

**SOUTH WEST REGIONAL MOCK EXAMINATION
GENERAL/TECHNICAL AND VOCATIONAL EDUCATION**

The Teachers' Resource Unit (TRU) in collaboration with the Subject Teachers' Association (STA)	Subject code O525	Paper No: 1
CANDIDATE NAME..... CANDIDATE NUMBER..... CENTRE NUMBER.....	Specialty: Subject Title: ECONOMICS	
Ordinary Level /ITVE	DATE Wednesday 19/03/2025	

Time Allowed: One hour thirty minutes

INSTRUCTIONS TO CANDIDATES:

1. USE A SOFT HB PENCIL THROUGHOUT THIS 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 – 0525Economics, Paper 1".
 4. Insert the information required in the spaces provided above.
 5. Without opening the booklet, pull out the answer sheet carefully from inside the front cover of this booklet. 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.
 6. Insert the information required in the spaces provided on the answer sheet using your HB pencil:
Candidate Name, Centre Number, Candidate Number, Subject Code Number and Paper Number.
- How to answer questions in this examination:**
7. Answer ALL the 50 questions in this examination. All questions carry equal marks.
 8. Non-programmable calculators are allowed.
 9. For each question there are four suggested answers, A, B, C, and D. Decide 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)

10. Mark only one answer for each question. If you mark more than one answer, you will score zero for that question. If you change your mind about an answer, erase the first mark carefully, and then mark your new answer.
11. Avoid spending much time on any question. If you find a question difficult, move to the next question. You can come back to this question later.
12. Do all rough work in this booklet using, where necessary, the blank spaces in the question booklet.
13. Mobile phones are **NOT ALLOWED** in the examination room.
14. **You must not take this booklet and answer sheet out of the examination room. All question booklets and answer sheets will be collected at the end of the examination**

- 1- When a firm makes a decision on the quantity of labour and capital used for production, it seeks to answer the question of
- what to produce.
 - how to produce.
 - where to produce.
 - for whom to produce.

- 2- A firm enjoys economies of scale when
- long run average cost is rising.
 - short run average cost is falling.
 - long run average cost is falling.
 - short run average cost is rising.

- 3- The formula:

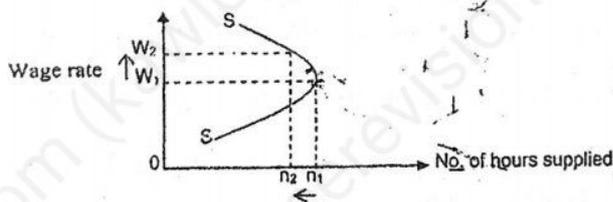
$$\frac{\text{index of export prices}}{\text{index of import prices}} \times \frac{100}{1}$$

Measures

- balance of trade.
 - terms of trade.
 - balance of payments.
 - total currency flow.
- 4- An investor bought a machine for 450,000FCFA. After three years, the machine is valued at 150,000FCFA. The machine can be said to have
- appreciated
 - depreciated
 - devalued
 - revalued
- 5- The best attribute of the FCFA which enables it to function as a medium of exchange in Cameroon is
- divisibility.
 - portability.
 - general acceptability.
 - stability in value.

Question 6 is based on Figure 1 below:

Figure 1



- 6- The number of hours supplied falls from n_1 to n_2 because?
- workers are happy at a higher wage.
 - workers now substitute leisure for work.
 - workers now substitute work for leisure.
 - Workers lack job satisfaction.

- 7- Which of the following agency in Cameroon has been privatized?
- ENEO.
 - CAMRAIL.
 - SONARA.
 - CAMWATER.

- 8- Under which of the following situations would a fall in price of good Y result to an increase in demand for good Z?
- good y and good z are substitutes.
 - good y and good z are complements.
 - good y and good z are independent.
 - good y good and good z are income elastic.

- 9- Which of the following items is used in the output method of measuring national income?
- value added in agriculture.
 - consumer expenditures.
 - investments.
 - value of physical increase in stocks.

- 10- A market structure characterized by a few giant firms is called
- a perfect competition.
 - a monopoly.
 - a monopolistic competition.
 - an oligopoly.

- 11- Which of the following describes a planned economic system?
- equitable distribution of income.
 - inequitable distribution of income.
 - invention and innovation among producers.
 - industrial unrest with frequent conflicts between workers and employers.

