

Answers can be given in English or in any other language, and the student is free to answer in the language he or she is most comfortable with.

## GENERAL CERTIFICATE OF EDUCATION BOARD

### General Certificate of Education Examination

#### Economics 2

0525

JUNE 2023

ORDINARY LEVEL

Subject Title	Economics
Paper No.	2
Subject Code No.	0525

**Two and a half hours**

**You are required to answer ANY FIVE questions. ONLY THE FIRST FIVE QUESTIONS ANSWERED WILL BE MARKED**

**All questions carry equal marks.**

**You are reminded of the necessity for good English and orderly presentation in your answers.**

1. (a) Identify the following internal economies of scale;

(i) Large firms find it easier to borrow from financial houses because they have valuable assets for use as collateral.

(ii) The ability for large firms to hire experts' sales men and expert buyers to reduce sales cost or huge discounts respectively.

(iii) When large firms produce varieties such that a fall in the price of one can be made good by an increase in the demand for other.

(iv) The ability of large firms to make better use of large equipment, specialization, full use of machines and better use of capital assets without use of smaller models. **1+1+1+1(4 marks)**

(b) State and explain **Four (4)** external economies of scale. **(8 marks)**

(c) State and explain **Four (4)** reasons why firms grow in size. **(8 marks)**

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2. (a) Briefly explain the following;

(i) Visible trade.

(ii) Invisible trade.

(iii) Current account.

(iv) Capital account. **2+2+2+2= (8 marks)**

(b) State and explain **Four (04)** advantages of international trade to a country like Cameroon. **(8 marks)**

(c) Explain **Two (02)** methods that the Cameroon government will use to restrict international trade. **(4 marks)**

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3. (a) Distinguish between the following;

(i) Direct and Indirect taxes.

(ii) Progressive and Regressive tax system. **4+4= (8 marks)**

(b) State and explain **Three (03)** advantages of direct taxes. **(6 marks)**

(c) Explain **Three (3)** sources of government revenue other than taxation. **(6 marks)**

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4. (a) Briefly define the following;

(i) Joint demand.

(ii) Competitive demand.

(iii) Joint supply.

(iv) Competitive supply. **2+2+2+2=(8 marks)**

(b) State and explain **Four (04)** factors influencing the elasticity of demand for a commodity. **(8 marks)**

(c) Explain **Two (02)** determinants of price elasticity of supply. **(4 marks)**

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5. "LIFELESS LTD" is a company producing and selling funeral materials and it is owned by NGEME'S Family. To raise additional capital in 20XX, the company decide to sell the following securities to members.

200 preference shares at 5000 FRS per share,

400 ordinary shares at 10000 FRS per share, and

100 debentures at 1000 FRS each.

(a) How much capital will the company raise through the sale of all these securities? **(8 marks)**

(b) Explain **Two (2)** weaknesses of this kind of business structure. **(4 marks)**

(c) Differentiate between an ordinary shareholder and debenture holder. **(8 marks)**

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6. (a) Identify the simple measure of central tendency from each statement below;

- (i) Data collected and represented by the number of times the element occur.
- (ii) The element with the highest frequency.
- (iii) The difference between the highest and lowest value in a statistical data.
- (iv) Adding all elements together and dividing by the number of elements.

(b) State and explain **Three (03)** functions of an economic system.

(c) What are the characteristics of the economic system practiced by your country?

(d) State and explain **Two (2)** advantages of a market economy.

**1+1+1+1= (4 marks)**  
**(6 marks)**  
**(6 marks)**  
**(4 marks)**

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7. (a) Define the following;

- (i) Central bank
- (ii) Cheque
- (iii) Collateral
- (iv) Token coin

**2+2+2+2 = (8 marks)**

(b) (i) State and explain **Three (03)** advantages of using a cheque.

(ii) Explain **Three (03)** functions of BEAC to member countries.

**(6 marks)**  
**(6 marks)**

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8. (a) Distinguish between the following;

- (i) Birth rate and death rate.
- (ii) Emigration and immigration.
- (iii) Over population and under population.
- (iv) A growing population and an aging population.

**3+3+3+3= (12 marks)**

(b) State and explain **Four (04)** reasons why the Cameroon government will decide to carry out a population census.

**(8 marks)**

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**GO BACK AND CHECK YOUR WORK**