

Name _____ Index No _____

7011/104

7021/104

7031/104

COMMERCE

July, 2005

Time: 2½ hours

THE KENYA NATIONAL EXAMINATIONS COUNCIL

**CERTIFICATE IN TRANSPORT MANAGEMENT
CERTIFICATE IN SUPPLIES MANAGEMENT
CERTIFICATE IN BUSINESS ADMINISTRATION**

COMMERCE

2½ hours

INSTRUCTIONS TO CANDIDATES

1. Write your name and index number in the spaces provided at the top of this page.
2. This paper consists of **TWO** sections; **A** and **B**.
3. Answer **ALL** the questions in section **A**. Answers to section **A** should be written in the spaces provided in this question paper.
4. Answer any **FOUR** questions from section **B**. Answers to section **B** should be written in the answer booklet provided.

SECTION A (32 marks)

1. State FOUR circumstances under which a buyer may reject goods ordered from the supplier. (4 marks)

2. Outline FOUR advantages of making payments through a bank draft. (4 marks)

3. To be registered, a co-operative society has to submit its constitution to the Commissioner of co-operatives. Outline FOUR types of information that should be contained in such a constitution. (4 marks)

4. State two characteristics of finished goods. (2 marks)

5. State TWO ways in which land is important in production. (2 marks)

6. Mapema, a businessman intends to buy an aircraft in the near future. Describe FOUR types of aircrafts that he can buy. (4 marks)

7. Highlight THREE possible sources of income that should be taken into account when preparing a personal budget. (3 marks)

8. Name THREE Marketing Boards in Kenya. (3 marks)

9. State TWO characteristics of an industry. (2 marks)

- 10 Outline FOUR features of retail traders. (4 marks)

SECTION B (68 marks)

Answer any FOUR questions from this section in the answer booklet provided

11. (a) Outline SIX limitations of personal selling to the producer. (9 marks)
- (b) Highlight FOUR factors that make international trade more difficult to conduct than home trade. (8marks)
12. (a) State Six differences between a memorandum of Association and Articles of Association. (9 marks)
- (b) Outline FOUR circumstances under which a producer may prefer to locate his firm near the market. (8 marks)
13. (a) Explain SIX services that Marketing Boards offer to businesses, farmers and industrialists (9 marks)
- (b) Explain FOUR reasons why basic needs should be satisfied before secondary needs. (8 marks)
14. (a) Outline FOUR components of cost of production. (8 marks)
- (b) Explain SIX advantages that may accrue to an organization as a result of specialisation. (9 marks)
15. (a) Highlight the procedure followed when releasing goods from a warehouse. (9 marks)
- (b) Outline FOUR reasons why a Government may undertake to provide its citizens with certain goods and services. (8 marks)
- 16 (a) Explain SIX characteristics of a private limited company. (9 marks)
- (b) Highlight FOUR factors that may influence the distribution of locally manufactured goods. (8 marks)