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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, FIRST SEMESTER EXAMINATION
FOR THE CERTIFICATE IN BUSINESS MANAGEMENT
CBM 015: ELEMENTS OF COMMERCE

Date: 13TH DECEMBER 2024

Time: 11:30AM-1:30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

Commerce is a function that facilitates acquisition and movements of goods, services and farm products from their sources to where they are needed in different countries which subsequently improves a county's economy and the livelihood of its citizens.

- a) With one example for each, elaborate on the difference between "goods" and "services" in the commercial world of business. **(5 Marks)**
- b) Sourcing and outsourcing are known to be the most common methods of acquiring goods, services, works and farm products. With one example, differentiate the terms "sourcing" and "outsourcing". **(5 Marks)**
- c) Clearly list down three types of warehouses that are commonly used in the storage of goods. **(5 Marks)**
- d) Documentation is a critical aspect of both Home and International trade. Highlight on two documents that are used in international trade. **(5 Marks)**
- e) Briefly discuss the three factors of production stating why each is important in a country's economy. **(5 Marks)**
- f) International trade is known to be a major pillar in commercial activities of a country and its citizens. Expound on two challenges that may face an organization that is importing goods and propose their best solution. **(5 Marks)**

QUESTION TWO (20 MARKS)

- a) International trade is not like a walk in the park as it has a lot of challenges during its execution. The "Ro-ro" concept is a key concept that support trade globally. Highlight on what it entails listing one of its merits. **(6 Marks)**
- b) For a county's commerce to grow, the government has a bigger responsibility in ensuring that it supports and honors its responsibility. Discuss three activities that the government can do to support international trade. **(6 Marks)**
- c) During a university's congress meeting, you were appointed to support the motion that "relying heavily on international trade is not favorable to the buying country as it can slow its local economic growth". Expound on three reasons that justify this statement. **(8 Marks)**

QUESTION THREE (20 MARKS)

- a) Payments for goods in commerce may be done in a variety of ways, elaborate on two such modes. **(6 Marks)**
- b) Transport is a key factor in promoting economies of different countries, expound on three critical factors that will influence your choice of an international mode of transport. **(6 Marks)**
- c) Briefly discuss what are “Incoterms” listing three such terms that are commonly used in international trade. **(8 Marks)**

QUESTION FOUR (20 MARKS)

When planning to do business, one can choose to either run the business alone or in partnership with others depending factors such as funds availability, skills among others.

- a) With one merit and demerit for each, differentiate “Sole proprietorship” from “Partnership style” of business ownership. **(6 Marks)**
- b) Discuss three sources of business funds listing one merit and challenge for each. **(6 Marks)**
- c) The use of Ware houses is un avoidable in international trade. Elaborate on three value adding activities that they add to the business. **(8 Marks)**

QUESTION FIVE (20 MARKS)

- a) Insurance is a key factor that cannot be ignored while doing any type of business. Define what it is expounding on two merits of having an insurance on goods. **(8 Marks)**
- b) Ethics is a concept that is critical in all types of business globally. Define what it represents expounding on three examples of ethical factors. **(6 Marks)**
- c) The business community globally has acknowledged the fact that, the environment must be taken care of if any business is to succeed. Explain the green issues concept. **(6 Marks)**