

# 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.***

**Turn Over**

**0525/2**

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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.
- 1+1+1+1= (4 marks)
- (b) State and explain **Three (03)** functions of an economic system. (6 marks)
- (c) What are the characteristics of the economic system practiced by your country? (6 marks)
- (d) State and explain **Two (2)** advantages of a market economy. (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. (6 marks)
- (ii) Explain **Three (03)** functions of BEAC to member countries. (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