

KENYA CERTIFICATE OF BASIC EDUCATION

SENIOR SCHOOL ASSESSMENT

DECEMBER 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) Define the term **business environment**. (1 mark)

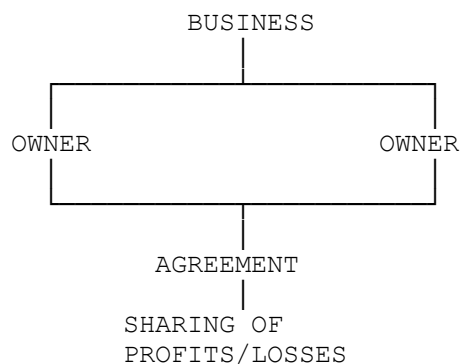
b) State **two internal factors** that may influence the operations of a business. (2 marks)

- i. _____
- ii. _____

c) State **two external factors** that may influence a business. (2 marks)

- i. _____
- ii. _____

2. Study the illustration below and answer the questions that follow.



a) Identify the form of business ownership represented by the diagram. (1 mark)

b) State **two features** of this form of business ownership. (2 marks)

- i. _____
- ii. _____

c) State **two sources from which the owners may obtain capital** for the business. (2 marks)

- i. _____
- ii. _____

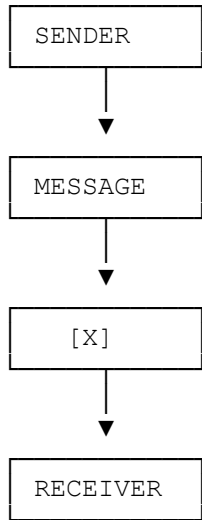
3. a) What is meant by **trade**? (1 mark)

b) Distinguish between **home trade** and **foreign trade**. (2 marks)

c) State **two benefits of trade to consumers**. (2 marks)

- i. _____
- ii. _____

4. Study the communication process below.



a) Identify the communication element represented by **X**. (1 mark)

b) State **two methods of communication** that a business may use. (2 marks)

i. _____

ii. _____

c) State **two qualities of effective business communication**. (2 marks)

i. _____

ii. _____

5. a) Define **insurance**. (1 mark)

b) State **two principles of insurance**. (2 marks)

i. _____

ii. _____

c) Give **two reasons why businesses take insurance policies**. (2 marks)

i. _____

ii. _____

6. A learner wants to establish a small poultry enterprise but does not have enough money to purchase the required equipment and chicks.

a) State **two internal sources of business finance**. (2 marks)

- i. _____
- ii. _____

b) State **two external sources of business finance**. (2 marks)

- i. _____
- ii. _____

c) State **one factor the learner should consider before obtaining a loan**. (1 mark)

SECTION B: 50 MARKS

Answer ALL questions in this section.

7. Read the case study below and answer the questions that follow.

Tumaini General Store operates in a growing town. Recently, the number of customers has increased because a new residential estate has been established nearby. However, the business has also experienced increased competition. The cost of transporting goods has risen, and customers increasingly prefer businesses that accept digital payments. The owner is considering introducing electronic payment facilities and expanding the range of goods sold.

a) Identify **two opportunities** available to Tumaini General Store from the case study. (2 marks)

- i. _____
- ii. _____

b) Identify **two challenges** facing the business. (2 marks)

- i. _____
- ii. _____

c) Explain **three ways in which technology can improve the operations of the business**. (3 marks)

- i. _____
- ii. _____
- iii. _____

d) Explain **three ways in which competition may affect the business.** (3 marks)

- i. _____
- ii. _____
- iii. _____

8. A group of learners observes that many people in their community travel a long distance to obtain freshly baked bread and other bakery products. They decide to establish a small bakery.

