Myfuture CBC Revision

Business Studies - Grade 10

Question Paper

1. Which of the following is an example of a perishable good?

A. A ceramic plate

B. A plastic water container

C. Fresh milk sold in a kiosk

D. A metal hammer

2. Which book would record a company's purchases of stationery paid for in cash in a Kenyan school office?

A. Sales returns book

B. Sales day book

C. Petty cash book

D. Purchases day book

3. Which of the following describes a joint venture?

A. A business owned by a single person who never shares information

B. Two or more businesses join resources for a specific project and share profits and risks

C. A public company that must be registered as an NGO

D. A permanent merger where one company buys all shares of another and removes its

4. What do economists mean by 'terms of trade'?

A. The number of tariffs applied to a product

B. The total number of trading partners a country has

C. The ratio of export prices to import prices for a country

D. The quota a country places on imports

5. Which long-term growth strategy could a Kenyan SME use to access capital for expansion?

A. Form a SACCO or join a savings group to save and access loans over several years

B. Give credit to all customers without checking their ability to pay

C. Close down the current business and start an unrelated venture tomorrow

D. Spend all profits on the owner's personal luxury

6. Which activity best describes the Kenyan 'Jua Kali' sector?

A. Running a government ministry

B. Operating a national airline

C. Large-scale commercial banking

D. Informal small-scale artisans making and repairing goods

7. What is the purpose of a bank statement?

A. To replace wage slips for employees

B. To act as a guarantee that the bank will pay any debt

C. To provide a record of account transactions so the account holder can reconcile their

D. To serve as the only valid ID at airports

8. Which action adds value to raw coffee beans grown in Murang'a before selling them?

A. Leaving the beans unprocessed in sacks at the farm

B. Discarding perfectly good beans

C. Roasting and packaging the coffee for retail sale

D. Watering the trees after harvest

9. How can a small Kenyan business show social responsibility toward customers?

A. Refusing to accept returns even for defective goods

B. Providing honest information about products and good customer service

C. Selling expired products at normal price

D. Ignoring customer complaints

10. What is the difference between production and consumption?

A. Production is only for government use; consumption is for businesses

B. Production is always done at home; consumption happens at markets

C. Production and consumption mean the same thing

D. Production creates goods or services; consumption uses them

11. When resources are limited, how should a business prioritise its goals?

A. Try to achieve all goals at once regardless of cost

B. Focus only on goals that sound popular

C. Ignore goals and spend randomly

D. Choose goals that are most urgent and impactful

12. A sales return (goods returned by a customer) will cause which of the following?

A. No change to accounts

B. Increase in Purchases account

C. Decrease in Sales account

D. Increase in Sales account

13. Which is a likely challenge faced by entrepreneurs in Kenya?

A. Unlimited free electricity and no bills

B. Not needing customers at all

C. Limited access to affordable credit and high loan interest rates

D. Automatic success without any work

14. Which CSR activity shows community involvement?

A. Reducing staff training to save money

B. Exporting all profits without local investment

C. Relocating the factory abroad to cut costs

D. Supporting a local health clinic with supplies and training

15. What does outsourcing mean for a business?

A. Keeping all production activities inside the firm

B. Selling the company to a foreign investor

C. Contracting outside firms to carry out certain business activities

D. Hiring only temporary staff from a single agency

16. Which of the following is a capital good?

A. A sales clerk's weekly wage

B. A sewing machine used in a Nairobi tailoring shop

C. Fresh maize for household consumption

D. A customer's purchased shirt

17. What is compound interest?

A. Interest that you earn only when you withdraw cash

B. Interest that you can only use at the bank's branch

C. A fee the bank charges for opening an account

D. Interest calculated on the initial principal plus interest accumulated from previous

18. What is the main purpose of quality control in production?

A. To ensure the finished goods meet set standards

B. To increase the number of suppliers

C. To raise the price of raw materials

D. To delay product delivery to customers

19. What role can businesses play in reducing unemployment in Kenya?

A. Avoiding hiring to keep profits high

B. Creating job opportunities, training and supporting small suppliers

C. Moving operations to foreign countries to avoid local hiring

D. Replacing all workers with machines immediately

20. Why is keeping proper business records important for a small enterprise?

A. To track income and expenses, help make decisions and comply with tax laws

B. To avoid paying staff at all

C. So the owner can forget financial details

D. To hide sales from customers

21. What does 'dumping' mean in international trade?

A. Destroying surplus goods to raise domestic prices

B. Selling goods in a foreign market at unfairly low prices, often below cost

C. Refusing to trade with a particular country

D. Exporting only luxury goods

22. What does Electronic Funds Transfer (EFT) mean?

A. A mobile phone used only for making calls

B. Cash paid over the counter at a bank

C. A paper cheque sent by post

D. Moving money electronically from one bank account to another

23. Which of the following is an example of a public good?

A. National defence and security

B. A personal mobile phone

C. Private tutoring service

D. Bread sold in a supermarket

24. Which document is commonly required to clear imported goods at Kenyan ports?

A. Import Declaration Form (IDF) submitted to KRA

B. A personal bank statement of the importer

C. A tourist visa for the ship's crew

D. A Kenyan national identity card from the importer

25. Which is an example of an external factor affecting businesses in Kenya?

A. A company's internal training program

B. A firm's layout of its factory floor

C. New government regulations on trade

