

1901/103 1907/103 1923/103
1903/103 1908/103 1926/103
1906/103 1909/103
COMMERCE
July 2023
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

CRAFT CERTIFICATE IN SECRETARIAL STUDIES
CRAFT CERTIFICATE IN SUPPLY CHAIN MANAGEMENT
CRAFT CERTIFICATE IN BUSINESS MANAGEMENT
CRAFT CERTIFICATE IN HUMAN RESOURCE MANAGEMENT
CRAFT CERTIFICATE IN ROAD TRANSPORT MANAGEMENT
CRAFT CERTIFICATE IN CLERICAL OPERATIONS
CRAFT CERTIFICATE IN CO-OPERATIVE MANAGEMENT

MODULE I

COMMERCE

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of TWO sections; A and B.

Answer ALL questions in section A and any FOUR questions from section B in the answer booklet provided.

All questions carry equal marks.

Candidates should answer the questions in English.

This paper consists of 3 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

SECTION A (32 marks)

Answer ALL questions in this section.

1. State the meaning of the term, Commerce. (2 marks)
2. State **three** levels of production. (3 marks)
3. List **four** advantages of operating a small scale retail shop. (4 marks)
4. State **three** similarities between a bill of exchange and a promissory note. (3 marks)
5. List **three** characteristics of a public corporation. (3 marks)
6. Distinguish between the terms, banking and bank, as used in financial transactions. (2 marks)
7. State **three** elements of transport considered when moving goods and services from one place to another. (3 marks)
8. State **three** factors considered when determining the amount of insurance premium. (3 marks)
9. List **three** types of private warehouse. (3 marks)
10. State the meaning of the following terms as used in stock exchange:
 - (i) Share;
 - (ii) Stock holder. (2 marks)
11. State **two** ways in which the government regulates commercial activities in the country. (2 marks)
12. State **two** challenges of operating an online store as an emerging trend in business. (2 marks)

1901/103 1907/103 1923/103 2
1903/103 1908/103 1926/103
1906/103 1909/103

July 2023

SECTION B (68 marks)

Answer any FOUR questions from this section.

13. (a) Explain **four** reasons for studying Commerce. (8 marks)
- (b) (i) Define the term, entrepreneurship, as a factor of production. (1 mark)
- (ii) Explain **four** benefits of division of labour in production. (8 marks)
14. (a) (i) Explain the meaning of, international trade. (1 mark)
- (ii) Explain **four** ways in which home trade may contribute to the growth of a country's economy. (8 marks)
- (b) Highlight **four** circumstances under which Cash With Order (CWO) is used as a term of payment in home trade. (8 marks)
15. (a) Outline **four** reasons why savings and credit co-operatives are popular in Kenya. (8 marks)
- (b) (i) Explain the meaning of interest, as used in business transactions. (1 mark)
- (ii) Explain **four** factors that may determine the amount of money held by an individual for speculative motives. (8 marks)
16. (a) Highlight **four** advantages of pipeline as a means of transporting oil. (8 marks)
- (b) (i) Explain the principle of, utmost good faith, in insurance. (1 mark)
- (ii) Describe the procedure followed in taking an insurance policy. (8 marks)
17. (a) Explain **four** features that a warehouse should have to function efficiently and effectively. (8 marks)
- (b) (i) Explain the term, security, as used in stock exchange. (1 mark)
- (ii) Outline **four** roles of the Nairobi Securities Exchange (NSE). (8 marks)

THIS IS THE LAST PRINTED PAGE.