



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 BUSINESS
MANAGEMENT

CBM 111: COMMERCE

Date:

Time:

INSTRUCTIONS

Answer Question ONE and any other TWO questions

SECTION A (COMPULSORY)

QUESTION ONE (30 MARKS)

- a) i) Define a need. (2 marks)
ii) Highlight five points on the importance of specialization and division of labour. (5 marks)
- b) 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)
- c) (i) Give three benefits of credit sale terms to the seller of goods and services. (3 marks)
(ii) Describe three functions of money. (3marks)
- d) (i) What is warehousing? Explain the importance of warehousing to a trader. (7 marks)
(ii) Outline four types of securities traded in a stock exchange market. (4 marks)

SECTION A: CHOOSE ANY TWO QUESTIONS

QUESTION TWO (20 MARKS)

- a) Outline five positive effects of modern technology in the production of goods and services. (10 marks)
- b) Explain five natural barriers that hinder international trade. (10 marks)

QUESTION THREE (20 MARKS)

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

QUESTION FOUR (20 MARKS)

- a) (i) Define production. (2 marks)
- (ii) Using an illustration, explain four kinds of channels of distribution of goods and services. (8 marks)
- b) Describe five functions of stock exchange. (10 marks)

QUESTION FIVE (20 MARKS)

- a) Explain five advantages of containerization in transportation of goods and services. (10 marks)
- b) Describe five factors to consider when selecting or choosing a warehouse. (10 marks)