Question 12 is based on Table 1 below which shows the level of satisfaction derived by a school boy after consuming 3 bottles of Reactor drink in the school canteen.

Table 1

Number of bottles	Marginal Utility (utils)
1	18
2	13
3	8

- 12- What is the Total utility when the second bottle of reactor is consumed?
- 13 utils.
 - 5 utils.
 - 5 utils.
 - 31 utils.

- 13- The government should regulate prices of agricultural products in Cameroon. This statement is an example of a
- positive economics.
 - normative economics.
 - microeconomics.
 - macroeconomics.

- 14- What is the primary purpose of channels of distribution?
- to promote the product.
 - to set prices.
 - to deliver products to consumers.
 - to manage inventory.

Question 15 is based on the data below
 Total population = 600 million people
 Death rate = 250,000
 Birth rate = 400,000

- 15- The natural growth rate is:
- 0.25 percent.
 - 0.025 percent.
 - 25 percent.
 - 2.5 percent

Question 16 is based on table 2 below:

Table 2

Item	Figures in MFCFA
Capital account balance	20
Visible balance	40
Invisible balance	80
Visible export	60
Balancing item	-15

- 16- What is the value of visible import?
- 20 Million FCFA.
 - 50 Million FCFA.
 - 180 Million FCFA.
 - 60 Million FCFA.
- 17- When quantity demanded falls as price falls, the commodity is said to be
- a good of ostentation.
 - an abnormal good.
 - an inferior good.
 - a giffen good.
- 18- Which of the following is the oldest function of commercial banks?
- accepting deposits.
 - granting loans.
 - agents of payments.
 - money transfers.
- 19- Which of the following is a first-aid measure of correcting a BOP deficit?
- increasing income taxes.
 - tight monetary policy.
 - granting subsidies.
 - borrowing from the IMF.

Question 20 is based on Table 3 below showing the cost structure of a cocoa farm

Table 3

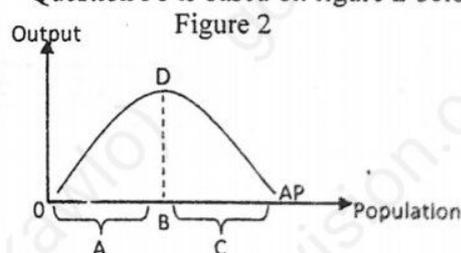
Item	Amount (FCFA)
Farm Land	500,000
Spraying cans	35,000
Seedlings	50,000
Labour	120,000

- 20- The farmer's Total Variable cost is:
- 500,000FCFA.
 - 170,000 FCFA.
 - 2005000 FCFA.
 - 120,000 FCFA.
- 21- The principle of comparative cost advantage suggests that countries should specialize in producing the commodity which
- they can produce more than trading partners using the same resources.
 - they enjoy a factor endowment.
 - they can produce at a lower domestic opportunity cost ratio.
 - they can produce at higher exchange rate.
- 22- What is the maximum loan a bank can create from 500,000FCFA given a cash ratio of 10%?
- 25,000,000FCFA.
 - 50,000FCFA.
 - 20,000,000FCFA.
 - 5.000.000FCFA.
- 23- Which of the following institution controls banking activities in Cameroon?
- BEAC.
 - CEMAC.
 - IMF.
 - COBAC.
- 24- Which of the following is a role of the price mechanism in a market economy?
- price control.
 - rationing.
 - equitable distribution of income.
 - fails to reward factors of production.
- 25- Which of the following instruments of trade restriction is a source of revenue to the state?
- embargo.
 - tariffs.
 - quota.
 - subsidies.

- 26- Land and labour as factors of production are similar in that they are:
- Both occupationally mobile
 - Both natural resources
 - Both are subjected to the law of diminishing returns
 - Both receive the same reward
- 27- A company with a Certificate of incorporation means that
- its indebtedness extends to the personal belongings of shareholders.
 - it can sell shares to the general public.
 - it is a separate legal entity.
 - it can make public its annual account.
- 28- Fluctuations in the level of economic activities are illustrated using:
- the trade cycle.
 - the production possibility curve.
 - the supply curve.
 - the Engel curve.
- 29- Which of the following is a determinant of price elasticity of supply?
- income.
 - availability of stock.
 - habit.
 - degree of necessity.
- 30- Given that 1 Naira exchanges for 0.25FCFA. How much will a Nigerian require to buy a property worth 100,000FCFA in Cameroon?
- 400,000 Naira.
 - 25000 Naira.
 - 400,000 FCFA.
 - 25000 FCFA.
- 31- ALUCAM is located in Edea mainly because of:
- nearness to raw material.
 - nearness to cheap labour.
 - nearness to market.
 - nearness to power.
- 32- When the government deliberately manipulates the budget to regulate economic activities, it is called a
- fiscal policy.
 - monetary policy.
 - physical policy.
 - regional policy.
- 33- A mild and fluctuating rate of inflation best describes:
- suppressed inflation.
 - hyperinflation.
 - creeping inflation.
 - strato-inflation.

