

CHUKA



UNIVERSITY

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UNIVERSITY EXAMINATIONS

CHUKA & EMBU

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

BCOM 101: INTRODUCTION TO BUSINESS

STREAMS: BCOM (Y1S1)

TIME: 2 HOURS

DAY/DATE: MONDAY 06/04/2020

11.30 A.M. – 1.30 P.M.

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INSTRUCTIONS:

- Answer question ONE (Compulsory) and any other TWO questions
- Marks will be awarded for clarity and originality of ideas
- Do not write anything on this question paper

QUESTION ONE

Nyama Ltd, a company that operates in the meat industry has been facing very dire circumstances with more and more customers demanding for halal products. Pork products have been the company's fastest moving products and the owners are worried that provision of halal products will lead to a downturn in their business since they cannot sell pork products anymore. In addition, the certification process is likely to cost the business a moderate amount which the managers feel is unnecessary given the harsh business environment in the country. The managers specifically believe the business needs a capital injection in order to stay competitive.

- (a) Identify five aids to trade and practically illustrate how Nyama Ltd can benefit from these aids to trade. [10 marks]

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- (b) “The company can choose to raise money from the public 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) 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]
- (d) What is a company limited by guarantee? [5 marks]

### QUESTION TWO

- (a) 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]
- (b) Companies are incorporated associations separate from their owners. Distinguish between public and private companies. [10 marks]

### QUESTION THREE

- (a) Although a sole proprietorship is generally managed by the owners, it is common to find the owner setting up certain key departments. Discuss five roles of the human resources department illustrating your response with practical scenarios that might arise within a sole proprietorship [10 marks]
- (b) A group of farmers from your country are considering setting up a cooperative society to help them adopt better production techniques and better marketing for their crops. They have approached you for help with this decision. Assist them by providing five merits and five demerits associated with cooperatives. [10 marks]

### QUESTION FOUR

- (a) A business operates within an environment and must interact with the environment to survive. Explain the elements that make up the economic environment giving practical examples of how they have affected businesses in Kenya [10 marks]
- (b) Discuss statutory companies in detail and set out the reasons why statutory companies are established. [10 marks]