Before starting the business, they investigate customer needs, competitors, availability of raw materials, required capital and the possible selling price.

a) Identify **two sources of business ideas** demonstrated in the case. (2 marks)

- i. _____
- ii. _____

b) Explain **three factors the learners should consider when assessing the viability of the bakery business.** (3 marks)

- i. _____
- ii. _____
- iii. _____

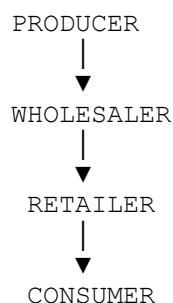
c) State **two risks that the learners may face when starting the business.** (2 marks)

- i. _____
- ii. _____

d) Explain **three ways of reducing business risks.** (3 marks)

- i. _____
- ii. _____
- iii. _____

9. Study the distribution chain below.



a) Identify the **type of distribution channel** represented by the diagram. (1 mark)

b) State **two functions of a wholesaler** in this channel. (2 marks)

- i. _____
- ii. _____

c) State **two functions of a retailer**. (2 marks)

- i. _____
- ii. _____

d) Explain **three advantages of using intermediaries in the distribution of goods**. (3 marks)

- i. _____
- ii. _____
- iii. _____

e) State **two factors that may determine the choice of a distribution channel**. (2 marks)

- i. _____
- ii. _____

10. A hardware business owns a building, delivery vehicle, stock and business equipment. The owner is concerned about possible losses arising from fire, theft and road accidents involving the delivery vehicle.

a) Identify **three risks** faced by the business from the case study. (3 marks)

- i. _____
- ii. _____
- iii. _____

b) Explain **two ways through which insurance can help the business**. (2 marks)

- i. _____
- ii. _____

c) Distinguish between **life insurance** and **general insurance**. (2 marks)

d) Explain **three factors that may influence the amount of insurance premium paid by a business.** (3 marks)

- i. _____
- ii. _____
- iii. _____

11. Mwangaza Traders provided the following information for the month of August:

Item	Amount (KSh)
Capital introduced by owner	100,000
Sales revenue	180,000
Purchases	90,000
Rent	15,000
Wages	20,000
Transport expenses	8,000
Electricity	7,000

a) Calculate the **total operating expenses**, excluding purchases. (2 marks)

b) Calculate the **total expenditure including purchases.** (2 marks)

c) Assuming that the cost of goods sold is KSh 90,000, calculate the **gross profit.** (2 marks)

d) Calculate the **net profit.** (2 marks)

e) State **two ways in which the business can improve its profitability.** (2 marks)

- i. _____
- ii. _____

GRADE 10 BUSINESS STUDIES

END OF YEAR EXAMINATION – 2026

MARKING SCHEME / ANSWERS

SECTION A: 30 MARKS

1.

a) Define business environment.

Business environment is the **sum total of internal and external factors that affect the operations and performance of a business.**

(1 mark)

b) Two internal factors:

- Availability of capital.
- Management policies.
- Employees/workforce.
- Business objectives.
- Business culture.
- Technology owned by the business.

Any $2 \times 1 = 2$ marks

c) Two external factors:

- Government policies.
- Competition.
- Economic conditions.
- Technology.
- Customers.
- Suppliers.
- Political conditions.
- Natural environment.

Any $2 \times 1 = 2$ marks

2.

a) Identify the form of business ownership.

Partnership.

(1 mark)

b) Two features:

- It is owned by **two or more persons**.
- Partners contribute capital to the business.
- Profits and losses are shared among the partners.
- Partners participate in management.
- The business is normally formed through an agreement.

Any $2 \times 1 = 2$ marks

c) Two sources of capital:

- Contributions from partners.
- Loans from financial institutions.
- Retained profits.
- Credit from suppliers.
- Sale of personal assets by partners.

Any 2 × 1 = 2 marks

3.

a) Meaning of trade.

Trade is the **buying and selling of goods and services.**

(1 mark)

b) Difference between home trade and foreign trade.

Home trade:

Buying and selling of goods and services **within the boundaries of a country.**

Foreign trade:

Buying and selling of goods and services **between different countries.**

2 marks

c) Benefits of trade to consumers:

- Provides a variety of goods and services.
- Makes goods available where they are needed.
- Encourages competitive prices.
- Improves the quality of goods and services.
- Creates employment opportunities.
- Enables consumers to access goods not locally produced.

Any 2 × 1 = 2 marks

4.

a) Identify X.

Medium/channel of communication.

(1 mark)

b) Two methods of communication:

- Oral communication.
- Written communication.
- Electronic/digital communication.
- Visual communication.
- Non-verbal communication.

Any 2 × 1 = 2 marks

c) Qualities of effective business communication:

- Clear.
- Accurate.
- Complete.
- Concise.
- Timely.
- Relevant.
- Courteous.
- Simple/easy to understand.

Any 2 × 1 = 2 marks

5.

a) Define insurance.

