

LITTORAL ECONOMICS TEACHERS ASSOCIATION (LETA)
LETA REGIONAL MOCK GCE EXAMINATION
MARCH 2023

GENERAL CERTIFICATE OF EDUCATION EXAMINATION REGIONAL MOCK EXAMINATION	SUBJECT CODE NUMBER	PAPER NUMBER
CANDIDATE NAME..... CANDIDATE NUMBER..... CENTER NUMBER.....	0525	1
	SUBJECT TITLE ECONOMICS	
ORDINARY LEVEL	DATE March 20, 2023	

Time Allowed: 1Hour 30MINUTES

INSTRUCTIONS TO CANDIDATES

Read the following instruction 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 "0525 Economics 1 ORDINARY Level"
4. Fill in the information required in the spaces above
5. Fill in 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.

HOW TO ANSWER THE QUESTION IN THE EXAMINATION

6. Answer ALL the 50 question in this Examination. All question carry equal marks.
7. Calculators are allowed
8. Each question has FOUR suggested answer: 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] [~~A~~] [D]
9. 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, and then mark your answer.
10. 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.
11. Do all rough work in this booklet using the blank spaces in the question booklet.
12. At the end of the examination, the invigilator shall collect first the answer sheet and then the question booklet. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.

Mobile Phones are NOT allowed in the examination room

TURN OVER

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1) If the cross elasticity of demand between good A and B is zero, these goods are:

- A. Substitutes
- B. Complements
- C. Independent
- D. Competitive

2) What makes land different from labour as factors of production?

- A. It is limited in supply
- B. It is heterogeneous in nature.
- C. It is subject to the law of diminishing return
- D. It is geographically immobile

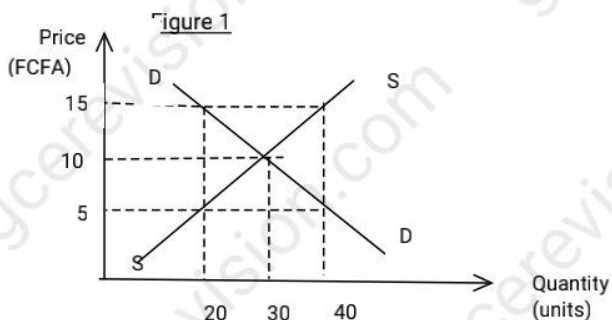
3) Which of the following increases credit creations?

- A. A fall in the rate of interest
- B. Insufficient collateral security
- C. An increase in liquidity preference
- D. An increase in special deposit

4) In agriculture, small holders' scheme and plantation agriculture are different in that:

- A. Small holders scheme involves small farmers
- B. Small holders scheme are buyers of cash crops
- C. Small holders scheme are mini plantations
- D. Small holders grow crops and sell to plantations

Question 5 is based on figure 1 below



From the diagram, calculate price elasticity of supply when price moves from 10FCFA to 15FCFA

- A. 0.5
- B. 0.67%
- C. 0.67
- D. 1.5

6) The birth rate of a given country is twenty per thousand. How many births will likely occur in the country if its population is 15,000,000 people?

- A. 300,000

- B. 200,000
- C. 2,000,000
- D. 3,000,000

7) The value added tax is different from the Pay roll tax because, the value added tax is:

- A. An indirect regressive tax
- B. A direct proportional tax on producers
- C. A direct progressive tax on producers
- D. An indirect proportional tax on producers

8) A household allocates the following amount for its liquidity preference

Transaction motive = 130,000

Speculative motives = 40,000

Precautionary motives = 60,000

What is the active balance?

- A. 170.000
- B. 100.000
- C. 190.000
- D. 230.000

9) The cost incurred by a firm even when it has not started producing is known as;

- A. Variable cost
- B. Marginal cost
- C. Total cost
- D. Fixed cost

10) The difference between fiscal policy and monetary policy is that fiscal policy:

- A. Deals with physical control
- B. Deals with government expenditure and taxes
- C. Deals with collecting government revenue
- D. Deals with government expenditures

11) Given the quantity demanded and supplied in the forms of equations $Q_d = 32 - 3p$ and $Q_s = 8p - 12$ respectively. The equilibrium price is:

- A. 11
- B. 44
- C. 20
- D. 4

12) A cooperative society is different from other forms of business units because their voting rights depend on the;

- A. Equality of members
- B. Status of members

- C. Number of share held
- D. Directors decision

13) Which of the following financial institutions may request for a special deposit?

- A. BICEC
- B. Ministry of finance
- C. BEAC
- D. Cameroon bank

Question 14 is based on table 1 below showing items of trade of imaginary economy.

Table 1

Items	Amount (000FCFA)
Export of cars, cocoa, and coffee	400
Import of television, apple, computer	200
Export of tourism	150
Import of military service	200

14) Which of this statement is true about this trade?

