

KENYA METHODIST UNIVERSITY

**END OF 3RD TRIMESTER 2013 (SB) EXAMINATION**

**FACULTY : EDUCATION AND SOCIAL SCIENCES**

**DEPARTMENT : EDUCATION**

**UNIT CODE : BUSS 201**

**UNIT TITLE : COMMERCE**

**TIME : 2 HOURS**

**INSTRUCTIONS**

*Answer any three questions*

**Question One**

1. Discuss the three levels of production (8 Marks)
2. Highlight the three factors of production and discuss the role of each factor (12 marks)

**Question Two**

1. Distinguish between a “need” and a “want” and discuss how these two terms influence commerce (10 marks)
2. Highlight the role of cooperatives in trade (10 Marks)

**Question Three**

1. Discuss the role of the following aids to trade
2. Ware housing
3. Banking
4. Insurance
5. Advertising (12 Marks)
6. Discuss the role of the following principles of insurance
7. Pooling of risks (4 Marks)
8. Indemnity (2 marks)
9. Utmost good faith (2 Marks)

**Question Four**

1. Define the term sole ownership. Set out the advantages and disadvantages of this type of legal ownership. (10 marks)
2. Define the term limited company

Set out the advantages and disadvantages of this type of legal ownership (10 marks)