



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)
University Examinations for 2015/2016 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT
SCIENCES

SECOND SEMESTER EXAMINATION FOR CERTIFICATE IN PROCUREMENT
AND SUPPLY CHAIN MANAGEMENT

CBM 111: COMMERCE

Date: 4/12/2015

Time: 8:30 – 10:30 AM

INSTRUCTIONS

Answer question one and any other questions

QUESTION ONE (30 MARKS)

- a) Distinguish between the following concepts:
 - i) Specialization and division of labour.
 - ii) Insurance and gambling.
 - iii) Balance of trade and balance of payment. (6 marks)
- b) Highlight three benefits of credit sale terms to the seller of goods and services. (3 marks)
- c) Explain four points on the importance of warehousing to a trader. (8 marks)
- d) Distinguish between an invoice and proforma invoice as documents used in trade. (2 marks)
- e) Describe three functions of money. (3 marks)
- f) Explain four advantages of containerization in transportation of goods and services. (8 marks)

QUESTION TWO (20 MARKS)

- a) Outline four positive effects of modern technology in the production of goods and services. (8 marks)
- b) Explain six natural barriers that hinder international trade. (12 marks)

QUESTION THREE (20 MARKS)

- a) Explain four problems that may be faced by a trader who sells only one type of a commodity. (8 marks)
- b) Explain six reasons why firms find it necessary to continuously advertise products that are already popular in the market. (12 marks)

QUESTION FOUR (20 MARKS)

- a) Outline six functions of stock exchange. (6 marks)
- b) Describe three functions of bill of lading as used in international trade. (6 marks)
- c) Explain four kinds of channels of distribution of goods and services. (8 marks)

QUESTION FIVE (20 marks)

- a) Citing examples, explain six functions of financial institutions in financing of business operations. (12 marks)
- b) Describe four factors that determine the amount of premium to be paid by the insured in life assurance. (8 marks)