D. The business owner's choice of staff uniform

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

A. To acknowledge receipt of cash from a customer

B. To serve as proof of delivery

C. To request a reduction in the supplier's invoice for faulty goods

D. To record credit sales

27. Why is it important for businesses in Kenya to keep accurate source documents and records of transactions?

A. So they can avoid paying any taxes

B. So customers will always pay late

C. So the business never needs a bank account

D. So they can prepare reliable financial statements, meet tax requirements and support

28. The business pays a supplier early and receives a cash discount. How does this affect the accounts?

A. Cash decreases and accounts payable decreases; net cost of purchases is reduced

B. Owner's equity decreases and cash increases

C. Cash increases and liabilities increase

D. Inventory increases and accounts receivable increases

29. What is 'capital' for a small business?

A. The total number of customers who visit the shop

B. The daily sales record only

C. Money invested by owners to start and run the business

D. Only the profits taken by the owner at the end of the year

30. How does budgeting help a farmer in Kenya planning for the next planting season?

A. By ensuring the farm will never have pests

B. By estimating seed, labour and input costs and forecasting expected income from harvest

C. By guaranteeing a higher market price for crops

D. By removing the need to check weather forecasts

31. Which of the following is an example of ethical marketing as part of CSR?

A. Hiding expiry dates on products

B. Truthful advertising and clear product information

C. Making false health claims to boost sales

D. Using misleading weight labels

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

A. Cash budget ignores all payments and only records sales

B. A profit forecast only records cash collected this month

C. A cash budget shows timing of cash inflows and outflows, whereas profit forecast shows

D. A cash budget always equals profit

33. Which is a benefit of linking a bank account to M-Pesa in Kenya?

A. You no longer need any identification documents

B. You automatically get a loan without approval

C. You can transfer money between your mobile wallet and bank account easily

D. You can only withdraw cash at the bank and nowhere else

34. Which of these is a common source of finance for a small Kenyan enterprise?

A. Printing money at home

B. Personal savings or family contributions

C. Using only unpaid volunteers forever

D. Borrowing from a random stranger on the street

35. What is the main purpose of preparing a trial balance?

A. To calculate tax owed to the government

B. To provide detailed invoices to customers

C. To check that total debits equal total credits

D. To show how much cash is in the petty cash box

36. Why are public procurement laws important in public finance?

A. They stop counties from buying any goods

B. They set the price of all private goods in the market

C. They ensure fair use of public funds, transparency and value for money

D. They allow government officials to award contracts secretly

37. For a business, which is the safest place to keep large amounts of cash?

A. A bank deposit account

B. As loose cash in the shop till overnight

C. Under the owner's mattress at home

D. Hidden in the business storeroom

38. What is a 'standing order' used for in banking?

A. An emergency lending facility from the central bank

B. A bank's internal memo to hire staff

C. A one-off cash withdrawal

D. An instruction by an account holder to the bank to pay a fixed amount to another account

39. What is the main function of money in everyday transactions?

A. A guarantee of constant prices over time

B. A legal document issued by the government

C. A medium of exchange used to buy and sell goods and services

D. A type of business capital only used by companies

40. Which feature is typical of a general partnership?

A. Shares are freely traded on the Nairobi Securities Exchange

B. Owners have limited liability for business debts

C. It has a separate legal personality from its owners like a company

D. Each partner can legally bind the business to agreements (mutual agency)

41. What is the main purpose of regional trade agreements like the East African Community (EAC)?

A. To increase tariffs between member countries

B. To reduce trade barriers and promote trade among member countries

C. To stop all trade between member states

D. To force a single currency on all members immediately

42. 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

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

A. An enterprise owned and democratically controlled by its member users

B. A business owned by a single foreign investor only

C. A government department that taxes farmers

D. A charity that cannot sell any products

44. If the Kenyan shilling depreciates against the US dollar, how are Kenyan exporters affected?

A. They must pay higher taxes on exports

B. They cannot export at all

C. Their goods become cheaper in dollar terms and may become more competitive abroad

D. They receive lower payments in shillings for foreign sales

45. What is a subsidy in international trade?

A. An import permit issued by the government

B. A tax on domestic sales

C. Financial support from the government to local producers to lower their costs

D. A fee charged by customs for inspection

46. What is a subsidy in international trade policy?

A. A payment by the government to local producers to lower their production costs

B. A tax on exports

C. A restriction on foreign ownership

D. A shipping document for exported goods

47. What is an example of a source document for a credit purchase from a supplier?

A. Bank cheque

B. Purchase invoice

C. Till roll

D. Payslip

48. Which expense would typically be included in an operating budget rather than a capital budget?

A. Monthly electricity bill for the shop

B. Purchase of a delivery motorbike

C. Buying a long-term computer server

D. Construction of a new warehouse

49. A business that relies mainly on many workers and little machinery is described as:

A. Automated

B. Capital-intensive

C. Labour-intensive

D. High-tech

50. What is an embargo?

A. A government ban on trade with a specific country

B. A document required for customs clearance

C. A small tax on exported goods

D. A loan given to an exporter