- A. The balance of trade is less than the invisible balance
- B. The balance of trade is greater than the invisible balance
- C. The balance of trade is equal to the invisible balance
- D. The invisible balance is zero

Question 15 is based on table 2 below showing the total product and the number of workers in a firm.

Table 2

N° of workers	Total product
10	110
20	280
30	490
40	750

15) What is the marginal product of the third worker?

- A. 21
- B. 210
- C. 490
- D. 38

16) The burden of national debt can effectively be reduced when it is

- A. Repaid during deflation
- B. Used to buy war equipment
- C. A loan granted to other countries
- D. Refunded during inflation

17) Which of the following would reduce the benefits to be

gained from division of labour?

- A. An improved transport system
- B. An improved monetary system
- C. A decrease in international trade restriction
- D. A decrease in demand for standardized products

18) Which of the following is a characteristic of an imperfect market?

- A. Buyers and sellers can influence market price
- B. There is free mobility of factors of production
- C. Firms are "price takers"
- D. There is no preferential treatment

19) A farmer who cultivates palms for home consumption can be classified under:

- A. Tertiary production
- B. Secondary production
- C. Direct production
- D. Indirect production

20) The continuous reduction in the share of manufacturing the national output in Cameroon is known as:

- A. De-industrialisation
- B. Re-industrialisation
- C. Neo-industrialisation
- D. De-nationalisation

21) A regional policy has as aim to:

- A. Avoid structural employment
- B. Increase gap between the rich and the poor
- C. Promote emigration internationally
- D. Avoid over congestion

22) Company Z ltd succeeds in transferring 250 FCFA out of a custom duty of 1,000FCFA to its customers in the form of increase prices.

What is the nature of price elasticity of demand of this company product?

- A. Fairly elastic
- B. Perfectly inelastic
- C. Fairly inelastic
- D. Perfectly elastic

23) The total utility of 3 cups of water consumed is 21 utils, while the marginal utility of the 3rd cup of water consumed is 5 utils. What is the total utility of 2 cups of water consumed?

- A. 16 utils
- B. 26 utils

Output
Per
head

- C. 5utils
- D. 7utils

24) Devaluation is different from revaluation in that devaluation:

- A. Makes exports more expensive
- B. Makes imports less expensive
- C. Is used to correct BOP surplus
- D. Is used to correct BOP deficit

25) The optimum size of a firm is that size where:

- A. Average cost is lowest
- B. Total output is highest
- C. Profit is highest
- D. Marginal product is highest

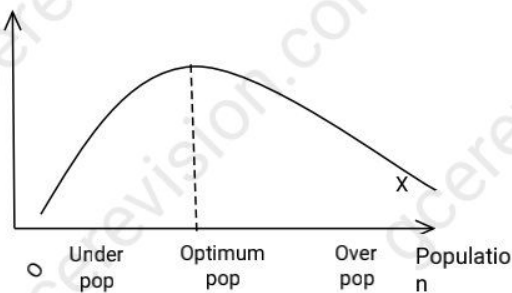
Question 26 is based on the following national income figures of country X. Figures are in MFCFA

Net property income from abroad25
 Depreciation.....30
 Gross domestic product50

26) Calculate the gross national product of country X

- A. 75MFCFA
- B. 80MFCFA
- C. 105MFCFA
- D. 20MFCFA

Question 27 is based on figure 2 showing the combination of population and resources.



27) What name is given to the curve labeled X?

- A. Total product
- B. Average product
- C. Average revenue
- D. Marginal product

Question 28 is based on table 3 below showing the balance sheet of a commercial bank.

Items	Amount (MFCFA)
Notes and coins in till	5
Investment	25
Treasury	10
Advances to customers	50
Deposits with central bank	5

28) What is the value of the bank's liquid assets?

- A. 75 MFCFA
- B. 95 MFCFA
- C. 15 MFCFA
- D. 20 MFCFA

29) One of the factors responsible for the low productivity of agriculture in Cameroon is:

- A. Excessive use of fertilizer
- B. Utilization of unknown farm inputs
- C. Land tenure system
- D. Land reform decrease

30) A group of countries, which have abolished trade barriers amongst themselves but each member country is free to impose its own barriers to non-members is called:

- A. Custom union
- B. Free trade area
- C. European union
- D. Common market

31) A firm has a total fixed cost of 4,000FCFA a year. The average variable cost is 250 FCFA for 20 units of output produced. At this level of output, its average total cost is:

- A. 300 FCFA
- B. 5000 FCFA
- C. 125 FCFA
- D. 450 FCFA

Question 32 is based on table 4 below showing a tax system practiced in a given country.

Income (FCFA)	Amount paid as tax
150.000	1000
100.000	1000
50.000	1000

32) What tax system is illustrated by the table above?

