APPLY COMMERCE PRINCIPLES

UNIT CODE: 0415 451 22A

TVET CDACC UNIT CODE: BUS/OS/OA/CC/01/5/MA

Unit Description

This unit specifies the competencies required to apply commerce knowledge. It involves; analyzing commerce concept, analyzing production concepts, analyzing payment process, analyzing money and banking concept and analyzing government commercial policy.

ELEMENTS AND PERFORMANCE CRITERIA

ELEMENT These describe the key outcomes which make up workplace function	**PERFORMANCE CRITERIA** These are assessable statements, which specify the required level of performance for each of the elements. ***Bold and italicized terms are elaborated in the Range***
1. Analyze commerce concept	1.1 Definition of terms used in commerce are identified as per National Trade Policy 1.2 ***Branches of commerce*** are classified as per National Trade Policy 1.3 Characteristics of commerce are established as per National Trade Policy 1.4 Functions of commerce are identified as per National Trade Policy 1.5 Importance of commerce in business is analyzed as per National Trade Policy

2. Analyze production concepts	2.1 ***Methods of production*** are analyzed as per National Trade Policy 2.2 ***Types of production*** are identified as per National Trade Policy 2.3 ***Levels of production*** are categorized as per National Trade Policy 2.4 ***Production factors*** are analyzed as per National Trade Policy
3. Analyze payment process	3.1 ***Documents used in business transactions*** are identified as per National Trade Policy 3.2 ***Means of payment*** are identified as per organization's payment guidelines 3.3 ***Terms of payment*** are analyzed as per organization's payment guidelines
4. Analyze money and banking concept	4.1 Definition of terms used in money and banking are identified as per National Trade Policy 4.2 Characteristics of money are explained as per National Trade Policy 4.3 Functions of money are identified as per National Trade Policy 4.4 ***Types of banks*** are identified as per National Trade Policy 4.5 ***Types of bank accounts*** are analyzed as per National Trade Policy 4.6 Functions of commercial banks are explained as per Central Bank regulations 4.7 ***Functions of Central Bank*** are analyzed as per Central Bank of Kenya Act
5. Analyze government commercial policy	5.1 ***Ways of Government*** involvement in commercial activities are explained as per National Trade Policy

	5.2 ***Regulatory bodies*** involved in commercial activities are identified as per National Trade Policy 5.3 Reasons for Government involvement in commercial activities are explained as per National Trade Policy 5.4 Need for consumer protection is explained as per National Trade Policy 5.5 Functions of Commercial Attaches are analyzed as per National Trade Policy
6. Apply commercial business calculations	6.1 Definition of ***terms*** used in commercial business calculations is explained as per Kenya National Bureau of Statistics 6.2 Calculations on simple interest are carried out as per prevailing market rates 6.3 ***Components of compound interest*** are classified as per prevailing market rates 6.4 Calculations on compound interest are carried out as per prevailing market rates 6.5 Calculations on ***sales discounts*** are carried out as per organization's business policies 6.6 Calculations on sales commission are carried out as per organization's business policies

RANGE

This section provides work environments and conditions to which the performance criteria apply. It allows for different work environments and situations that will affect performance.

Range	**Variables**
1. Branches of commerce may include but not	• Trade • Aids to trade

limited to:	
2. Methods of production may include but are not limited to:	• Labour intensive • Capital intensive
3. Types of production may include but are not limited to:	• Direct production • Indirect production
4. Levels of production may include but not limited to:	• Primary • Secondary • Tertiary
5. Production factors may include but not limited to:	• Capital • Land • Labor • Entrepreneur
6. Documents used in business transactions may include but not limited to:	• Credit notes • Debit notes • Invoices • Payment vouchers • Receipts • Purchase orders • Quotations • Acknowledgment notes • Delivery note, etc.
7. Means of payment may include but not limited to:	• Money order • Standing order • E-payment e.g. credit and debit cards, digital wallet, bank transfers such as electronic funds transfer (EFT), M-pesa, etc. • Cheques • Bankers cheque,

8. Terms of payment may include but not limited to:	• Deferred payments • Cash on delivery • Cash with order • Cash sale • Hire purchase, etc.
9. Types of banks may include but not limited to:	• Central bank • Commercial banks e.g. Cooperative Bank, Absa Bank, Standard Chartered Bank, Kenya Commercial Bank, Equity Bank, Family Bank, Merchant Bank etc.
10. Types of bank accounts may include but not limited to:	• Current account • Savings account • Fixed deposit account, etc.

