

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

**RESIT/SPECIAL EXAMINATION**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF  
COMMERCE AND BACHELOR OF EDUCATION (ARTS)**

**BCOM 101/BCOM 100/BUST 111: INTRODUCTION TO BUSINESS**

**STREAMS: BCOM & BED (ARTS)**

**TIME: 2 HOURS**

**DAY/DATE: MONDAY 01/02/2021**

**11.30 A.M – 1.30 P.M.**

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**INSTRUCTIONS**

- **Answer questions 1 (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) Discuss five reasons why businesses are important in society (10 marks)
- b) Explain the factors that determine how socially responsible a business is showing how they influence the level of social responsibility. (10 marks)
- c) Define statutory companies in detail and set out the reasons why statutory companies are established. (10 marks)

**Question Two**

- a) Why are financial markets important in an economy? (10 marks)
- b) 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)

**Question Three**

- a) Mzee is about to retire from his position in one of the leading banks. He is really concerned since he is not used to staying at home. A friend has advised him to set up a hardware shop which he can be running by himself to keep him busy. He is not sure about this idea because he believes he should partner with another person to increase his business' chances of survival. Detail for Mzee any five pros and five cons associated with a sole proprietorship.

(10 marks)

- b) Who is a franchisee and what problems does the franchisee encounter in engaging in this form of business? (10 marks)

**Question Four**

- a) The business is an open system and must interact with its environment to thrive. Any business that ignores its environment does so at its own risk. Explain five elements that make up the external environment giving practical examples of how they affect businesses from the Kenyan scenario (10 marks)

- b) 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. Detail for them the contents of the memorandum of association.

(10 marks)

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