Insurance is a **contract in which an insurer agrees to compensate an insured person against specified risks in return for payment of a premium.**

(1 mark)

b) Two principles of insurance:

- Principle of utmost good faith.
- Principle of insurable interest.
- Principle of indemnity.
- Principle of contribution.
- Principle of subrogation.
- Principle of proximate cause.

Any 2 × 1 = 2 marks

c) Reasons businesses take insurance:

- To obtain compensation when insured risks occur.
- To protect business assets.
- To reduce financial losses.
- To provide security against unforeseen events.
- To enable business continuity after certain losses.

Any 2 × 1 = 2 marks

6.

a) Two internal sources:

- Personal savings.
- Retained profits.
- Sale of surplus business assets.
- Additional capital from the owner.

Any 2 × 1 = 2 marks

b) Two external sources:

- Bank loans.
- Overdrafts.
- Trade credit.

- Loans from microfinance institutions.
- Capital from external investors.
- Hire purchase.

Any $2 \times 1 = 2$ marks

c) One factor to consider before obtaining a loan:

- Interest rate charged.
- Ability to repay the loan.
- Repayment period.
- Security/collateral required.
- Purpose of the loan.
- Cost of obtaining the loan.

Any $1 \times 1 = 1$ mark

SECTION B: 50 MARKS

7.

a) Two opportunities available to Tumaini General Store:

- Increased number of customers due to the new residential estate.
- Opportunity to introduce electronic/digital payment facilities.
- Opportunity to expand the range of goods.
- Growing market in the area.

Any $2 \times 1 = 2$ marks

b) Two challenges:

- Increased competition.
- Rising transport costs.
- Changing customer preferences.

Any $2 \times 1 = 2$ marks

c) Ways technology can improve business operations:

1. **Electronic payments** make transactions faster and more convenient for customers.
2. **Computerised stock control** helps the business monitor stock levels and reduce shortages.
3. **Digital marketing** enables the business to advertise its goods to a wider market.
4. Technology can improve **communication with suppliers and customers**.
5. Computerised accounting can make **record keeping more accurate and efficient**.

Any $3 \times 1 = 3$ marks

d) Effects of competition on the business:

1. It may force the business to **reduce prices** to retain customers.
2. It may encourage the business to **improve the quality of goods and services**.
3. It may encourage innovation and introduction of new products.
4. It may reduce the business's market share.
5. It may reduce profit margins.
6. It may encourage better customer service.

Any 3 × 1 = 3 marks

8.

a) Two sources of business ideas:

- **Customer needs/problems** — people travel long distances to obtain bakery products.
- **Market research/observation** — the learners investigated customer needs and competitors.
- Personal observation of opportunities in the community.

Any 2 × 1 = 2 marks

b) Factors to consider when assessing viability:

- **Market demand:** There should be enough customers willing to buy the bakery products.
- **Availability of capital:** The learners should have enough funds to establish and operate the business.
- **Availability and cost of raw materials:** Flour, sugar and other ingredients should be readily available at reasonable prices.
- **Level of competition:** They should determine whether existing bakeries can limit their sales.
- **Expected profitability:** Expected revenue should be sufficient to cover costs and generate profit.
- **Availability of appropriate skills and labour.**

Any 3 × 1 = 3 marks

c) Two risks:

- Loss of capital.
- Low demand for products.
- Strong competition.
- Increase in the cost of raw materials.
- Damage/spoilage of bakery products.
- Fire or theft.
- Failure of the business to make sufficient profit.

Any 2 × 1 = 2 marks

d) Ways of reducing business risks:

- Take appropriate **insurance policies**.
- Conduct thorough **market research** before investing.
- Prepare and follow a realistic **business plan**.
- Maintain proper financial records.
- Diversify products.
- Maintain good quality to retain customers.
- Control unnecessary expenditure.
- Put appropriate security measures in place.

Any 3 × 1 = 3 marks

9.

a) Type of distribution channel:

Producer → Wholesaler → Retailer → Consumer

This is an **indirect channel of distribution involving a wholesaler and retailer**.

(1 mark)

b) Functions of a wholesaler:

- Buys goods in large quantities from producers.
- Breaks bulk into smaller quantities for retailers.
- Stores goods.
- Provides information about market conditions.
- Transports/distributes goods to retailers.
- Provides credit to retailers where applicable.

