END TERM 3 2026

GRADE 10

BUSINESS STUDIES

TIME: 2 HOURS 30 MINUTES

Name: _____

Assessment Number: _____

Class / Stream: _____

Date: _____

INSTRUCTIONS TO CANDIDATES

1. Write your name, assessment number, class/stream and date in the spaces provided.
2. Answer ALL questions.
3. Read each question carefully before answering.
4. Show all working in calculation questions.
5. Use appropriate Business Studies terminology and clearly label all calculations.
6. Where a question requires examples, give relevant business examples.
7. Write neatly and ensure all answers are clearly numbered.

EXAMINER'S USE ONLY

Section	Questions	Maximum Score	Score
A	1–5	25	
B	6–9	25	
C	10–12	30	
TOTAL		80	

SECTION A — BUSINESS AND MONEY MANAGEMENT

1. State four characteristics of money. **(4 marks)**

2. Business goals guide the activities of a business. **(5 marks)**

(a) State three common business goals. **(3 marks)**

(b) State two reasons why a business should set goals. **(2 marks)**

3. A household receives KSh 60,000 per month. It plans to spend KSh 18,000 on food, KSh 12,000 on rent, KSh 6,000 on transport, KSh 5,000 on education and KSh 4,000 on other needs. **(6 marks)**

(a) Calculate the total planned expenditure. **(2 marks)**

(b) Calculate the amount available for saving or other purposes. **(2 marks)**

(c) State two advantages of preparing a budget. **(2 marks)**

4. State four services offered by commercial banks to businesses. **(4 marks)**

5. Explain three factors that may influence the demand for money in an economy. **(6 marks)**

SECTION B — BUSINESS AND ITS ENVIRONMENT

6. A learner wants to start a small enterprise in the local community. **(8 marks)**

(a) State three qualities of a successful entrepreneur. **(3 marks)**

(b) Explain three factors that the learner should consider when identifying a viable business opportunity. **(3 marks)**

(c) State two benefits of business incubation to a start-up. **(2 marks)**

7. Businesses may operate under different forms of ownership. **(7 marks)**

(a) State three types of business ownership. **(3 marks)**

(b) State two advantages of a sole proprietorship. **(2 marks)**

(c) State two reasons why a business may choose partnership rather than sole proprietorship. **(2 marks)**

8. Production involves transforming resources into goods and services. **(5 marks)**

(a) State the four factors of production. **(4 marks)**

(b) State one reason why division of labour may increase productivity. **(1 marks)**

9. A business receives complaints from customers about poor-quality goods and delayed delivery. **(5 marks)**

(a) State three ways in which the business can improve customer satisfaction. **(3 marks)**

(b) State two benefits of high customer satisfaction to a business. **(2 marks)**

SECTION C — GOVERNMENT, GLOBAL INFLUENCE AND FINANCIAL RECORDS

10. Public finance involves the management of government revenue and expenditure. **(8 marks)**

(a) State three sources of public revenue. **(3 marks)**

(b) State three reasons why the government imposes taxes. **(3 marks)**

(c) State two types of customs duties. **(2 marks)**

11. A Kenyan business buys goods from another country and sells locally. International trade involves different terms of sale and payment. **(10 marks)**

(a) Distinguish between imports and exports. **(4 marks)**

(b) State three benefits of international trade to a country. **(3 marks)**

(c) State three methods/terms of payment used in international trade. **(3 marks)**

12. The following information relates to a business at the end of a financial period: cash KSh 25,000; bank KSh 40,000; stock KSh 85,000; furniture KSh 60,000; debtors KSh 30,000; creditors KSh 35,000; bank loan KSh 50,000. **(10 marks)**

(a) Calculate the total assets of the business. **(3 marks)**

(b) Calculate the total liabilities of the business. **(2 marks)**

(c) Calculate the net worth of the business. **(3 marks)**

(d) State two reasons why financial records are important to a business. **(2 marks)**