> September, 2013

Items	Dr. (sh.so)	Cr. (sh.so)
Sales		214,000
Sales returns	4,000	
Purchases	114,000	
Purchases returns		8,000
Carriage inwards	3,500	
Carriage outwards	4,200	
Opening stock	10,000	
Electricity	4,500	
Salaries	8,600	
Motor vehicle	200,000	
Discounts allowed	6,800	
Discounts received		9,400
Debtors	14,000	
Creditors		41,000
Cash in hand	15,000	
Capital		112,200
	<u>384,600</u>	<u>384,600</u>

Stock on 30<sup>th</sup> September was valued to be sh.so. 6,500

Prepare a trading, profit and loss account (10marks)