Any $2 \times 1 = 2$ marks

c) Functions of a retailer:

- Sells goods in small quantities to consumers.
- Provides a variety of goods to consumers.
- Stores goods until they are required.
- Provides information about products.
- May offer after-sales services.
- Brings goods closer to consumers.

Any $2 \times 1 = 2$ marks

d) Advantages of using intermediaries:

1. **They reduce the burden on producers** by undertaking distribution activities.
2. **They provide storage facilities**, allowing goods to be kept until required.
3. **They bring goods closer to consumers**, making them easily accessible.
4. They help producers reach a wider market.
5. They may provide transport services.
6. They provide market information to producers.

Any $3 \times 1 = 3$ marks

e) Factors determining choice of distribution channel:

- Nature of the product.
- Size and geographical distribution of the market.
- Cost of distribution.
- Availability of intermediaries.
- Perishability of the product.
- Size of the business.
- Nature of competition.

Any $2 \times 1 = 2$ marks

10.

a) Three risks:

- **Fire.**
- **Theft.**
- **Road accidents involving the delivery vehicle.**

$3 \times 1 = 3$ marks

b) Ways insurance helps the business:

- Provides **financial compensation** when an insured loss occurs.
- Protects business assets against specified risks.
- Enables the business to recover from major losses.
- Provides financial security and confidence to the business owner.

Any $2 \times 1 = 2$ marks

c) Difference:

Life insurance:

Provides protection against risks associated with **human life**, such as death or certain life-related events.

General insurance:

Provides protection against **non-life risks**, such as fire, theft, motor accidents and property damage.

2 marks

d) Factors influencing insurance premium:

- **Value of the property/asset:** More valuable assets generally attract higher premiums.
- **Level of risk:** Assets or activities with greater risks may attract higher premiums.
- **Type of insurance policy:** Different types of cover have different premiums.
- **Past claims history:** Frequent claims may result in higher premiums.
- **Security measures:** Better security may reduce the level of risk and premium.
- **Amount of cover required.**

Any $3 \times 1 = 3$ marks

11.

Information given:

- Capital = KSh 100,000
- Sales = KSh 180,000
- Purchases = KSh 90,000
- Rent = KSh 15,000
- Wages = KSh 20,000
- Transport = KSh 8,000
- Electricity = KSh 7,000

a) Total operating expenses, excluding purchases

$$15,000 + 20,000 + 8,000 + 7,000 = \text{KSh } 50,000$$

(2 marks)

b) Total expenditure including purchases

$$90,000 + 50,000 = \text{KSh } 140,000$$

(2 marks)

c) Gross profit

Gross Profit=Sales–Cost of Goods Sold =180,000–90,000= Sh 90,000

(2 marks)

d) Net profit

Net Profit=Gross Profit–Operating Expenses = 90,000 - 50,000 =KSh 40,000

(2 marks)

e) Ways of improving profitability:

- Increase sales through effective marketing.
- Reduce unnecessary operating expenses.
- Negotiate lower prices with suppliers.
- Reduce wastage.
- Improve productivity.
- Increase the range of profitable products.
- Improve customer service to increase repeat purchases.
- Use resources efficiently.

Any 2 × 1 = 2 marks

KENYA CERTIFICATE OF BASIC EDUCATION

SENIOR SCHOOL ASSESSMENT

TERM 3: PROJECT BASED ASSESSMENT 2026

GRADE 10 – BUSINESS STUDIES

Time: 2 Hours

LEARNER'S DETAILS

Name: _____ School: _____

Assessment Number: _____ Date: _____

School Code: _____ Signature: _____

PROJECT TITLE

DEVELOPING AND PRESENTING A SIMPLE BUSINESS VENTURE

PROJECT CONTEXT

Business Studies enables learners to apply business knowledge, skills, values and attitudes to real-life situations. In this project, the learner will identify a business opportunity within the school or local community, develop a simple business idea and demonstrate how the proposed venture can be planned, financed, marketed and managed.

The project should demonstrate practical application of concepts covered in Grade 10 Business Studies, including entrepreneurship, business and money management, the business environment, business communication and financial records.

PROJECT TASK

You are required to identify a **viable small business opportunity** that could operate within your school or local community.