11. Functions of Central Bank may include but not limited to:	• Inflation control
	    ➢ Monetary measures e.g. interest rates
	    ➢ Non-monetary measures
	    ➢ Fiscal policy
	• Government financial advisor
	• Clearing house
	• Currency
	• Controlling international trade, etc.

12. Ways of Government may include but not limited to:	• Regulations
	    ➢ Weights and measures control
	    ➢ Drug and substance control
	    ➢ Control dumping, etc.
	• Training
	• Trade promotion
	• Provision of public utilities e.g. markets, toilets, etc.
	• Enabling environment
	    ➢ Creation of supportive policies such as taxes

	➢ Promote sustainable land use ➢ Encourage adoption of renewable energy sources, etc.
13. Regulatory bodies may include but not limited to:	• KEBS • NEMA • Pharmacy and Poisons Board, etc.
14. Terms may include but not limited to:	• Interests • Discounts • Commissions, etc.
15. Components of compound interest may include but not limited to:	• Interest rate • Principal • Number of compounding periods in a year • Time
16. Sales discounts may include but not limited to:	• Trade discounts • Cash discounts • Quantity discounts

REQUIRED SKILLS AND KNOWLEDGE

This section describes skills and knowledge required for this unit of competency.

Required Skills

The individual needs to demonstrate the following skills:

- Organizing skills
- Analytical skills
- Negotiation skills
- Interpersonal skills
- Communication skills
- Evaluation skills
- Problem solving
- Critical thinking
- Risk management and assessment

Required Knowledge

The individual needs to demonstrate knowledge of:

- Managing procurement documents
- Risk assessment and management
- ICT application
- Computation

EVIDENCE GUIDE

This provides advice on assessment and must be read in conjunction with the performance criteria, required skills, knowledge and range.

1. Critical aspects of competency	1.1 Assessment requires evidence that the candidate: 1.2 Identified definition of terms used in commerce as per National Trade Policy 1.3 Classified branches of commerce as per National Trade Policy 1.4 Established characteristics of commerce as per National Trade Policy 1.5 Identified functions of commerce as per National Trade Policy 1.6 Analyzed importance of commerce in business as per National Trade Policy 1.7 Analyzed methods of production as per National Trade Policy 1.8 Identified types of production as per National Trade Policy 1.9 Categorized levels of production as per National Trade Policy 1.10 Analyzed production factors as per National Trade Policy

	1.11 Identified documents used in business transactions as per National Trade Policy 1.12 Identified means of payment as per organization’s payment guidelines 1.13 Analyzed terms of payment as per organization’s payment guidelines 1.14 Identified definition of terms used in money and banking as per National Trade Policy 1.15 Explained characteristics of money as per National Trade Policy 1.16 Identified functions of money as per National Trade Policy 1.17 Identified types of banks as per National Trade Policy 1.18 Analyzed types of bank accounts as per National Trade Policy 1.19 Explained functions of commercial banks as per Central Bank regulations 1.20 Analyzed functions of Central Bank as per Central Bank of Kenya Act 1.21 Explained ways of Government involvement in commercial activities as per National Trade Policy 1.22 Identified regulatory bodies involved in commercial activities as per National Trade Policy 1.23 Explained reasons for Government involvement in commercial activities as per National Trade Policy 1.24 Explained need for consumer protection as per National Trade Policy

	1.25 Analyzed functions of Commercial Attaches as per National Trade Policy 1.26 Explained definition of terms used in commercial business calculations as per Kenya National Bureau of Statistics 1.27 Carried out Calculations on simple interest as per prevailing market rates 1.28 Classified components of compound interest as per prevailing market rates 1.29 Carried out calculations on compound interest as per prevailing market rates 1.30 Carried out calculations on sales discounts as per organization's business policies 1.31 Carried out calculations on sales commission as per organization's business policies
2. Resource implications	The following resources should be provided: 2.2 Access to relevant workplace or appropriately simulated environment where assessment can take place 2.3 Materials relevant to the proposed activity or tasks
3. Methods of assessment	Competency may be assessed through: 3.1 Written tests 3.2 Third party reports 3.3 Oral questioning
4. Context of assessment	Assessment could be conducted: 4.1 On-the-job 4.2 Simulated workplace environment
5. Guidance Information for Assessment	Holistic assessment with other units relevant to the industry sector, workplace and job role is recommended.