



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR THIRD SEMESTER EXAMINATION FOR

CERTIFICATE IN PROCUREMENT SUPPLY CHAIN MANAGEMENT

BUSINESS MANAGEMENT

1903/103: COMMERCE

1906/103: COMMERCE

DATE: 16/12/2020

TIME: 11.30-2.30 PM

INSTRUCTIONS:

*This paper consists of **TWO** sections; **A** and **B**.*

*Answer **ALL** questions in section **A** in the spaces provided after each question and any **FOUR** questions in section **B** in the answer booklet provided.*

SECTION A: (32MARKS)

*Answer **ALL** the questions in this section in the spaces provided.*

1. Outline **three** circumstances under which a sole proprietor may find it necessary to convert his business into a partnership. (3 marks)

2. State **three** disadvantages of using the railway as a mode of transport. (3 marks)

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3. Highlight **three** ways in which the government may participate in business activities. (3 marks)

4. State the term used in insurance that fits each of the descriptions given in the table below: (3 marks)

Description	Term
Specialists in risks assessments	
A business that sells policies on behalf of an insurance company	
A temporary insurance certificate	

5. State **three** features of chain store as a type of retail business. (3 marks)

6. Classify each of the following production activities according to their relevant levels of production. (3 marks)

Activity	Level of production
Constructing a road	
Cultivating a farm	
Manufacturing of cooking fat	

7. Highlight **four** ways in which a trader may benefit from warehousing services (4 marks)

8. Motor cycles have become a popular means of transport in many areas in Kenya. State **three** reasons for this popularity. (3 marks)

9. List **three** types of information that should be contained in a commercial invoice (3 marks)

10. List **four** characteristics of money. (4 marks)

SECTION B (68 marks)

Answer any **FOUR** questions in this section in the answer booklet provided.

11. (a) Highlight **six** differences between a public limited company and a public corporation. (9 marks)

(b) Outline **four** roles played by commercial banks in facilitating home trade. (8 marks)

12. (a) Outline **six** ways in which commercial attaches may promote foreign trade in a country. (9 marks)
- (b) Highlight **four** differences between jobbers and brokers in their operations at a securities/stock exchange market. (8 marks)
13. (a) Explain **six** circumstances under which a manufacturer may find it appropriate to distribute his goods through wholesalers. (9 marks)
- (b) Outline four reasons that may account for the popularity of direct production in Kenya. (8 marks)
14. (a) Explain **six** features of a good warehouse. (9 marks)
- (b) Outline **four** circumstances under which cash payment may be appropriate to a trader. (8 marks)
15. (a) Describe the procedure of taking an insurance policy. (9 marks)
- (b) Explain **four** benefits of carrying out business transactions through e-commerce. (8 marks)