

CHUKA



UNIVERSITY

UNIVERSITY SUPPLEMENTARY/SPECIAL EXAMINATIONS.

FIRST YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE

BCOM 101: INTRODUCTION TO BUSINESS

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 23/07/2018

8.30 A.M - 10.30 AM

INSTRUCTIONS:

- Answer **Question ONE** and other **TWO Questions**
- Do not write anything on the Question paper.

QUESTION ONE.

Mary and her friends wanted to start a Company. However, they are not sure where to start and they have approached you as a BCOM student to help them understand how companies are formed. They had also been advised to prepare various documents which included their articles of association, memorandum of association among others. They are not sure what these documents are. Respond to all their concerns.

- Explain to them the stages they need to go through in formation of a Company. [10 Marks]
- Discuss with them the contents of the Memorandum of Association. [8 Marks]
- Explain to them at least five features that will characterize their company. [10 Marks]
- Highlight any two differences between a private limited company and a public limited company and explain to them the type of company they will be forming. [2 Marks]

QUESTION TWO.

- A business does not operate on a closed system but within an environment to survive. Explain the elements that make up the external environment giving practical of how they affect businesses from the Kenyan scenario. [10 Marks]

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- (b) Business has an obligation to be socially responsible to various parties in the society. Discuss this statement. [10 Marks]

QUESTION THREE.

- (a) Distinguish between spot and derivative markets and outline any five functions of money markets. [10 Marks]
- (b) Owners of a business are usually referred to as partners and there may be different types of partners in within the partnerships. Discuss any five types of partners. [10 Marks]

QUESTION FOUR.

- (a) There are five basic functions of management. Describe the function of staffing highlighting the activities involved in this function. [6 Marks]
- (b) Describe the three fundamental forces that drive capitalist economic system. [6 Marks]
- (c) Explain what franchising is, and the new trends in this business highlighting a pro and a con of each trend. [8 Marks]

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