# MINISTRY OF EDUCATION AND HIGHER EDUCATION

## FORM FOUR EXAMS, 2016

# BUSINESS

**20**
**16**

## P/LAND NATIONAL EXAMINATION BOARD

# MINISTRY OF EDUCATION AND HIEGHER EDUCATION
# PUNTLAND NATIONAL EXAMINATIONS BOARD

# BUSINESS

## Instructions to candidates

- Answer all the questions
- This paper consists of 15 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 1 and 2. There 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 | 20 marks |
| PART TWO: | Structural Questions | 50 marks |
| PART THREE: | Extended Questions | 30 marks |
| | **TOTAL** | **100 marks** |

### For the marker only

| Parts | Marks |
|---|---|
| Part one | |
| Part two | |
| Part Three | |
| **Total** | **%** |
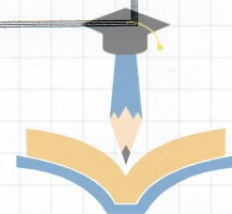
**Use this page1 for rough work, it will not be marked.**

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

**Use this page2 for rough work, it will not be marked.**

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

............................................................................................................................

SOM EXAMS

PART ONE: MULTIPLE CHOICES.                    (20 MARKS)

CIRCLE THE CORRECT ANSWER

1) Ali , Osman and Amina decided to form a business through which they can raise capital by selling equity shares to the public. Which of the following business structures should they adopt:
   a) Private limited Company
   b) Public limited company
   c) Partnership
   d) Cooperative society

2) If supply curve shifts to the right, while the demand curve remains the same, the market price will:
   a) Increase.
   b) Decrease.
   c) Remains the same.
   d) None of the above.

3) When Golis pays $20,000 in salary, how this will impact the assets and liabilities of the company:
   a) Salary expense is increased by $20,000; cash is increased by $20,000.
   b) Salary expense is increased by $20,000; cash is decreased by $20,000.
   c) Salary expense is decreased by $20,000; cash is increased by $20,000.
   d) Salary expense is decreased by $20,000; cash is decreased by $20,000.

4) Product promotion is used to
   a) Decrease cost
   b) Increase sales
   c) Motivate employees
   d) Recruit new workers

5) There are different types of unemployment by various factors. The type of unemployment caused by recession refers to:
   a) Frictional unemployment
   b) Cyclical unemployment
   c) Natural unemployment
   d) Structural unemployment

6) Which one of the following is not included the causes of business failure
   a) More trade to abroad
   b) No managerial skills
   c) Wrong choice of business
   d) Improper pricing

7) Which of the following is the primary function of Puntland Central Bank:
   a) Transfer of money
   b) Provide loans
   c) Issue and control of currency
   d) All of the above

8) The method of convincing Nabad supermarket its customers that they need and should buy it's commodities is:
   a) Educative advertising
   b) Persuasive advertising
   c) Informative advertising
   d) Declarative advertising

9) When the price of yicib is 20 So.Sh., one can buy 2 kg. If the price is 35 So.Sh. 1 kg can be bought. The price elasticity of the yicib is:
   a) -1.33
   b) 3.11
   c) 2.33
   d) -3.11

10) Referring to question 9, yicib is:
   a) Unitary elastic demand
   b) Perfectly elastic demand
   c) Relatively inelastic demand
   d) Relatively elastic demand

11) Which one of the following is an advantage of public corporations:
   a) They are managed by political appointees
   b) They respond slowly to changes
   c) They enjoy government support and protection
   d) Lack of close supervision

12) What happens when the Somali government trades livestock to Saudi Arabia in exchange for oil:
   a) The Somali government loses and the Saudi government gains
   b) The Somali government gains and the Saudi government gains
   c) The Somali government gains and the Saudi government loses
   d) The Somali government loses and the Saudi government loses

13) Office equipments are used to facilitate activities of offices. Which one of the following is not included in office equipments:
   a) Stapler
   b) Screw
   c) Paper bunch
   d) Computer

14) When messages are sent from mangers to subordinates, it is known as:
   a) Downward communication
   b) Upward communication
   c) Vertical communication
   d) Horizontal communication

