KENYA CERTIFICATE OF BASIC EDUCATION

SENIOR SCHOOL ASSESSMENT

AUGUST ASSIGNMENT 2026

GRADE 10 – BUSINESS STUDIES

Time: 2 Hours

LEARNER'S DETAILS

Name: ______________________________. **School:** ______________________________.

Assessment Number: ______________________________. **Date:** ______________________________.

School Code: ______________________________. **Signature:** ______________________________.

INSTRUCTIONS TO CANDIDATES

1. Write your name in the spaces provided above.
2. Write the name of your school and your stream in the spaces provided.
3. Write your admission number and the date of the assessment in the spaces provided.
4. This paper consists of two sections: A and B.
5. Answer all questions in section A and section B.
6. Answer the questions in English.
7. All answers MUST be written in the spaces provided in the paper.
8. Do NOT remove any page from this question paper.

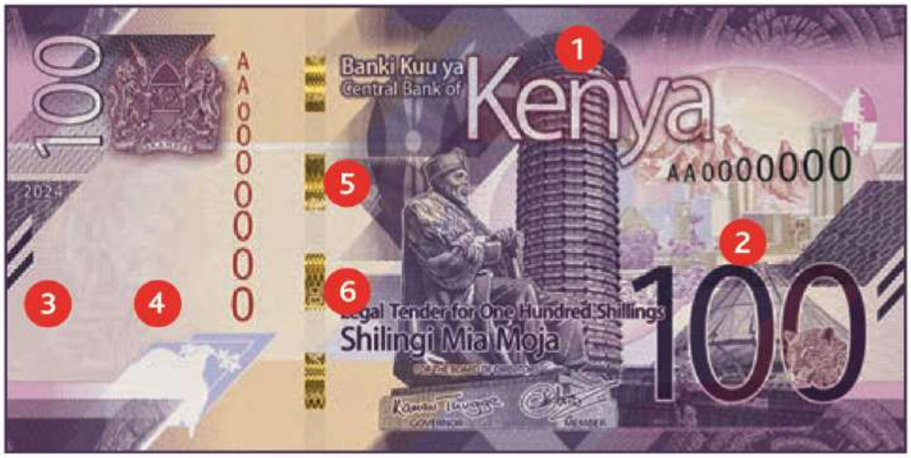
FOR OFFICIAL USE ONLY (EXAMINER'S USE)

SECTION	SECTION A	SECTION B	% SCORE	EE1	EE2	ME1	ME2	AE1	AE2	BE1	BE2
SCORE RANGE	30 MARKS	50 MARKS		90-100	75-89	58-74	41-57	31-40	21-30	11-20	1-10
POINTS				8 POINTS	7 POINTS	6 POINTS	5 POINTS	4 POINTS	3 POINTS	2 POINTS	1 POINT
LEARNER'S TOTAL SCORE											

SECTION A (30 MARKS)

Answer ALL questions in this section.

1. A learner at **Kangaru School** is studying the security features of the Kenyan currency.



Identify the features labeled **A** and **B** on the banknote image below. (2 Marks)

Feature 4: ____

Feature 5: ____

2. Four learners at **Amapiano Senior School** are describing economic resources:

i. **Moraa:** "I am thinking of resources that are provided by nature, like the Tana River."
ii. **Kiprop:** "I am describing man-made tools like the computers in our lab."
iii. **Achieng:** "I am talking about the human effort provided by our teachers."
iv. **Mutua:** "I am referring to the person who combines all these to start a business in Kiambu."

List the four factors of production described by the learners above. (4 Marks)

i. ____.
ii. ____.
iii. ____.
iv. ____.

3. In the table below, **match** the business goal setting step in Column A with its correct description in Column B. (4 Marks)

Column A: Step	**Column B: Description**
i) Specific	A. Ensuring the goal can be tracked with numbers.
ii) Measurable	B. Setting a clear deadline for achievement.
iii) Achievable	C. Defining exactly what needs to be accomplished.
iv) Time-bound	D. Ensuring the goal is realistic given available resources.

4. **Zawadi**, a Grade 10 student in **Namanga**, wants to open a bank account.

i) **Distinguish** between a *Savings Account* and a *Fixed Deposit Account*. (2 Marks)

Savings account	**Fixed deposit account**

ii) **Mention** one trend in Kenyan banking that allows Zawadi to transact without visiting a physical branch. (1 Mark)

____

5. **State** whether the following statements about taxation in Kenya are **TRUE** or **FALSE**. (4 Marks)

a) KRA stands for Kenya Revenue Authority. [__________]

b) Every Kenyan citizen must register for a PIN to be tax compliant. [__________]

c) Custom duties are taxes levied on goods produced and sold within Kenya. [__________]

d) Filing tax returns is an optional ethical practice for businesses. [__________]

6. In the box below, **design** a simple product label for a new juice brand called "Nairobi Zest," ensuring it includes at least three essential labeling elements. (3 Marks)

7. i) **Define** the term "Opportunity Cost." (2 Marks)

____

____

ii) **Outline** two limitations of international trade to a country like Kenya. (2 Marks)

____

____

iii) **List** two source documents used in recording business transactions. (2 Marks)

____

____

8. Look at the image below showing a business giving back to a local school in **Kakamega**.

Identify the concept being demonstrated. (1 Mark)

____

SECTION B (50 MARKS)

(Answer ALL questions in this section)

9. **Juma** operates a small hardware shop alone, while **Sara and Ali** have combined their capital to run a pharmacy.

a) **Identify** the type of business ownership for Juma and for Sara/Ali. (2 Marks)

Juma	**Sara and Ali**

b) **Explain** three advantages Juma enjoys as a sole proprietor. (6 Marks)

i. ____.
ii. ____.
iii. ____.

c) **Describe** two challenges Sara and Ali might face in their partnership. (4 Marks)

i. ____.
ii. ____.