- 34- The government of Cameroon uses a national debt of 100 billion FCFA on the following: 45 billion FCFA on road construction, 20 billion FCFA on hydroelectric dams, 10 billion FCFA on arms, 20 billion FCFA on sea ports and 5 billion FCFA on national day celebration. The total deadweight debt is
- 65 billion FCFA.
 - 45 billion FCFA.
 - 15 billion FCFA.
 - 35 billion FCFA.
- 35- Which of the following constitutes a positive check on population according to the Malthusian theory of population?
- late marriages.
 - family planning.
 - chastity.
 - Natural disasters
- 36- Diminishing returns sets in when
- total product is increasing at an increasing rate.
 - total product is falling at a decreasing rate.
 - total product is increasing at a decreasing rate.
 - total product is falling at an increasing rate.
- 37- When net investment is greater than depreciation, the situation is called
- capital accumulation.
 - capital consumption.
 - capital gearing.
 - capital deepening.

Question 38 is based on figure 2 below.



- 38- Which of the points represents the optimum population size?
- Point A.
 - Point B.
 - Point C.
 - Point D.
- 39- Which of the following is an instrument of the monetary policy?
- taxes.
 - open market operation.
 - devaluation.
 - government expenditure.

40- If Mr. Ayuk's income rises from 50,000FCFA to 60,000FCFA and the amount of tax he pays increases from 3000 FCFA to 3500FCFA. His Marginal Tax Rate is

- A. 6%
- B. 5.8%
- C. 5%
- D. 35%

41- The merger between a pharmaceutical firm and a textile firm is a good example of

- A. vertical integration.
- B. horizontal integration.
- C. conglomerate.
- D. lateral integration.

42- The following countries are members of the CEMAC zone EXCEPT?

- A. Gabon.
- B. Republic of Congo.
- C. Chad.
- D. Ivory Coast.

43- Unemployment resulting from a decline in the demand for an industry's products is called

- A. frictional unemployment.
- B. disguised unemployment.
- C. structural unemployment.
- D. cyclical unemployment.

44- Which of the following is an example of an indirect tax?

- A capital gain tax.
- B corporate tax.
- C value added tax.
- D payroll tax.

45- Which of the following is a measure of dispersion?

- A. mean.
- B. mode.
- C. median.
- D. range.

46- Which of the following types of agriculture is production meant for home consumption?

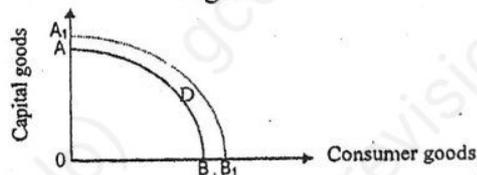
- A. subsistence agriculture.
- B. small holder schemes.
- C. commercial agriculture.
- D. plantation agriculture.

47- The tendency for an industry to remain in its location despite exhausting its location advantages is:

- A. footloose.
- B. industrial inertia.
- C. weight loose.
- D. localization.

Question 48 is based on Figure 3 below:

Figure 3



48- The shift from AB to A₁B₁ can be caused by:

- A. an improvement in technology.
- B. a fall in technology.
- C. a decline in efficiency.
- D. an increase in the use of existing resources.

Question 49 is based on table 4 showing the national income statistics for country X

Table 4

Item	Million FCFA
Gross domestic product	20
Net property income from abroad	10
Depreciation	5

49- What is the national income of country X?

- A. 35 MFCFA.
- B. 25 MFCFA.
- C. 20 MFCFA.
- D. 15 MFCFA.

50- Which function of money best solved the problem of double coincidence of wants?

- A. Store of value
- B. Unit of account
- C. Standard for deferred payments
- D. Medium of exchange

THE END.

NOW GO BACK AND CHECK YOUR WORK!!