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CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD
General Certificate of Education Examination

0525 ECONOMICS 1

JUNE 2019 **ORDINARY LEVEL**

Centre Number	
Centre Name	
Candidate Identification Number	
Candidate Name	

Mobile phones are NOT allowed in the examination room.

MULTIPLE CHOICE QUESTION PAPER

One and a half hours

INSTRUCTIONS TO CANDIDATES

Read the following instructions carefully before you start answering the questions in this paper. Make sure you have a soft HB pencil and an eraser for this examination.

1. USE A SOFT HB PENCIL THROUGHOUT THE EXAMINATION.
2. DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.

Before the examination begins:

3. Check that this question booklet is headed **"Ordinary Level – 0525 Economics 1"**
4. Fill the information required in the spaces above.
5. Fill the information required in the spaces provided on the answer sheet using your HB pencil:
   Candidate Name, Exam Session, Subject Code and Candidate Identification Number.
   Take care that you do not crease or fold the answer sheet or make any marks on it other than those asked for in these instructions.

How to answer the questions in this examination

6. Answer **ALL** the **50** questions in this Examination. All questions carry equal marks.
7. Each question has FOUR suggested answers: **A, B, C** and **D**. Decide on which answer is correct. Find the number of the question on the Answer Sheet and draw a horizontal line across the letter to join the square brackets for the answer you have chosen.
   For example, if C is your correct answer, mark C as shown below:
   [A] [B] [C] [D]
8. Mark only one answer for each question. If you mark more than one answer, you will score a zero for that question. If you change your mind about an answer, erase the first mark carefully, then mark your new answer.
9. Avoid spending too much time on any one question. If you find a question difficult, move on to the next question. You can come back to this question later.
10. Do all rough work in this booklet using the blank spaces in the question booklet.
11. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**

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The document issued by the registrar of companies which authorises a Private Limited Company (Ltd) to go operational is called;
A Prospectus
B Certificate of Incorporation
C Certificate of Trading
D Articles of Association

Which of the following pairs of goods are examples of complementary supply
A Palm oil and Palm Kernels
B Sim cards and Mobile phones
C Lamp and Kerosene
D Butter and Margarine

This question is based on the cost of producing chairs in a carpentry workshop.

OUTPUT (No. Chairs)	TOTAL COST (FCFA)
0	10,000
2	15,000
4	30,000
6	45,000

What is the fixed cost of producing the 4th chair?
A 30,000 FCFA
B 20,000 FCFA
C 10,000 FCFA
D 7,500 FCFA

The practice of mixed cropping, using crude tools with the output meant mostly for household consumption is known as:
A Plantation Agriculture
B Subsistence Agriculture
C Small Holder Scheme
D Mixed Farming

Changes in the value of money are measured using:
A Price Index
B Inflationary rate
C Whole sale index
D Exchange rate

National defence and public taps are examples of:
A Consumer goods
B Producer goods
C Merit goods
D Public goods

The Gross Domestic Product of a country was valued at 20 million FCFA in 2003, if the Net Property Income from abroad is 2million FCFA, what was the Gross National Product for this country?
A 22 million FCFA
B 20 million FCFA
C 18 million FCFA
D 10 million FCFA

8. An increase in the quantity demanded is caused by:
A An increase in price
B A decrease in price
C An increase in population
D An increase in income

9. A situation where a prospective taxpayer escapes from paying a tax is described as:
A Tax exemption
B Tax holiday
C Tax avoidance
D Tax evasion

10. One of the external sources of capital to business organisations is;
A Hire purchase
B Ploughed back profits
C Contributions from shareholders
D Past savings

11. Unemployment caused by a general deficiency in demand is called;
A Structural unemployment
B Seasonal unemployment
C Technological unemployment
D Cyclical unemployment

12. An inferior good is defined as any commodity;
A Whose demand will fall when consumers' income increase
B Which is easily perishable
C Whose consumption demand increases as income increases.
D Whose price is lower than the prices of other commodities