Examples include:

- School stationery business
- Fresh fruit or healthy snack business
- School uniform/accessories business
- Poultry or agricultural produce business
- Handmade products business
- Reusable shopping bags business
- Phone accessories business
- Cleaning products business
- Baking/snack business
- Digital/printing service
- Any other teacher-approved small enterprise

You will develop a simple business proposal and, where appropriate, **prepare a model, sample product, prototype, display or other physical evidence of the proposed business.**

PROJECT REQUIREMENTS

TASK 1: IDENTIFICATION OF A BUSINESS OPPORTUNITY – 4 MARKS

Identify a business opportunity in your school or local community.

Prepare a short written report showing:

- a) Name of the proposed business. (1 mark)**
- b) Product or service to be offered. (1 mark)**
- c) The need/problem that the business intends to solve. (1 mark)**
- d) Target customers/market. (1 mark)**

TASK 2: BUSINESS PLAN – 5 MARKS

Prepare a simple business plan for the proposed venture.

Include:

- a) Business objectives – give two objectives. (2 marks)**
- b) Sources of capital that could be used to start the business. (1 mark)**
- c) Main resources required to operate the business. (1 mark)**
- d) One factor in the business environment that may affect the business and explain how it may affect it. (1 mark)**

TASK 3: MARKETING AND BUSINESS COMMUNICATION – 4 MARKS

Develop a simple marketing strategy for your proposed business.

Your work should include:

- a) A simple advertisement, poster, flyer or digital advert for the business. (2 marks)**
- b) State two methods that could be used to communicate with customers. (1 mark)**
- c) State one reason why effective communication is important to the business. (1 mark)**

The advertisement may be handwritten, printed or digitally prepared.

TASK 4: FINANCIAL RECORD – 4 MARKS

Prepare a simple financial record for the proposed business.

Assume that the business makes **five sales** in one trading day or during a simulated business activity.

Record:

- Date
- Description of item/service
- Quantity

- Selling price
- Total sales

Then:

- a) Prepare a simple sales record/table. (2 marks)**
- b) Calculate the total sales revenue. (1 mark)**
- c) State one reason why businesses should keep proper financial records. (1 mark)**

TASK 5: PRACTICAL PRESENTATION AND EVIDENCE PORTFOLIO – 3 MARKS

Present your completed project to the teacher.

The presentation should demonstrate:

- a) A model, sample product, prototype, business display or other practical representation of the proposed venture. (1 mark)**
- b) Clear explanation of how the proposed business would operate. (1 mark)**
- c) Proper organisation and presentation of evidence of work done. (1 mark)**

DIGITAL PORTFOLIO / EVIDENCE REQUIREMENT

IMPORTANT

Every learner must maintain a **digital portfolio or physical evidence file** showing how the project was developed.

The portfolio should contain evidence such as:

1. Photographs showing the learner undertaking the project.
2. Photographs of the product, model, prototype or business display.
3. Copies/screenshots of research undertaken.
4. Copies of business calculations and financial records.
5. Advertisement/poster/flyer prepared by the learner.
6. Relevant emails or other digital communication used during the project, where applicable.
7. Drafts and improvements made during the project.
8. Final project report.
9. Any other relevant evidence approved by the teacher.

The learner should **save the digital evidence safely** using an appropriate folder, flash disk, computer, tablet, phone or approved online storage platform.

PHYSICAL MODEL REQUIREMENT

Where the project involves a **sizeable model, prototype, product or business display**, the learner should bring the actual model/product to school on the date specified by the teacher.

Where the model/product is **too large, fragile, perishable or otherwise impractical to transport**, the learner should take clear photographs or videos showing:

- The completed model/product;
- The learner working on it;
- Different stages of development; and

- The final product from different angles.

The teacher may request additional evidence where necessary to authenticate the learner's work.

GENERAL PROJECT INSTRUCTIONS TO LEARNERS

1. The project must be **your own work**.
2. Select a business idea that is realistic and appropriate for your local environment.
3. Seek guidance from the teacher where necessary.
4. Do not spend large amounts of money on the project.
5. Use locally available and affordable materials where possible.
6. Observe safety precautions when preparing the product or model.
7. Do not use another person's work as your own.
8. Keep evidence of the different stages of the project.
9. Submit the completed written report together with the evidence portfolio.
10. Be prepared to explain your project to the teacher.
11. Where a physical model is required and is sizeable, bring it to school on the designated opening/submission date.
12. If the model cannot reasonably be transported, submit clear photographic evidence instead.
13. Digital evidence should be clearly labelled and organised.
14. The teacher may ask questions about any part of the project to establish the learner's understanding and participation.

