**09 - FORMS OF BUSINESS UNITS**

***The topic entails:***

* **The basis of classification of business units e.g. sole proprietorship.**
* **Classification of business units on the basis of meaning, features, ownership, formation, sources of capital, merits and demerits, circumstances under which each form will be dissolved.**
* **Trends in business ownership.**

1. State **four** requirements necessary to secure a loan from the SACCO’s

2. Give **four** hitches faced by the government of Kenya in the endeavor to privatize state

firms

3. Outline **five** benefits of becoming a member of a savings and credit cooperative society

(SACCO)

4. In the spaces provided below, write the type of partner described by each of the following

statements

(i) One who is below 18years of age

(ii) One who has unlimited liability

(iii) One who gets involved in the daily running of the business

(iv) One who allows his/her name to be used in the business

5. Otwoma intends to start a business. Give **four** reasons why it is advisable for him to start a

retail business shop instead of buying shares in a public limited company

6. State **four** circumstances that may lead to the dissolution of a partnership

7. State **four** features of incorporated business units

8. List **four** documents that are required before a public limited company is allowed to operate

in the country

9. List **four** documents that are required before a public limited company is allowed to operate

in the country

10. Highlight **four** ways in which the running of public corporations is ineffective in this country

11. You have been charged with a duty of preparing an article of Association for your company;

state **four** items that you will include in your article of Association

12. Honey intends to join a consumer Co-operate society; Highlight **four** benefits she would get by

being a member of the society

13. State **four** features of multinational corporation

14. State **four** type of partnership businesses

**09. -FORMS OF BUSINESS UNITS**

1 Explain **five** advantages that Melinda could derive by investing in shares of a public limited

2 The following information was extracted from books of Chunga Traders for the period ending

31/12/2000:- Fixed assets – 350,000

Drawings – 50,000

Creditors – 50,000

Cash – 60,000

Discount received 4,000

Rent – 12,000

Bank overdraft – 10,000

Debtors – 20,000

Stock (31/12/2000)-30,000

Commission received – 6,000

Gross profit – 80,000

Electricity – 3,000

Stock (11/1/2000) – 50,000

Salaries – 20,000

**Calculate**:- (i) Working capital

(ii) Capital employed

3 Distinguish between a public corporation and a public ltd company

4 Describe the procedure that a shareholder would follow in selling share through the stock

exchange.

5 Challenges faced by the savings and credit cooperative societies

6. The Kenya Government has been privatizing its parastatals to would be investors. Explain any

**five** benefits of the privatization process to the government

7. Explain **five** differences between private limited companies and public limited companies

8 Discuss **five** benefits that the Kenyan government may get by privatizing a state corporation

9 Describe **five** circumstances under which limited liability companies may be liquidated

10 Describe **five** distinctions between a public ltd company and public corporation

11 Distinguish between a public limited company and a private limited company

12 Katwaa is a member of Bidii savings and credit Co-operative. (SACCO). What benefits

does she enjoy for being a member of the SACCO