
CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

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

BCOM 101: INTRODUCTION TO BUSINESS

STREAMS: BCOM Y1S1

TIME: 2 HOURS

DAY/DATE: MONDAY 14/12/2020

8.30 A.M -10.30 A.M.

INSTRUCTIONS:

1. Answer questions 1 (one) and any other two questions
2. Marks will be awarded for clarity and originality of ideas
3. Do not write on the question paper

Questions

1. *Barbara is a Commerce student at the university who loves cooking. She is an orphan and is experiencing difficulties raising money for her school fees. She has decided to rent a room near the university where she will be selling food to other students in order to raise her school fees. Barbara sees this as a hobby and hopes that with the experience she gets from this hobby, she will one day open a 5-star hotel. Maarifa, Barbara's friend believes that Barbara should enter into an agreement with an established hotel and sell their foods. Barbara does not understand this and believes that Maarifa is just sending her a polite hint that her food is not good enough. Barbara feels so hurt that her friend is not supporting her dreams while Maarifa feels that Barbara dismissed his advice. This has created a strain in their relationship.*
 - a) Explain the type of business Maarifa is proposing to Barbara and any 4 pros and 4 cons Barbara is likely to encounter if she takes up Maarifa's advice. (10 marks)
 - b) In setting up her hotel Barbara can set up a company. Discuss the features that this company would have. (10 marks)
 - c) Explain and practically illustrate how Barbara's business will be affected by any five factors from the cultural environment (10 marks)

2.

- a) Distinguish between industry and commerce and discuss how industries may be classified according to different bases. (10 marks)
- b) Apart from making profits, businesses have secondary objectives to fulfill to other stakeholders. However, businesses differ in how they fulfill these secondary objectives. Explain the factors that bring about these differences among businesses. (10 marks)

3.

- a) Your friends have decided to set up a partnership business and they have been advised to draw a partnership deed or they have to rely on the provisions of the Partnership Act. They have no clue what this is. Explain what a partnership deed is and outline the major provisions of the Partnership Act. (10 marks)
- b) Financial markets are crucial in an economy since they facilitate the exchange of financial instruments. Define financial instruments and discuss how markets can be classified according to their market structures. (10 marks)

4.

- a) A wholesale trader might be very different from a manufacturing company in terms of the functional areas that are necessary to the business. Discuss any five functional areas or departments that may be necessary in a wholesale shop. (10 marks)
- b) The farmers in your area were advised in a recent seminar to join together in a cooperative society. However, they believe that cooperatives are tools used by the rich to take advantage of the weak in society. With reference to the formation of cooperatives, explain to them why their perspective is incorrect and enumerate any five benefits they would derive from setting up a cooperative. (10 marks)

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