

BUST 111

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA & THARAKA

**FIRSTY YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF EDUCATION ARTS**

BUST 111: INTRODUCTION TO BUSINESS MANAGEMENT

STREAMS: BED (ARTS) Y1S1

TIME: 2 HOURS

DAY/DATE: MONDAY 09/12/2019

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- **Answer question ONE and any other TWO questions**
- **Marks will be awarded for clarity and originality of ideas**
- **Do not write on the question paper**

QUESTION ONE

- (a) What is a company limited by guarantee? [5 marks]
- (b) A nominal partner is a quasi-partner but a quasi-partner is not necessarily a nominal partner. Defining these partners, state whether you agree with this statement and defend your position. [5 marks]
- (c) Business can be such a headache to run. Why do people find it necessary to have businesses in society? [10 marks]
- (d) Joint ventures are becoming common as business objectives continue to expand. Explain the reasons why businesses may find it useful to form joint ventures and the disadvantages businesses experience by engaging in joint ventures. [10 marks]

QUESTION TWO

- (a) A business operates within an environment and must interact with the environment to survive. Explain five elements that make up the external environment giving practical examples of how they affect businesses from the Kenya scenario. [10 marks]

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- (b) What is a financial market and how can financial markets be classified on the basis of their market structures? [10 marks]

QUESTION THREE

- (a) The partners at Rain and Sun Associates have been considering hiring some people to perform various functions in the business. However they have been disagreeing on the need for human resources function. Explain to the partner's five roles of the human resources department illustrating these roles with practical scenarios that can arise in the partnership firm. [10 marks]
- (b) In a franchising agreement, both the franchisor and franchisee are involved in business although at different levels. Set out five merits and five demerits that a franchisee derives from the franchising arrangement [10 marks]

QUESTION FOUR

- (a) Your friends want to register a company. They have been advised to prepare their articles of association and memorandum of association. However they are not sure what these documents are. Discuss the contents of the memorandum of association. [10 marks]
- (b) Businesses like any other member of society need to be socially responsible. Explain the factors that determine how socially responsible a business is showing how they influence the level of social responsibility. [10 marks]
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