**ELERAI MCK GIRLS SECONDARY SCHOOL**

**BUSINESS FORM 2**

**END OF TERM II EXAM 2014**

**Answer all the questions**

1. Thiaka wants to start a business. Explain four sources that he might use to raise the initial capital (4mks)
2. Explain four limitations that one may experience in operating a business as a sole proprietor (4mks)
3. Outline four circumstances under which a sole proprietorship form of a business may be dissolved (4mks)
4. Outline four benefits that one may get by being a member of a consumer co-operative society (4mks)
5. Highlight four reasons why consumers co-operatives are not popular in Kenya today (4mks)
6. State four benefits a saving and credit co-operative society (SACCO) provide to its members (4mks)
7. List four documents that should be registered with the registrar of companies for a company to be formed (4mks)
8. State two types of limited liability companies (2mks)
9. Outline four roles played by licencing as a government regulatory tool (4mks)
10. State four advantages of water transport (4mks)
11. State four advantages of face to face communication (4mks)
12. State four services provided in a warehouse (4mks)
13. Define the following terms (4mks)
14. Insure
15. Insured
16. Highlight four ways through which manufacturers or producers/tenders associations can protect consumer (4mks)
17. Define the following
18. Transport
19. Elements of transport
20. State four disadvantages of public warehouse (4mks)
21. Explain the following terms as used in insurance (4mks)
22. Spreading of risks
23. Enable compensation
24. Explain four importance of insurance to the Kenya economy (4mks)
25. Brian operates a petrol station in Nakuru. He insured his stock worth Kshs. 2.4 million for ksh 2million. Later in the year, a stock worth ksh. 600,000was destroyed by fire. Calculate the amount Brian was paid (4mks)
26. Firm X has started its operation in the country. Its plans to put up a warehouse to store its raw materials and finishes goods. Explain four of the requirements its warehouse should have for it to function effectively (4mks)
27. Outline four benefits that may occur to a trader who uses e-mail to communicate (4mks)
28. Briefly explain four factors that should consider before selecting a means of communication (4mks)
29. Explain four circumstance under which face to face communication may be effective (4mks)
30. Define the following
31. Line of communication (2mks)
32. Forms of communication (2mks)
33. Wanyama has plans to transport 40 sack of rice from Nakuru to Nairobi, explain four reasons why he might choose a cargo train as his means of transport (4mks)