SUGGESTED STRUCTURE OF THE PROJECT REPORT

The final written report should contain:

1. Cover Page

- Name of school
- Learner's name
- Admission number
- Grade
- Learning area
- Project title
- Teacher's name
- Year

2. Introduction

Briefly explain the business idea.

3. Business Opportunity

Explain the need/problem identified and the proposed solution.

4. Target Market

Identify the intended customers.

5. Business Objectives

Give at least two objectives.

6. Resources Required

List the materials, equipment, labour and capital required.

7. Sources of Finance

Explain how the business could obtain start-up capital.

8. Marketing Strategy

Explain how the business will attract customers.

9. Advertisement

Attach the prepared advertisement/poster/flyer.

10. Financial Records

Present the sales record and calculations.

11. Business Environment

Identify factors that may influence the business.

12. Conclusion

Explain whether the business idea is viable and why.

13. Evidence Portfolio

Attach or provide photographs, screenshots, drafts, emails, digital evidence and other relevant evidence.

TEACHER'S AUTHENTICATION

Learner's Name: _____

Admission No.: _____

Project Title: _____

Date Submitted: _____

Teacher's Name: _____

Teacher's Signature: _____

Total Marks: _____ / 20

Teacher's Comment:

Learner's Signature: _____

Date: _____

SCHOOL-BASED PRACTICAL ASSESSMENT

MARKING SCHEME

GENERAL MARKING GUIDELINES

1. Award marks for **correct, relevant and logically explained responses**.
2. Accept any other correct response that demonstrates the learner's understanding.
3. Do not penalise learners for using a different but valid business idea from the example provided.
4. For practical work, assess the **actual evidence presented by the learner**.
5. The learner's digital portfolio should be used to establish evidence of participation and development of the project.
6. Where a physical model is too large to bring to school, **clear photographic/video evidence** may be accepted.
7. Do not award marks merely for having a model; the learner should demonstrate understanding of its business purpose.
8. Where calculations are correct but working is not shown, award marks according to the specific question and teacher judgement.
9. The teacher may ask oral questions to authenticate the learner's work.

TASK 1: IDENTIFICATION OF A BUSINESS OPPORTUNITY

4 MARKS

Question

Identify a business opportunity in your school or local community and provide:

- a) Name of the proposed business. **(1 mark)**
- b) Product or service to be offered. **(1 mark)**
- c) Need/problem that the business intends to solve. **(1 mark)**
- d) Target customers/market. **(1 mark)**

Expected Answers

Example: School Stationery Business

a) Name of business – 1 mark

Answer:

School Smart Stationery Enterprise.

Marking:

- Appropriate name for the proposed business – **1 mark**

Accept any relevant business name.

b) Product/service – 1 mark

Answer:

The business will sell exercise books, pens, pencils, rulers, mathematical sets and other school stationery.

Marking:

- Correctly identifies products/services to be offered – **1 mark**

c) Need/problem – 1 mark

Answer:

Learners sometimes lack essential stationery and have to travel far from school to purchase it.

Marking:

- Identifies a genuine customer need/problem – **1 mark**

d) Target market – 1 mark

Answer:

The target customers will be learners and teachers within the school and people in the surrounding community.

Marking:

- Correctly identifies potential customers – **1 mark**

TOTAL: 4 MARKS

TASK 2: BUSINESS PLAN

5 MARKS

Question

Prepare a simple business plan showing:

- a) Two business objectives. **(2 marks)**
- b) Sources of capital. **(1 mark)**
- c) Main resources required. **(1 mark)**
- d) One business-environment factor and its effect. **(1 mark)**

a) Business Objectives – 2 Marks

Expected Answers

Possible objectives include:

1. To make a reasonable profit from selling affordable stationery.
2. To provide convenient access to stationery for learners.
3. To expand the business by increasing the range of products.
4. To create employment opportunities.
5. To satisfy customers by providing quality products.
6. To operate the business sustainably.

