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**KENYA METHODIST UNIVERSITY**

**END OF 2ND TRIMESTER 2014 (SB) EXAMINATION**

**FACULTY : EDUCATION AND SOCIAL SCIENCES**

**DEPARTMENT : EDUCATION**

**UNIT CODE : BUSS 201**

**UNIT TITLE : COMMERCE**

**TIME : 2 HOURS**

***INSTRUCTIONS: Answer Question ONE and any Other TWO***

**Question One**

1. Explain the differences between the following:
2. Insurance and compensation
3. Partnership and a limited company
4. Producer cooperative and consumer cooperative
5. General partner and dormant partner
6. Direct production and indirect production. (10marks)
7. Discuss FIVE main reasons why it is difficult to satisfy human wants all at once. (10marks)
8. Briefly explain the main features of indirect production. (10marks)

**Question Two**

1. Discuss with appropriate examples the role “aids to trade” are playing in economic development of our country today. (10marks)
2. Explain the main advantages of division of labour and specialization.

(10marks)

**Question Three**

1. Explain FIVE important ways in which our government is involved or participates) in business activities. (10marks)
2. Highlight the importance of government participation in business activities in our country. (10marks)

**Question Four**

1. Explain the SIX main principles of insurance giving appropriate examples for each. (10marks)
2. State and explain FOUR main reasons why a producer would like to sell his or her commodities directly to the consumer. (10marks)

**Question Five**

1. Explain the importance of communication as a key agent of growth and expansion of a business enterprise. (10marks)
2. List FIVE documents used in trade and explain features of each.

(10marks)