



# ICM

JUNE 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 [ ]
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- 1. a) Discuss why the role of money is important in an efficient economy. [10]  
b) Explain the following terms:
    - i Primary production
    - ii Secondary production
    - iii Tertiary production [5 each]
  - 2. a) Explain the generally accepted major aims of a business. [10]  
b) Explain the THREE S's. [15]
  - 3. a) Why is a census important to a business? [12]  
b) Explain the economies of large scale production. [13]
  - 4. a) Explain the term **public sector**. [5]  
b) Explain the term **private sector**. [5]  
c) Explain the role of an entrepreneur. [10]  
d) Explain the term **legal tender**. [5]
  - 5. Write notes on FIVE of the following:
    - a) Opportunity cost
    - b) The factors of production
    - c) The importance of law to an economy
    - d) The chain of production
    - e) Applying for planning permission
    - f) The importance of profits to a business
    - g) A mixed economy [5 each]