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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FOR THE CERTIFICATE IN PROCUREMENT AND SUPPLIES CHAIN
MANAGEMENT
CPS 015: ELEMENTS OF COMMERCE

Date: 17TH APRIL 2023
Time: 8:30AM-10:30AM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) A country can choose to trade either domestically or go foreign. Highlight any five distinguishing features between home trade and foreign trade. **(5 Marks)**
- b) What is the importance of conducting commerce in any economy? **(3 Marks)**
- c) State any five disadvantages of a sole trader form of business organization. **(5 Marks)**
- d) Banking is one of the support facilities both to trade and commerce. Describe any four roles of banks in an economy. **(4 Marks)**
- e) ABC Enterprises is deciding to put up a warehouse due to their increased level of stock. Highlight any five factors that ABC Manager would consider while setting up the warehouse. **(5 Marks)**
- f) Identify any three factors of production that you know and state a reward for each factor of production. **(3 Marks)**
- g) Describe the role of each of the following documents used in home trade;
- i) Catalogue **(1 Mark)**
 - ii) Letter of enquiry **(1 Mark)**
 - iii) Price list **(1 Mark)**
 - iv) Quotation **(1 Mark)**
 - v) Acknowledgement note **(1 Mark)**

QUESTION TWO (20 MARKS)

- a) Jane a business lady in Bungoma has just received a notification that her goods have just arrived in Mombasa port. Discuss any four factors that she would consider in choosing the best mode of transporting her goods from Mombasa port to Bungoma. **(8 Marks)**
- b) Businesses are subjected to risks and uncertainties which can be catered for by insurance. Explain any four types of insurance used in business today. **(8 Marks)**
- c) Highlight any four functions of stock exchange in an economy. **(4 Marks)**

QUESTION THREE (20 MARKS)

- a) Discuss any four disadvantages of a country engaging in foreign trade. **(8 Marks)**
- b) Transport is a very important auxiliary service to trade and commerce as it creates place utility. Explain any four roles of transport to owners of business. **(8 Marks)**
- c) Briefly describe four characteristics of production. **(4 Marks)**

QUESTION FOUR (20 MARKS)

- a) Examine four primary functions of warehousing to an entrepreneur today. **(8 Marks)**
- b) Explain the following terminologies as used in international trade;
- i) Free Alongside Ship (FAS) **(2 Marks)**
 - ii) Free Carrier (FCA) **(2 Marks)**
 - iii) EX-Works **(2 Marks)**
 - iv) Carriage Paid To (CPT) **(2 Marks)**
- c) Describe any two documents required when forming a limited company. **(4 Marks)**

QUESTION FIVE (20 MARKS)

- a) Money is a very important asset in commerce. Explain four characteristics of money that would make it to be general acceptable in commerce. **(8 Marks)**
- b) Describe any three modes of transport used in trade today **(6 Marks)**
- c) Highlight six doctrines of insurance that you know **(6 Marks)**