13. One positive check proposed by Malthus is:
A Family planning
B Late marriages
C Abstinence
D Floods

14. The main aim of Division of Labour is;
A To increase output
B To increase specialisation
C To increase employment
D To make use of machines

15. Which function of money solves the problem of double coincidence of wants?
A Store of value
B Unit of account
C Standard for deferred payment
D Medium of exchange

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16. If the government estimated income is 50 million FCFA while her expenditure stands at 65 million FCFA. How much does the government need to finance her activities?
    A 15 million FCFA
    B 50 million FCFA
    C 65 million FCFA
    D 115 million FCFA

17. The Memorandum of Association is a document that:
    A Regulates a company's internal affairs
    B Defines the powers and duties of directors
    C Governs the external relations of the company
    D Specifies the methods of sharing profits/dividends

18. Study the Assets of this commercial bank and answer the question that follows;

ITEMS	AMOUNT (in MILLION FCFA)
Notes and Coins in till	5
Treasury bills	50
Investment	25
Advances to customers	10

What is the value of the liquid assets?
    A 90 million FCFA
    B 55 million FCFA
    C 35 million FCFA
    D 30 million FCFA

19. Any "man – made" resource which is used in the production of other goods is called;
    A Wealth
    B Labour
    C Capital
    D Human capital

20. The organisation which replaced GATT is:
    A CEMAC
    B WTO
    C WHO
    D UDEAC

21. A price imposed by the government above the equilibrium price is called;
    A Minimum price
    B Maximum price
    C Market price
    D Ceiling price

22. An industry which locates in an area without taking into consideration the locational factors of production is called:
    A Weight – loosing industry
    B Tertiary industry
    C Weight – gaining industry
    D Foot – loose industry

23. One reason for privatisation in Cameroon is:
    A To reduce embezzlement
    B To reduce unemployment
    C To reduce inflation
    D To reduce imports

24. A housewife needs a refrigerator and a gas cooker. Each cost 100,000FCFA; she decides to buy the gas cooker since she has only 100,000FCFA, then the refrigerator will be regarded in Economics as;
    A Money Cost
    B True Cost
    C Supplementary Cost
    D Prime Cost

25. Coins which are commonly used nowadays are known as;
    A Standard Coins
    B Gold Coins
    C Silver Coins
    D Token Coins

26. A barrier on trade which completely stops a commodity from being imported is known as:
    A Quota
    B Embargo
    C Custom duty
    D Exchange control

27. Given that the value of national income is 240 billion FCFA in an economy with a population size of 6 million inhabitants in 2014. The value of per capita income will be:
    A 4,000 FCFA
    B 40,000 FCFA
    C 400,000 FCFA
    D 4,000,000 FCFA

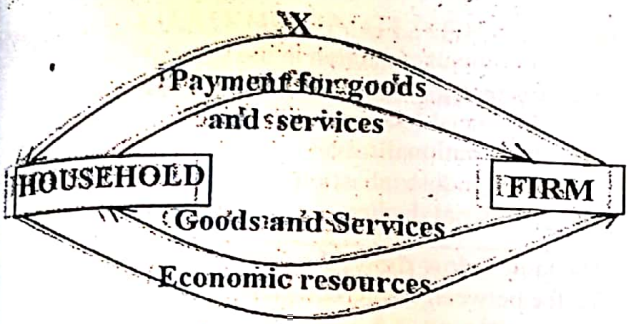
28. Given that the elasticity of supply for a given good is 2 and the percentage change in price is 45%. What is the percentage change in quantity supplied?
    A 22.5%
    B 47%
    C 43%
    D 90%

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29. Study the diagram below and answer the question that follows.



