

1082  
COMMERCE  
STAGE I  
November 2022  
Time: 2½ hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

BUSINESS EDUCATION SINGLE AND GROUP CERTIFICATE EXAMINATIONS

STAGE I

COMMERCE

2½ hours

**INSTRUCTIONS TO CANDIDATES**

*This paper has THREE sections: A, B and C.  
Answer ALL the questions in ALL the sections in the answer booklet provided.  
Candidates should answer the questions in English.*

**This paper has 3 printed pages.**

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

**SECTION A (30 marks)**

*Answer ALL the questions in this section.*

1. Give **three** reasons why a seller would offer goods on cash with order (C.W.O) terms. (3 marks)
2. State **four** principles of insurance. (4 marks)
3. State **four** benefits that a trader may get from the use of M-pesa services. (4 marks)
4. List **two** motives for holding money. (2 marks)
5. State **three** situations in which a trader may prefer to transport goods by sea. (3 marks)
6. Give **four** reasons that may make it necessary for an organization to continually advertise the same products. (4 marks)
7. State **three** characteristics of labour as a factor of production. (3 marks)
8. List **two** branches of commerce. (2 marks)
9. State **three** ways in which the government benefits from bonded warehouses. (3 marks)
10. State **two** terms that may be used to describe jobbers at a securities exchange market. (2 marks)

**SECTION B (10 marks)**

*Answer ALL the questions in this section.*

11. (a) The following balances were extracted from the books of account of Pwani Traders as at 31 December 2018.

	<b>Ksh</b>
Capital	12,000
Equity bank loan	8,000
Bank overdraft	1,000
Furniture	5,000
Stock	3,000
Debtors	2,000
Cash at bank	4,000
Buildings	7,000

Prepare balance sheet of Pwani Traders as at 31 December 2018. (5 marks)

- (b) The following information was extracted from the books of account of Lantan Traders on 30 November 2018.

	<b>Ksh</b>
Gross profit	25,000
Carriage outwards	15,000
Rent income	20,000
Discount received	14,000
Commission expenses	12,000
Commission income	26,000
Rent (premises)	40,000
Bad debts written off	10,000

Prepare profit and loss account for Lantan Traders for the year ended 30 November, 2018. (5 marks)

**SECTION C (60 marks)**

*Answer ALL the questions in this section.*

12. (a) Outline **six** circumstances that may lead to the termination of an insurance policy. (9 marks)
- (b) Outline **three** challenges that may be faced by a trading bloc. (6 marks)
13. (a) Give **six** reasons why a company may prefer not to be quoted at the securities exchange market. (9 marks)
- (b) Explain **three** benefits of using television as a medium of advertisement. (6 marks)
14. (a) Explain **six** roles played by commercial banks in the economy of a country. (9 marks)
- (b) Outline **three** disadvantages of direct production. (6 marks)
15. (a) Give **six** reasons why a trader may prefer to use containerisation services when transporting goods. (9 marks)
- (b) Outline **three** ways in which Commerce may be beneficial to a country. (6 marks)

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