



UNIVERSITY EXAMINATIONS

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

BCOM 101: INTRODUCTION TO BUSINESS

STREAMS: BCOM (Y1S1) ODEL

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 15/04/2020

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

Last year, the National Environmental Management Authority closed a number of businesses on the allegations of polluting the environment. In addition the Kenya Bureau of Standards has also blacklisted a number of products for containing chemicals that are unfit for human consumption. Interestingly, even parastatals have been accused of overexploiting the customers. This has raised the debate on the mandate of businesses in society

- (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) Discuss statutory companies in detail and set out the reasons why statutory companies are established. [10 marks]

QUESTION TWO

- (a) Distinguish between spot and derivative markets and show how financial markets may be classified according to market structures. [10 marks]

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- (b) Owners of a partnership are usually referred to as partners and there may be different types of partners 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 to keep him busy. He is not sure about his 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) "Contemporary forms of businesses are usually very complex to understand". Explain this statement and distinguish between mergers, acquisitions and joint ventures giving practical examples of each of these businesses from the Kenyan context. [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 not 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 of them the contents of the memorandum of association.[10 marks]
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