15) A group or association of between 2 and 20 people who agree to own and run a business together is called
   a) Sole trader
   b) Private Company
   c) Corporation
   d) Partnership

16) Aisha has enough money to buy either a business book or to go to Gelle Restaurant with her friends in economics, what is the choice that Aisha 'gives up' called:
   a) Positive cost
   b) Indirect cost
   c) Opportunity cost
   d) Marginal cost

**17) An increase in CPI from 200 to 225 would indicate an annual rate of inflation:**

a) 1.3%                                          b) 25%

c) 12.5%                                         d) 20%

**18) The table below shows sample population, death and birth of Harwanaag country.**

| Total population | Deaths | Births |
|---|---|---|
| 40,000 | 35 | 100 |

**The crude birth rate per 1000 population is:**

a) 5.5                                           b) 4.5

c) 2.5                                           d) 8.5

**19) Which one of the following, the department of human resources deals with:**

a) Customers                                     b) Managers

c) Supervisors                                   d) employees

**20) A large open area which accommodates all the office staff is a/an**

a) Partitioned office                            b) Office

c) Open office                                   d) Office layout

# PART TWO: STRUCTURED QUESTIONS                                    (50 MARKS)

**Question 1:**
**Match the word in column A with its meaning in column B (10 marks)**

| Column A | Column B |
|---|---|
| 1) balance of payments | a) outlook, arrangement and positioning of furniture, and equipment in work place |
| 2) containerization | b) part of the profit which is shared out among the shareholders |
| 3) office layout | c) the cost of producing or buying in the goods actually sold by the business during a time period |
| 4) optimum population | d) The total value of output of goods and services in a country in one year. |
| 5) sum insured | .e) taking risks and showing creativity |
| 6) dividend | f) when the existing technology, knowledge, capital equipment and trade is at maximum utilization. |
| 7) packaging | g) financial value of the matter insured |
| 8) entrepreneurship | h) the physical container or wrapping for a product |
| 9) cost of goods sold | i) packing of goods in standardized way designed for use in transportation |
| 10) gross domestic product | j) the record of the difference between a country's exports and imports |

**Question 2:**

**Mr. Hurre owns a small pizza restaurant in a large city. The information bellow gives some financial data for the business (10 marks)**

| | |
|---|---|
| Selling price per pizza | $8 |
| Variable cost per pizza | $5 |
| Weekly fixed costs | $2,700 |
| Weekly sales | 1,500 pizzas |

Answer the following questions:

a) What is meant by 'variable cost'? (1 mark)

..................................................................................................................................................................

..................................................................................................................................................................

b) Indentify two examples of fixed costs for Hurre restaurant (1 mark)

..................................................................................................................................................................

..................................................................................................................................................................

Calculate the profit of the business at 1,500 pizzas (3 marks)

..................................................................................................................................................................

..................................................................................................................................................................

..................................................................................................................................................................

Calculate the break-even quantity (2 marks)

..................................................................................................................................................................

..................................................................................................................................................................

..................................................................................................................................................................

c) Calculate the break-even sales (2marks)

..................................................................................................................................................................

..................................................................................................................................................................

d) Calculate the marginal safety of the business (1 mark)

..................................................................................................................................................................

..................................................................................................................................................................

## Question 3:

**Identify the five functions of management explained in each of the following statements**
**(5marks)**

a) A process of determining what is to be done in order to achieve set of

objectives_____ (1 mark).

b) Setting things to work together smoothing and effectively by issuing instructions and

commands_____ (1 mark)

c) Making different things relate to one another by providing required tools and

equipment_____(1 mark).

d) Regulating and monitoring the activities of a business and taking corrective actions

_____ (1 mark).

e) Recruiting and managing of employees in a way suitable for the

organization_____ (1 mark).