- A. A proportional tax
- B. Progressive tax
- C. Equity tax

- D. Regressive tax
- 33) Diminishing returns to variable factors occur when there is:
- An increase in the marginal product of the factor
 - A reduction in the marginal product of the fixed factor
 - A reduction in the marginal product of the variable factor
 - An increase in the total product of the fixed factor
- 34) The method of calculating national income which involves the summing up of the final values of agriculture, transport and communication, banking and other services is known as:
- Income method
 - Expenditure method
 - Output method
 - National income method
- 35) Which of the following is the most important source of finance to modern companies?
- Shares subscribed
 - Banks loans
 - Retained profit
 - Government subsidies
- 36) A situation of both high rate of inflation and unemployment in the economy is known as:
- Deflation
 - Stagflation
 - Hyperinflation
 - Galloping inflation
- 37) The opportunity cost of spending four hours studying Economics the night before G.C.E mock examination would be:
- The cost of the Economics textbook
 - Missing a television movie
 - A high grade in the examination
 - The knowledge gained from studying
- 38) To correct temporary deficit in the balance of payment a country may decide to:
- Use more idle factors of production
 - Import more goods
 - Increase production
 - Borrow from abroad
- 39) If $0 < PED < 1$ (Where PED is price elasticity of demand) then the good in question has:
- A fairly elastic demand
 - Perfectly elastic demand
 - A fairly inelastic demand
 - Perfectly elastic demand
- 40) Which of the following will likely cause the size of the working population to reduce?
- A high emigration
 - High birthrate
 - Increase in retirement age
 - Low rate of immigration
- 41) Which of the following is a benefit of a stable rate of economic growth to a society?
- Everyone enjoys a greater income
 - The problem of scarcity reduces
 - The standard of living increases
 - The society is unable to satisfy new wants.
- 42) The problem of double counting in national income can be solved by:
- Adding the value of output from the primary, secondary and tertiary stages of production
 - Using the residual error method when calculating national income
 - Adding the values added at each stage of production
 - Adding final values to raw materials used in production
- Question 43 is based on the capital structure of a company XYZ plc.
- 2,500 9.5% debentures of 1,000 FCFA each
- 800 10% preference shares of 1,000 FCFA each
- 5,000 ordinary shares of 1,000 FCFA each
- 43) The authorized capital of the company XYZ plc. Is:
- 8,300,000 FCFA
 - 2,500,000 FCFA
 - 5,000,000 FCFA
 - 800,000 FCFA
- 44) What change could best indicate that a country has experienced economic development?
- Improvement in the quality of life for the average citizen
 - An increase in the country's output of goods and services
 - An improvement in the country's external trade balance
 - An appreciation in the country's currency
- 45) Direct dealing takes place especially when:

- A. The goods are too many
- B. The goods are in excess demand
- C. The middlemen are lazy
- D. The goods are widely advertised.

46) Which of the following will cause Price elasticity of supply to be greater than 1

- A. An increase in the cost of production
- B. Inability to expand the industry
- C. Existence of stock
- D. Increase in disposable income

Question 47 is based on table 5 showing the production possibility of Cameroon and Nigeria

Countries	Coffee (tons)	Cars (units)
Cameroon	100	30
Nigeria	50	25

47) Which country should specialize in the production of cars?

- A. Cameroon
- B. Nigeria
- C. Both Cameroon and Nigeria
- D. Neither Cameroon nor Nigeria

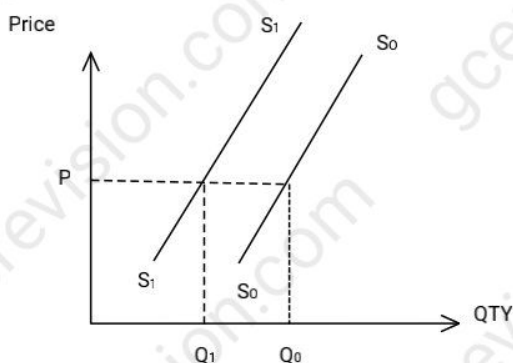
48) What does capitalism refer to?

- A. The use of markets
- B. Government ownership of capital goods
- C. Private ownership of capital goods
- D. Private ownership of resources

49) What is the maximum deposit of a commercial bank if the initial deposit is 40,000FCFA and the cash ratio is 20%?

- A. 200,000FCFA
- B. 40,000FCFA
- C. 8,000FCFA
- D. 800,000FCFA

Question 50 is based on the figure 3 below showing shifts of a supply curve.



50) The shift in the supply curve from S_0 to S_1 may be caused by:

- A. A decrease in the cost of production
- B. A decrease in indirect taxes
- C. A decrease in disposable income
- D. A decrease in subsidies