Marking

- First valid objective – **1 mark**
- Second valid objective – **1 mark**

Maximum: 2 marks

b) Sources of Capital – 1 Mark

Expected Answers

Any one:

- Personal savings
- Money from parents/guardians
- Loan from a financial institution
- Contribution from business partners
- Savings group
- Retained profits
- Donation/grant
- Support from a youth enterprise programme, where applicable

Marking

- Any appropriate source of business capital – **1 mark**

c) Main Resources Required – 1 Mark

Expected Answers

Any relevant resources, for example:

- Capital
- Premises
- Stationery stock
- Furniture
- Shelves
- Labour
- Transport
- Packaging materials
- Record books
- Computer/phone where appropriate

Marking

- Identifies relevant business resources – **1 mark**

d) Business Environment Factor – 1 Mark

Expected Answer

Competition:

Other stationery shops may sell similar products. This may force the business to improve quality, reduce prices or provide better customer service.

OR

Inflation:

An increase in the prices of stationery may increase the cost of purchasing stock and reduce the business's profit.

OR

Technology:

Online businesses and digital learning may reduce demand for some stationery but can also create opportunities for digital services.

OR

Government regulations:

Business regulations may increase the cost of operating the enterprise or require the business to comply with certain requirements.

Marking

- Correct factor identified – ½ **mark**
- Correct effect explained – ½ **mark**

Maximum: 1 mark

TOTAL: 5 MARKS

TASK 3: MARKETING AND BUSINESS COMMUNICATION

4 MARKS

Question

Develop a marketing strategy for the proposed business.

- a) Prepare an advertisement, poster, flyer or digital advert. **(2 marks)**
- b) State two methods of communication with customers. **(1 mark)**
- c) State one reason why effective communication is important. **(1 mark)**

a) Advertisement/Poster/Flyer – 2 Marks

Sample Answer**SCHOOL SMART STATIONERY ENTERPRISE****QUALITY STATIONERY AT AFFORDABLE PRICES!**

We sell:

- Exercise books
- Pens
- Pencils
- Rulers
- Mathematical sets
- Files and folders

Why buy from us?

- ✓ Affordable prices
- ✓ Quality products
- ✓ Convenient location
- ✓ Friendly customer service

Visit us today and get what you need for school!

Marking Rubric – 2 Marks

Aspect	Marks
Includes relevant business/product information	1

Attractive, clear and persuasive presentation	1
Total	2

Accept a handwritten, printed or digitally prepared advertisement.

b) Communication Methods – 1 Mark

Expected Answers

Any two:

- Telephone calls
- SMS
- Email
- Social media
- Posters
- Flyers
- Face-to-face communication
- Business website
- Notice boards
- Customer meetings

Marking

- Two appropriate methods – **1 mark**
- One appropriate method – **½ mark**
- None – **0 marks**

c) Importance of Effective Communication – 1 Mark

Expected Answers

Effective communication:

- Helps the business understand customer needs.
- Reduces misunderstandings.
- Helps provide information about products.
- Improves customer relations.
- Promotes sales.
- Helps employees work together.
- Builds customer confidence and trust.

Marking

- One correctly explained importance – **1 mark**

TOTAL: 4 MARKS

TASK 4: FINANCIAL RECORD

4 MARKS

Question

Assume the business makes five sales during one trading day or simulated business activity.

Prepare a sales record showing:

- Date
- Description
- Quantity
- Selling price
- Total sales

Then:

- Prepare the sales record. **(2 marks)**
- Calculate total sales revenue. **(1 mark)**
- Give one reason for keeping proper financial records. **(1 mark)**

MODEL ANSWER

SCHOOL SMART STATIONERY ENTERPRISE

SALES RECORD

Date	Description	Quantity	Selling Price (KES)	Total (KES)
20/08/2026	Exercise books	5	50	250
20/08/2026	Pens	10	20	200
20/08/2026	Pencils	5	15	75
20/08/2026	Rulers	4	30	120
20/08/2026	Mathematical sets	2	150	300
	TOTAL			945

a) Sales Record – 2 Marks

Marking

Award:

- Correct headings/appropriate sales record format – **1 mark**
- Correct recording of quantities, prices and totals – **1 mark**

Maximum: 2 marks

b) Total Sales Revenue – 1 Mark

Working

KES 250 + KES 200 + KES 75 + KES 120 + KES 300

= KES 945

Answer

Total sales revenue = KES 945

Marking

- Correct addition and answer – **1 mark**

Accept a different total where the learner uses different valid sales figures and the calculation is correct.

c) Importance of Financial Records – 1 Mark

Expected Answers

Proper financial records help a business to:

- Know its sales and expenses.
- Determine profit or loss.
- Control cash.
- Detect errors or fraud.
- Make informed business decisions.
- Monitor business performance.
- Prepare financial reports.
- Plan for the future.