## Question 4:

**For each of the following four commodities, give its appropriate degree of price elasticity of demand (4 marks):**

    a) Rise, the main food in Puntland _____(1 mark)

    b) Ice cream _____ (1 mark)

    c) Toshiba Lap top_____ (1 mark)

    d) Salt for food_____ (1 mark)

## Question 5:

**The following were extracted from the books Aran enterprise fro the year ended 31st December, 2015 (2 marks)**

| | |
|---|---|
| Opening capital | 105,000 So.Sh. |
| Drawings | 6,000 So.Sh. |
| Closing capital | 135,000 So. Sh. |

Determine the profit or loss for the year

**Question 6:**
**Give three reasons why businesses stay in society (3 marks)**

..............................................................................................................................

..............................................................................................................................

..............................................................................................................................

**Question 7:**
**The following terms stands for what (5 marks)**

    a) GNP: _____ (1 mark)
    b) FOB: _____ (1 mark)
    c) PAYE: _____ (1 mark)
    d) VAT: _____ (1 mark)
    e) MDGs:_____(1 mark)

**Question 8:**
**Define joint demand and derived demand (2 marks)**

    a) Joint demand (1 mark)

..............................................................................................................................

..............................................................................................................................

    b) Derived demand (1 mark)

..............................................................................................................................

..............................................................................................................................

**Question 9:**
**Indicate two ways in which households contribute to national income (2 marks)**

    a) ...........................................................................................................

...........................................................................................................(1 mark)

    b) ...........................................................................................................

...........................................................................................................(1 mark)

**Question 10:**
**list three essentials of a good warehousing (3 marks)**

    a) ...........................................................................................................

........................................................................................................... (1 mark)

    b) ...........................................................................................................

...........................................................................................................(1mark)

    c) ...........................................................................................................

........................................................................................................... (1 mark)

**Question 11:**
**List four essentials of effective communication (4 marks)**

a) ........................................................................................................(1 mark)

b) ........................................................................................................(1 mark)

c) ........................................................................................................(1 mark)

d) ........................................................................................................(1 mark)

## PART THREE:          EXTENDED QUESTIONS          (30 MARKS)

**Question 1**          **(15 marks)**

On May 1 of 2015, Mrs. Dahabo commenced business with the following assets and liabilities:

| | |
|---|---|
| Cash at bank | 9,500 |
| Stock | 16,000 |
| Office equipment | 2,400 |
| Land and buildings | 60,000 |
| Debtors | 740 |
| Creditors | 16,200 |

Transactions for the month of May were:

| May | 3 | sold goods on credit | 890 |
|---|---|---|---|
| | 18 | purchased goods on credit | 760 |
| | 27 | wages | 460 |

a) What is the capital of Mrs. Dahabo's business at May 1(2 marks)

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

..............................................................................................................

b) Journalize the transactions from May 3 to May 27 (4 marks)

..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................

c) Post to the ledger, and find the balances ( 4 marks)

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

..................................................................................................................

©PNEB, 2016

d) Prepare the trial balance at May 27  ( 3 marks)

..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................

e) Prepare the balance sheet of Mrs. Dahabo's business at May 27 (2 marks)

..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................

## Question 2:

Given the following table (15 marks)

| Price, So.Sh per unit | Quantity demanded in units | Quantity supplied in units |
|---|---|---|
| 3 | 70 | 10 |
| 6 | 60 | 30 |
| 8 | 40 | 40 |
| 10 | 30 | 60 |
| 13 | 10 | 80 |

a) Plot the demand and supply curves on the same Cartesian plane (3 marks)

..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................

b) Indicate the equilibrium point for the units (1 mark)

..........................................................................................................................
..........................................................................................................................
..........................................................................................................................

c) At the price 10 So.Sh./unit, do we have shortage or surplus and how much it is?

(2 marks)

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

d) At the price 6 So.Sh./unit, do we have shortage or surplus and how much it is? (2 marks)

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

e) Suppose that there is a decrease in demand, then

The demand curve shifts _____ to the _____ (2 marks)

f) Referring to question 2 e, suppose the decrease in demand resulted a new demand curve which is obtained by halving the previous one (that is, each of the new quantity demanded is half of the corresponding previous quantity demanded)

Rewrite the given table on the bases of the information given above, that is, in f (3 marks)

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

...................................................................................................................................

g) What is the new equilibrium quantity? (2 marks)

...................................................................................................................................

...................................................................................................................................

**End.**