i) **Is Sarah's grocery shop mainly providing goods or services? Explain your answer. (3 Marks)** Sarah's shop is mainly providing **goods**. She buys physical products (items) from suppliers and sells them to villagers. The delivery service is a supporting service, but the main business is the sale of tangible items.

ii) **Identify and explain two factors of production crucial for Sarah's grocery shop to operate. (4 Marks)**

Land- This refers to the physical shop premises she rents. It is the location where the business operates.

Capital- This includes the shelves, refrigerators, and the money she uses to buy stock (inventory) and pay her assistant

Labour -This is the human effort provided by **Sarah herself** and her assistant to run the shop.

Entrepreneurship- This is the role of Sarah as the owner, who takes the risk of the business and manages its day-to-day operations.

iii) **Sarah pays rent for her shop premises and wages to her assistant.**

a) **What factor of production is the shop premise classified under? (1 Mark)** Land.

b) **What is the reward for the shop assistant's labour? (1 Mark)** Wages.

iv) **Sarah ensures all the food products she sells are not expired and are stored hygienically. This is an example of which type of practice in production? (1 Mark)** Ethical practice.

v) **Describe one unethical practice related to food safety that a grocery shop could engage in, and explain why it is unethical. (4 Marks)** An unethical practice is to **sell expired food products** by relabeling them with new expiry dates. This is unethical because it deceives customers and can cause serious health problems, such as food poisoning, which shows a disregard for the customer's well-being.

vi) **Explain two ways in which the production of goods and services, like Sarah's shop, benefits the overall economic well-being of the village. (4 Marks)**

i. **Job creation:** The shop provides a job for Sarah and her assistant, giving them an income.

ii. **Convenience:** It provides a convenient source of essential goods for the villagers, saving them time and money they would have spent traveling to other towns.



