



ICM

SEPTEMBER 2015

THE BUSINESS ENVIRONMENT

Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
 - b) Answer any FOUR questions
 - c) All questions carry equal marks. Marks for each question are shown in []
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- 1.
 - a) Explain the term **business activity**. [10]
 - b) Summarise the following terms:
 - i Land
 - ii Labour
 - iii Capital[5 each]
 - 2.
 - a) Explain the term **economy**. [10]
 - b) Discuss the terms **cost** and **opportunity cost**. [15]
 - 3.
 - a) Examine the constraints on a new entrepreneur. [12]
 - b) Explain the economies of large scale production. [13]
 - 4.
 - a) State what the consequences of growth are. [5]
 - b) Explain the term **diseconomies of scale**. [5]
 - c) Explain the THREE divisions of production. [10]
 - d) Explain the long-term objectives of business. [5]
 - 5. Write notes on FIVE of the following:
 - a) Wants
 - b) Barter
 - c) The importance of a recognised system of law to an economy
 - d) THREE types of economy
 - e) The definition of **money**
 - f) The importance of profits to a business
 - g) The rewards in the factors of production [5 each]