



Myfuture CBC Revision

Business Studies - Grade 10

Question Paper

1. What is a government budget deficit?

- A. When total national income grows faster than taxes
- B. When government expenditures are greater than revenues
- C. When government revenues are greater than expenditures
- D. When counties collect more than the national government

2. What is the purpose of a debit note issued by a buyer in Kenya?

- A. To record credit sales
- B. To request a reduction in the supplier's invoice for faulty goods
- C. To serve as proof of delivery
- D. To acknowledge receipt of cash from a customer

3. Which of the following is an example of a social goal for a business?

- A. Buying out all competitors to form a monopoly
- B. Reducing prices below cost permanently
- C. Maximising short-term profit at any cost
- D. Supporting community education with scholarships

4. Which of the following is true about a cash budget compared to a profit forecast?

- A. A cash budget shows timing of cash inflows and outflows, whereas profit forecast shows
- B. Cash budget ignores all payments and only records sales
- C. A profit forecast only records cash collected this month
- D. A cash budget always equals profit

5. Which office audits government accounts to promote accountability in Kenya?

- A. Ministry of Finance internal team
- B. County governors' office
- C. Kenya Revenue Authority audit unit
- D. Office of the Auditor-General

6. What is a business goal?

- A. A legal rule set by the government
- B. A random idea the owner may think of
- C. A clear target a business aims to achieve
- D. A daily task for workers only

7. Which of the following is an internal factor in a business environment?

- A. Management decisions and company policies
- B. Weather affecting crop yields
- C. National economic recession
- D. Changes in government tax laws

8. Which of the following is a main purpose of budgeting for a business in Kenya?

- A. To make customers buy more products
- B. To replace bookkeeping entirely
- C. To avoid paying taxes by hiding income
- D. To plan resources, control costs and guide decision-making

9. Which of these taxes is often considered regressive because low-income households pay a larger share of their income on it?

- A. Wealth tax on large estates
- B. Value Added Tax (VAT) on basic goods
- C. Progressive income tax
- D. Graduated corporate tax

10. Which of the following best describes ethical business practice?

- A. Hiding product defects from consumers
- B. Treating customers and employees fairly and honestly
- C. Always charging the highest possible price
- D. Bribing officials to get contracts

11. What is the main source document for recording purchases made on credit from a supplier in Kenya?

- A. Sales receipt
- B. Cheque stub
- C. Supplier's invoice
- D. Credit note

12. What is an incremental budget approach?

- A. Using last period's budget as a base and adjusting it slightly for the new period
- B. Automatically increasing all costs by 50% each year
- C. Starting each budget from zero with full justification
- D. Only budgeting for cash items and not credit sales

13. Which of these is an example of value addition?

- A. Letting raw maize sit unsold on a farm
- B. Milling maize into flour before selling it
- C. Leaving coffee cherries unprocessed
- D. Dumping harvested fish into a river

14. What is the main purpose of microfinance institutions (MFIs) in Kenya?

- A. To collect fines for traffic offences
- B. To provide small loans and basic savings services to low-income people and small
- C. To operate only in international trade finance
- D. To print currency and manage national reserves

15. Which of these describes a market risk that a Kenyan business might face?

- A. A machine wears out after heavy use
- B. An employee is late to work
- C. A shopkeeper drops a goods box
- D. Customer tastes change and demand falls

16. What is a likely conflict between the goals of profit maximisation and social responsibility?

- A. Hiring more staff always increases profits immediately
- B. Ignoring local laws improves reputation
- C. Donating to charity always increases profit margins
- D. Lowering prices to help customers may reduce short-term profits

17. Which objective is measurable?

- A. Be the best shop in town
- B. Sell more products
- C. Increase monthly sales from KES 200,000 to KES 250,000 within 6 months
- D. Make customers happy

18. Why is participation of staff useful when preparing a business budget in a Kenyan school project or enterprise?

- A. It guarantees the business will make a profit
- B. It reduces the need for any monitoring
- C. Staff participation improves accuracy and commitment to the budget
- D. Staff participation allows them to avoid work

19. What is the typical effect of remittances from Kenyans working abroad on the country's public finances?

- A. They increase household incomes and foreign exchange but are not direct government
- B. They are collected as tax revenue by KRA automatically
- C. They reduce foreign exchange reserves
- D. They always increase government tax collections directly

20. Which two main accounts make up the balance of payments?

- A. The current account and the financial (capital) account
- B. The import account and the domestic savings account
- C. The tax account and the export account
- D. The customs account and the tourism account

21. Which book of original entry is used to record all credit sales before posting to the ledger?

- A. Sales day book
- B. Purchases day book
- C. Cash book
- D. Sales returns book

22. What is the purpose of fiscal responsibility laws?

- A. To encourage unlimited borrowing by the government
- B. To control the content of school exams
- C. To ensure that public debt and spending remain sustainable
- D. To let counties print money

23. Which book records both receipts and payments made through the business bank account in Kenya?

- A. Cash book (including bank column)
- B. Sales returns book
- C. Sales day book
- D. Purchases day book

24. What is depreciation in relation to fixed assets?

- A. A fall in the value of a fixed asset over time due to use
- B. A method of increasing raw material supplies
- C. A rise in the number of workers
- D. An increase in sales revenue

25. Which instruction allows a bank to take regular payments initiated by a third party, such as a utility company?

- A. Fixed deposit mandate
- B. Direct debit authorized by the account holder to allow third-party withdrawals
- C. Standing order set by the account holder
- D. Cheque issued by the utility company

