



# MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN SUPPLY  
CHAIN MANAGEMENT

CPS 105: COMMERCE

DATE: 6/6/2017

TIME: 8:30 – 10:30 AM

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## INSTRUCTIONS

- i) Question one is compulsory and choose any other two.
- ii) Cheating will lead to disqualification.
- iii) Mobile phones are prohibited in the exam room.

## QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Identify the main **FUNCTIONS** of an entrepreneur (3 marks)
- b) Outline the functions of a retailer to a consumer. (4 marks)
- c) Distinguish between the following (3 marks)
  - i) Free goods and economic goods (3 marks)
  - ii) Consumer goods and producer goods (3 marks)
  - iii) Perishable goods and durable goods (2 marks)
  - iv) Material goods and non-material goods (2 marks)
- d) Distinguish between home trade and international trade. (5 marks)
- e) Highlight the main functions of the central bank (5 marks)
- f) Identify documentations applicable to the purchase and sale of goods in home trade (3 marks)

## QUESTION (20 MARKS)

- a) Discuss the **FOUR** factors of production. (10 marks)
- b) How may production be broken down into three classification? Describe each one clearly (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss the principles used by insurance companies. (10 marks)
- b) How may we define communication? Explain why it is treated as an ‘Aid to trade’ (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Who are agents? Discuss the various types of agents. (10 marks)
- b) Explain the advantages and disadvantages of bonded warehousing (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Using a well labelled diagram, describe the levels of production. (10 marks)
- b) Discuss the advantages and disadvantages of the export processing zones (EPZ). (10 marks)