
CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS.

CHUKA & EMBU CAMPUSES

FIRST YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE & BACHELOR OF EDUCATION (ARTS)

BCOM 101/BUST 111: INTRODUCTION TO BUSINESS

STREAMS: BCOM Y1S1

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 5/12/2018

11.30 A.M - 1.30 P.M

INSTRUCTIONS:

- Answer Question ONE and any other TWO Questions.
- Marks will be awarded for clarity and originality of ideas
- Do not write anything on the question paper

1. *While having lunch with your friend, she decided to seek your help concerning an advertisement she was told about. The advertisement was by Nguzo Investment Ltd, a private company which she will be having an IPO. Your friend does not really understand what this means. She however has been informed that she can make money out of this transaction by buying shares in the company and she wants your advice regarding this advertisement.*

- (a) Explain an IPO, giving the full name that an IPO stands for, and explain why an IPO is important to a company. [5 Marks]
- (b) “Nguzo Investments can choose to raise money from the public by either getting equity capital or loan capital”. Explain this statement showing the different types of equity and loan capital the company can use. [10 Marks]
- (c) Highlight the two major ways your friend can make money from shares. [2 Marks]
- (d) Explain the task environment of a business and illustrate any 3 factors in the task environment showing how they affect the business. [8 Marks]
- (e) What is E-Commerce and what benefits can be derived from E-Commerce. [5 Marks]

BCOM 101/BUST 111

2. (a) Joan runs a small fast food business in Chuka town. KFC, a leading fast food franchise has approached Joan with an offer of a franchising agreement. Joan has approached you for advice regarding this offer. Explain to Joan what franchising is, showing the pros and cons that she will encounter if she accepts KFC's offer. [10 Marks]
- (b) Outline the barriers you would encounter in planning and show how you would overcome each of these barriers. [10 Marks]
3. (a) Owners of a partnership are usually referred to as partners and there may be different types of partners in within the partnership. Discuss any five types of partners. [10 Marks]
- (b) Distinguish between spot and derivative markets and show how financial markets may be classified according to market structures. [10 Marks]
4. (a) The partners at Kaluki and Kavilu are active partners. They have been considering hiring some people to perform various functions in the business. However, they have been disagreeing on the need for the human resource function. Explain to the partners the role of the human resource department illustrating these roles with practical scenarios that can arise in the partnership. [10 Marks]
- (b) Discuss corporate social responsibility and the dimensions which business managers can adopt in regard to social responsibility. [10 Marks]
-