7021/104
7031/104
COMMERCE
July 2015
Time: $2\frac{1}{2}$ hours

THE KENYA NATIONAL EXAMINATIONS COUNCIL

CERTIFICATE IN SUPPLIES MANAGEMENT
CERTIFICATE IN BUSINESS ADMINISTRATION

COMMERCE

$2\frac{1}{2}$ hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.
Sign and write the date of the examination in the spaces provided above.
This paper consists of TWO sections; A and B.
Answer ALL questions in Section A and any other FOUR questions from Section B in the spaces provided in this question paper.
All questions carry equal marks.
Do NOT remove any page from this question paper.
Candidates should answer the questions in English.

For Examiner's Use Only

Section	Question	Maximum Score	Candidate's Score
A	1-10	32	
B		17	
		17	
		17	
		17	
	Total Score	100	

This paper consists of 16 printed pages.

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

Turn over

SECTION A: (32 marks)

Answer ALL questions in this section in the spaces provided.

1. State **three** ways in which an individual may benefit from commerce. (3 marks)

2. List **three** direct personal services offered at the tertiary level of production. (3 marks)

3. Outline **four** factors that may cause the supply curve to shift to the right. (4 marks)

4. List **three** types of small scale retailers without shops. (3 marks)

5. In relation to trade, write the following abbreviations in full. (3 marks)

   (i) C.O.D

   (ii) E.E.C.

   (iii) P.T.A.

6. List **four** types of partners in a partnership form of business organization. (4 marks)

7. State the **two** classifications of insurance. (2 marks)

8. Give **four** services that are offered to the citizens by the government. (4 marks)

9. State **three** causes of an undercharge in an invoice. (3 marks)

10. State **three** ways in which the nature of raw materials may influence the location of a firm that uses such raw materials. (3 marks)

SECTION B: (68 marks)

Answer any FOUR questions from this section in the spaces provided.

11. (a) Highlight six ways in which the Kenyan government protects consumers. (9 marks)

    (b) Outline four disadvantages of operating mail order shops. (8 marks)

12. (a) Outline six circumstances under which cash with order (C.W.O) terms of payment may be preferred by a seller. (9 marks)

    (b) Highlight four services offered by a wholesaler to a manufacturer. (8 marks)

13. (a) Explain six factors that may influence the choice of distribution channel. (9 marks)

    (b) Outline four ways in which a society may benefit from indirect production. (8 marks)

14. (a) The government of Kenya is involved in some commercial activities. Explain six reasons for this involvement. (9 marks)

    (b) Highlight four characteristics of private limited companies. (8 marks)

15. (a) Explain six internal economies of scale that a firm may enjoy if it operates on large scale. (9 marks)

    (b) Outline four problems that may be encountered in a warehouse as a result of poor arrangement of goods. (8 marks)

16. (a) Explain six measures that the government may take to correct unfavourable balance of payments. (9 marks)

    (b) Highlight four methods that may be used by the Central Bank of Kenya to control credit. (8 marks)