Marking

- One correct reason, appropriately stated – **1 mark**

TOTAL: 4 MARKS

TASK 5: PRACTICAL PRESENTATION AND EVIDENCE PORTFOLIO

3 MARKS

Question

Present the completed project and demonstrate:

- a) A model, sample product, prototype, business display or practical representation. **(1 mark)**
- b) Clear explanation of how the business would operate. **(1 mark)**
- c) Proper organisation and presentation of evidence. **(1 mark)**

a) Model/Sample Product/Prototype – 1 Mark

Evidence may include:

- Physical product
- Business model
- Product prototype
- Business display
- Packaging design
- Sample stationery display
- Sample food product
- Agricultural product
- Digital business prototype
- Service demonstration

Marking

- Relevant and reasonably well-prepared practical representation – **1 mark**
- No relevant practical evidence – **0 marks**

b) Explanation of Business Operations – 1 Mark

The learner should be able to explain, for example:

1. What the business sells.
2. Who its customers are.
3. Where products/services are obtained.
4. How customers will be reached.
5. How sales will be made.
6. How income and expenses will be recorded.
7. How the business will respond to competition.

Marking

- Clear and relevant explanation demonstrating understanding – **1 mark**
- Inadequate/no explanation – **0 marks**

c) Evidence Portfolio – 1 Mark

Acceptable evidence

The learner may submit:

- Photographs of the learner undertaking the project.
- Photographs of the completed product/model.
- Photographs showing different stages of development.
- Screenshots of research.
- Copies of calculations.
- Advertisement/poster/flyer.
- Relevant emails.
- Digital documents.
- Drafts and corrections.
- Business records.
- Video evidence where appropriate.

Marking

1 mark: Evidence is relevant, organised and demonstrates the work undertaken.

0 marks: No adequate evidence is presented.

DIGITAL PORTFOLIO AUTHENTICATION GUIDELINES

The teacher should check that the evidence reasonably demonstrates that the learner participated in the project.

Evidence may include photographs showing:

Stage 1: Identification of the business opportunity

↓

Stage 2: Research and planning

↓

Stage 3: Preparation of materials/product/model

↓

Stage 4: Marketing/advertisement development

↓

Stage 5: Financial recording/calculations

↓

Stage 6: Completed project/product



Stage 7: Final presentation

Where possible, photographs should show the learner undertaking the work rather than only showing the completed product.

SIZEABLE MODEL / PRODUCT GUIDELINE

If the model or product is too large to transport to school:

Accept:

- Clear photographs of the completed model.
- Photographs showing different sides/angles.
- Photographs of the learner making the model.
- Short video evidence where permitted by the school.
- Digital documentation explaining the model.
- Teacher verification during the presentation.

If the model is reasonably portable:

The learner should **bring the actual model/product to school on the designated opening/submission date** for inspection and presentation.

COMPLETE MARKING SUMMARY

Task	Assessment Area	Marks
1	Identification of Business Opportunity	4
2	Business Plan	5
3	Marketing & Business Communication	4
4	Financial Records	4
5	Practical Presentation & Evidence Portfolio	3
TOTAL		20 MARKS

TEACHER'S MARK SHEET

Learner's Name: _____

Admission No.: _____

No.	Assessment Indicator	Maximum	Score
1(a)	Appropriate business name	1	
1(b)	Product/service identified	1	
1(c)	Need/problem identified	1	
1(d)	Target market identified	1	
Task 1 Total		4	
2(a)	Two valid business objectives	2	
2(b)	Source(s) of capital	1	
2(c)	Business resources	1	
2(d)	Environment factor + effect	1	
Task 2 Total		5	
3(a)	Advertisement/poster/flyer	2	
3(b)	Communication methods	1	
3(c)	Importance of communication	1	
Task 3 Total		4	

4(a)	Sales record	2	
4(b)	Total sales revenue	1	
4(c)	Importance of records	1	
Task 4 Total		4	
5(a)	Model/product/prototype/display	1	
5(b)	Explanation/presentation	1	
5(c)	Digital/physical evidence portfolio	1	
Task 5 Total		3	
GRAND TOTAL		20	

TEACHER'S FINAL COMMENT

Score: _____ / 20

Strengths observed:

Areas for improvement:

Teacher's Signature: _____

Date: _____

Learner's Signature: _____