



ICM

DECEMBER 2016

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 []
-
- 1.
 - a) How does an entrepreneur contribute to the economy of a country? [15]
 - b) Why is cash flow crucial to a business? [5]
 - c) Explain why a business will normally have to seek planning permission to build or expand business premises. [5]
 - 2.
 - a) How does government influence the business environment? [13]
 - b) Explain the term **opportunity cost**. [12]
 - 3.
 - a) Explain the principal business objectives of a new business. [10]
 - b) What does an entrepreneur need to do when setting up a new business? [10]
 - c) Explain the term **legal tender**. [5]
 - 4. Discuss the term **the interdependence of business**. [25]
 - 5. Write notes on FIVE of the following:
 - a) The basic wants of people
 - b) Primary production
 - c) The qualities of money
 - d) The three parts of the business environment
 - e) Scarcity and choice
 - f) Diseconomies of scale
 - g) The three S's [5 each]