

1901/103      1908/103  
1903/103      1909/103  
1906/103      1923/103  
COMMERCE  
July 2016  
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

CRAFT CERTIFICATE IN SECRETARIAL STUDIES  
CRAFT CERTIFICATE IN SUPPLY CHAIN MANAGEMENT  
CRAFT CERTIFICATE IN BUSINESS ADMINISTRATION  
CRAFT CERTIFICATE IN HUMAN RESOURCE MANAGEMENT  
CRAFT CERTIFICATE IN ROAD TRANSPORT MANAGEMENT  
CRAFT CERTIFICATE IN CLERICAL DUTIES

COMMERCE

3 hours

**INSTRUCTIONS TO CANDIDATES**

*This paper consists of TWO sections; A and B.*

*Answers ALL questions in Section A and any FOUR questions in section B in the answer booklet provided.*

*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. Give **four** reasons why bicycles are still used in transport despite the development in the transport industry. (4 marks)
2. Highlight **four** services that the central bank offers to commercial banks. (4 marks)
3. State **four** principles under which insurance companies operate. (4 marks)
4. Give **two** reasons why traders may choose to carry out business transactions on cash basis. (2 marks)
5. Highlight **three** ways in which the utility of a commodity can be increased. (3 marks)
6. Define the following terms as used in the securities exchange:
  - (i) Blue chips (1 mark)
  - (ii) Dividend (1 mark)
7. Outline **three** benefits that consumers get from trade. (3 marks)
8. Highlight **four** problems that a businessman may experience if his goods are not well arranged in the warehouse. (4 marks)
9. State **three** advantages of operating a kiosk. (3 marks)
10. Highlight **three** circumstances under which a sole proprietorship may be dissolved. (3 marks)

## SECTION B (68 marks)

*Answer any FOUR questions from this section.*

11. (a) Outline **six** advantages that one would get from being a member of a Savings and Credit Co-operative Society (SACCOs). (9 marks)
- (b) Highlight **four** differences between jobbers and brokers at a securities exchange. (8 marks)
12. (a) Outline **six** benefits that an individual may get from using M-pesa services. (9 marks)
- (b) Highlight **four** disadvantages of government involvement in business activities. (8 marks)

13. (a) Manga Enterprises intends to get a loan from a bank to expand their business. Explain **six** factors that they should consider before borrowing the loan. (9 marks)
- (b) Outline **four** types of information that may be contained in a Delivery Note. (8 marks)
14. (a) Explain **six** advantages of specialization in the production of goods and services. (9 marks)
- (b) Explain **four** measures that a country may take to promote her exports. (8 marks)
15. (a) Explain **six** circumstances under which an insurance company would not compensate the insured in the event of a loss. (9 marks)
- (b) Explain **four** reasons that may make a manufacturer to locate his warehouse near the consumers of his products. (8 marks)

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