

**GATITU GIRLS SEONDRARY SCHOOL BOX 327 01030 GATUNDU  
 BUSINESS STUDIES MID-2<sup>ND</sup> TERM EXAM 2016**

FM 2

NAME \_\_\_\_\_ ADM \_\_\_\_\_ CLASS \_\_\_\_\_

1. Identify four main types of business activities carried out in the society. (4 marks)

- a).....
- b).....
- c).....
- d).....

2. Highlight any four problems faced by human beings in the process of satisfaction of human want. (4 marks)

- a).....
- b).....
- c).....
- d).....

3. Identify the type of utility created in the following circumstances. (4 marks)

Activity	Utility
a) Carpentry	
b) Selling bread to students	
c) Ware housing of goods imported	
d) Carriage of cargo to the market	

4. Outline four disadvantages of maintaining an enclosed office layout. (4 marks)

- a).....
- b).....

- c).....
- d).....

5. Highlight four features of hypermarkets found in Kenya. (4 marks)

- a).....
- b).....
- c).....
- d).....

6. Outline four circumstances under which a sole proprietorship form of business may be dissolved. (4 marks)

- a).....
- b).....
- c).....
- d).....

Identify four co-operatives principles that are followed world wide. (4 marks)

- a).....
- b).....
- c).....
- d).....

7. Abel produces horticultural crops and transports them from Eldoret to Nairobi. Outline four reasons why he should not use rail to transport the produce. (4 marks)

- a).....
- b).....
- c).....
- d).....

8. Highlight four barriers to effective communication. (4 marks)

- a).....
- b).....
- c).....
- d).....

9. Outline the meaning of the following terms as used in insurance. (4 marks)

(i) Cover note

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.....  
..

(ii) Policy

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.....  
..

(iii) Premium

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

(iv) Proposal form

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

10. Outline four advantages of using matutus as means of transport (4 marks)

- a).....
- b).....
- c).....
- d).....

11. Highlight four functions of pro-forma invoice (4 marks)

- a).....
- b).....
- c).....
- d).....

12. Outline four disadvantage of using public warehouse. (4 marks)

- a).....
- b).....
- c).....
- d).....

13. Highlight four features of bonded warehouse. (4 marks)

- a).....
- b).....
- c).....
- d).....

14. List four sources of capital for public company . (4 marks)

- a).....
- b).....
- c).....
- d).....

15. State four factors that an entrepreneur may consider when evaluating business. (4 marks)

- a).....
- b).....
- c).....
- d).....

16. Highlight four importance of insurance to the business. (4 marks)

- a).....
- b).....
- c).....
- d).....

17 In the spaces provided below, indicate with a tick (✓) whether each of the following statements relates to preference or ordinary shares.

(3 Marks)

Statement	Preference	Ordinary
(a) Represents real owners of company		
(b) Rate of dividends is fixed		
(c) Has voting rights		
(d) Redeemable		
(e) May be cumulative		
(f) Considered last in liquidation		

18 Outline **FOUR** features of trade credit as a source of finance for business units.

(4 Marks)

- a).....
- b).....
- c).....
- d).....