26. What does 'financial inclusion' mean in the Kenyan banking context?

- A. Limiting banking services to urban wealthy people only
- B. Increasing the number of bank holidays
- C. Making banks open only at night
- D. Ensuring more people and businesses have access to useful and affordable financial

27. What best describes a cooperative society as a form of business?

- A. A charity that cannot sell any products
- B. An enterprise owned and democratically controlled by its member users
- C. A government department that taxes farmers
- D. A business owned by a single foreign investor only

28. What is the correct sequence in the production process?

- A. Consumption -> Production -> Inputs
- B. Processing -> Distribution -> Inputs
- C. Inputs -> Transformation/processing -> Outputs (goods or services)
- D. Outputs -> Inputs -> Transformation

29. What is the purpose of KYC (Know Your Customer) rules in Kenyan banks?

- A. To determine school grades for borrowers
- B. To verify customer identity and prevent money laundering and fraud
- C. To set exchange rates for foreign currency
- D. To increase interest rates for all customers

30. How can technology help students manage budgets for a class business project?

- A. By hiding mistakes so no one notices
- B. By automatically making the business successful
- C. By using budgeting apps or spreadsheets to record, calculate and update figures accurately
- D. By replacing the need to think about prices

31. What does 'philanthropy' mean in the context of CSR?

- A. A sales promotion method
- B. Voluntary giving of money, goods or time to support social causes
- C. Being forced by law to donate company assets
- D. A government tax on donations

32. Which of the following is a likely negative outcome of poor CSR?

- A. Increased employee motivation
- B. Stronger positive public image
- C. Higher community support for the business
- D. Environmental pollution and loss of community trust

33. What does the 'S' in SMART objectives stand for?

- A. Sociable — approved by friends
- B. Silent — not written down
- C. Simple — kept as short as possible
- D. Specific — clearly defined and precise

34. Another common name for a company's social responsibility report is:

- A. A sustainability report
- B. A sales receipt
- C. A tax return
- D. An employee payslip

35. Which institution in Kenya is responsible for issuing currency and regulating the banking sector?

- A. Nairobi Stock Exchange
- B. Central Bank of Kenya
- C. Ministry of Education
- D. Kenya Revenue Authority

36. Which Kenyan national policy aligns businesses with protecting the environment?

- A. Policies that promote ignoring pollution complaints
- B. Rules that allow clearing protected forests for profit
- C. Policies encouraging unchecked industrial waste
- D. Environmental laws and the requirement for Environmental Impact Assessments (EIAs)

37. How is market share measured?

- A. The firm's sales as a percentage of total industry sales
- B. The amount of loan a business has
- C. The firm's yearly tax payments
- D. The number of employees in a firm

38. Which of the following is an example of corporate social responsibility for a Kenyan firm?

- A. Reducing pollution from production and supporting local clean-up drives
- B. Donating expired food to customers
- C. Refusing to hire local workers
- D. Evading safety rules to cut costs

39. Who is a stakeholder in a business?

- A. Only competing businesses
- B. Only the government
- C. Anyone affected by the business, such as employees, customers and the community
- D. Only the owner of the business

40. Legal responsibility of a business means:

- A. Following national laws and regulations while conducting business
- B. Trying to break trade rules to win markets
- C. Operating without any records
- D. Only giving gifts to the government

41. Which of the following is a good first step when preparing a business budget for a new term at school?

- A. Buy supplies without checking prices
- B. Set all costs to zero to be safe
- C. Copy last year's budget without any change
- D. Estimate expected income (sales or funding) for the term

42. Who are considered stakeholders in a business's social responsibility decisions?

- A. Only the customers who buy products
- B. All groups affected by the business, such as employees, customers, community and
- C. Only the government officials
- D. Only the business owners

43. Which type of loan is typically used by households to purchase a home in Kenya?

- A. Overdraft facility
- B. Cheque loan
- C. Fixed deposit loan
- D. Mortgage loan

44. What is the purpose of Know Your Customer (KYC) procedures in banks?

- A. To advertise new bank branches in the neighbourhood
- B. To teach customers how to balance their home budget
- C. To verify the identity of customers and prevent fraud and money laundering
- D. To offer customers free banking gifts

45. Why is customer satisfaction an important business goal?

- A. It leads to repeat purchases and increased sales
- B. It only matters for very large companies
- C. It has no effect on profits
- D. It is against competition laws

46. What is a budget in the context of a small Kenyan business?

- A. A written plan showing expected income and expenses for a future period
- B. A government tax document submitted annually
- C. A list of all past sales without estimating future costs
- D. A record of only cash withdrawals from a bank

47. Which body approves the national budget in Kenya?

- A. The Office of the President alone
- B. The Kenya National Bureau of Statistics
- C. The National Assembly of Parliament
- D. The Central Bank of Kenya

48. Which action shows environmental responsibility by an agricultural company in Kenya?

- A. Dumping pesticide waste into rivers
- B. Implementing soil conservation, tree planting and proper pesticide use
- C. Overusing chemical fertilisers without controls
- D. Clearing wetland areas for more crops

49. Which tax is specifically applied to imported goods at the border?

- A. Pay As You Earn (PAYE)
- B. Corporate tax
- C. Customs duty
- D. Excise duty on local beer

50. Which of these is an employee welfare goal for a business?

- A. Reduce product quality to cut costs
- B. Ignore staff complaints
- C. Provide regular safety training and health insurance
- D. Increase working hours without breaks