10. A production unit in **Thika** produced 500 units of bags. The fixed costs were Ksh 10,000 and the variable costs were Ksh 40 per bag. a) **Calculate** the total cost of production. (3 Marks)

b) **Determine** the unit cost (average cost) of one bag. (2 Marks)

c) **Justify** the importance of *Division of Labour* in this Thika factory. (4 Marks)

i. ____.
ii. ____.
iii. ____.
iv. ____.

11. **The Statement of Financial Position.** Below is a list of items for **Mombasa Traders** as of 31st December 2025:

Motor Van: Ksh 800,000

Cash at Bank: Ksh 150,000

Creditors: Ksh 50,000

Stock: Ksh 100,000

Loan from KCB: Ksh 200,000

a) **Classify** the items above into Assets and Liabilities. (4 Marks)

ITEM	CATEGORY

b) **Prepare** a Statement of Financial Position for Mombasa Traders and **determine** the Capital (Net Worth). (6 Marks)

12. A Kenyan exporter in **Eldoret** is sending flowers to the Netherlands.

a) **Explain** the difference between *Balance of Trade* and *Balance of Payments*. (4 Marks)

Balance of trade	Balance of payment

b) **Name** two digital applications or platforms used to facilitate modern international trade payments. (2 Marks)

i. ____.

ii. ____.

c) **Outline** three ethical issues that may arise in international trade. (3 Marks)

i. ____.
ii. ____.
iii. ____.

13. A supermarket in **Mandera** received complaints about expired milk.

a) **Explain** why consumer satisfaction is important for business sustainability. (4 Marks)

i. ____.
ii. ____.
iii. ____.
iv. ____.

b) **Describe** two remedies available to a consumer who bought expired goods. (4 Marks)

i. ____.
ii. ____.

c) **Identify** the document shown below used to collect feedback from customers. (2 Marks)

Fit Small Business

Customer Satisfaction Template

1. How likely are you to recommend our company to a friend or colleague?

Not at all likely										Extremely likely
0 ○	1 ○	2 ○	3 ○	4 ○	5 ○	6 ○	7 ○	8 ○	9 ○	10 ◉

2. Overall, how would you rate your satisfaction with the products you received?

1	Very Unsatisfied
2	Unsatisfied
3	Neutral
4	Satisfied
5	Very Satisfied

3. What best describes our products? Select all that apply.

- High-quality
- Durable
- Convenient
- Useful
- Affordable
- Unreliable
- Poor quality
- Over-priced
- Not as advertised
- Other

____

MARKING SCHEME & ANSWERS

SECTION A

1. **4:** Lion Head Watermark;

   5: Windowed Security Thread (changes color).

2. 1: Land; 2: Capital; 3: Labour; 4: Entrepreneurship.
3. i-C, ii-A, iii-D, iv-B.
4. i) Savings: Frequent withdrawals allowed; Fixed: Money locked for a specific period for higher interest. ii) Mobile Banking (M-Pesa/Banking Apps).
5. a) TRUE; b) TRUE; c) FALSE; d) FALSE.
6. (Check for: Name, Expiry Date, Ingredients, Weight, or Manufacturer details).
7. i) The value of the next best alternative forgone.

   ii) Competition for local infant industries; importation of harmful goods.

   iii) Invoice, Receipt, Debit Note, Credit Note.

8. Corporate Social Responsibility (CSR).

SECTION B

9. a) Juma: Sole Proprietorship; Sara/Ali: Partnership.

   b) Full control, keeps all profits, easy to start, secrecy.

   c) Disagreements, shared profits, unlimited liability.

10. a) Total Cost = Fixed + (Variable × Units) = 10,000+(40×500)=30,000.

    b) Unit Cost = 30,000/500=60.

    c) Increased speed, higher quality, less fatigue, better use of tools.

11. a) Assets: Motor Van, Cash, Stock; Liabilities: Creditors, Loan.

    b) Total Assets (1,050,000) - Total Liabilities (250,000) = Capital (800,000).

12. a) Balance of Trade: Difference between visible exports and imports; Balance of Payments: Difference between total receipts and total payments to foreign countries.

    b) PayPal, SWIFT, Western Union.

    c) Dumping, smuggling, under-invoicing.

13. a) Customer loyalty, positive word of mouth, competitive advantage.

b) Refund, replacement, repair, or legal action through consumer protection bodies.

c) Questionnaire/Survey form.