What does the letter X represent?
A Factor of production
B Payment for factor services
C Goods and Services
D Income from goods

30. Quarry is an example of which factor of production?
A Land
B Labour
C Capital
D Entrepreneur

31. Economic growth is measured in terms of:
A Increase in Consumer and Capital goods
B Increase in Infrastructural resource
C Increase in Available resources
D Increase in Per Capita income

32. Other things being equal, when the price of a commodity increases, the quantity demanded;
A Increases
B Doubles
C Decreases
D Changes

33. Which of the following can be described as an example of a direct tax
A Excise duty
B Custom duty
C Export duty
D Company tax

34. Natural Growth Rate (NGR) can be calculated using the formula:
A $\frac{\text{Births} - \text{Deaths}}{1} \times 1000$
B $\frac{\text{Birth rate} - \text{Death rate}}{1} \times 100$
C $\frac{\text{Birth rate} - \text{Death rate}}{\text{Total Population}} \times \frac{100}{1}$
D $\frac{\text{Deaths} - \text{Births}}{\text{Total Population}} \times \frac{1000}{1}$

35. A bank's cash ratio is 10%, If she receives a deposit of 200,000FCFA. How much money will she keep as cash?
A 2,000,000 FCFA
B 220,000 FCFA
C 180,000 FCFA
D 20,000 FCFA

36. A market situation where there is one buyer and one seller is known as:
A Bilateral monopoly
B Oligopoly
C Monopoly
D Duopoly

37. The cost of production which is incurred by a firm when its output is zero is termed:
A Variable cost
B Average cost
C Total cost
D Fixed cost

38. The method of measuring National Income by summing all final demands is called:
A Income method
B Expenditure method
C Output method
D Value added method

39. An economic system where the state owns and controls the means of production is known as:
A Capitalist economy
B Mixed economy
C Traditional economy
D Socialist economy

40. Cameroon belongs to which of the following trade blocs?
A ECOWAS
B CEMAC
C UDEAC
D BEAC

41. Which of the following is a suitable distribution channel for perishable goods?
A Producer → Retailer → Consumer
B Producer → Wholesaler → Retailer → Consumer
C Producer → Consumer
D Producer → Consumer → Wholesaler

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This question is based on the table below

Number of workers	Output
1	300
2	400
3	500
4	500

What is the average output when the 4th worker is employed?

A 1700
B 500
C 200
D 125

If the exchange rate between FCFA and Euro is 1 Euro = 650FCFA. How much Euros can be obtained from 61,750 FCFA

A 95 Euros
B 650 Euros
C 61,750 FCFA
D 40,137,500 Euros

The function of money that permits wealth to be kept for future use is:

A Standard for deferred payment
B Medium of Exchange
C Store of Value
D Unit of account

Which of the following is a limitation of Division of labour?

A Monotony
B The size of the market
C The availability of resources
D Loss of craftsmanship

Three workers in a company earn 150,000 FCFA, 200,000 FCFA and 300,000 FCFA. Assume that each pays 30,000 FCFA of his income as tax. What is the tax system?

A Equity tax system
B Proportional tax system
C Progressive tax system
D Regressive tax system

47. The continuous reduction in the share of manufacturing in the national output is known as;

A Industrial localisation
B De – nationalisation
C De – industrialisation
D Industrial decline

48. The table below shows the trade in Cocoa and Coffee between Cameroon and Gabon.

Country	Output per unit of resources	
	Coffee (000 tons)	Cocoa (000 tons)
CAMEROON	16	8
GABON	9	13

Which of the following is true?

A Cameroon will specialise in producing Coffee
B Cameroon will specialise in producing Cocoa
C There will be no trade between Cameroon and Gabon
D Gabon will produce Coffee

49. The following marks were scored by six students in Economics test: 90, 68, 82, 75, 55 and 80. What is the mean?

A 225
B 77.5
C 75
D 72.5

50. Which of the following is a feature of developing countries?

A Low dependency ratio
B Low standard of living
C Low death rate
D Low level of unemployment.

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