

MINISTRE DES ENSEIGNEMENTS
SECONDAIRES

REGION DU CENTRE

MINISTRY OF SECONDARY
EDUCATION

CENTRE REGION

CASPA-INTER-REGIONAL MOCK EXAMINATION-CASPA-IRMEX BOARD	SUBJECT CODE NUMBER 0725	PAPER NUMBER 3
	SUBJECT TITLE : ECONOMICS	
CANDIDATE NAME: CANDIDATE NUMBER: CENTRE NUMBER:		
ADVANCED LEVEL	DATE: March 2025	

Time allowed : ONE HOUR FORTY FIVE MINUTES

INSTRUCTIONS TO CANDIDATES

Answer any THREE questions. All questions carry equal marks.

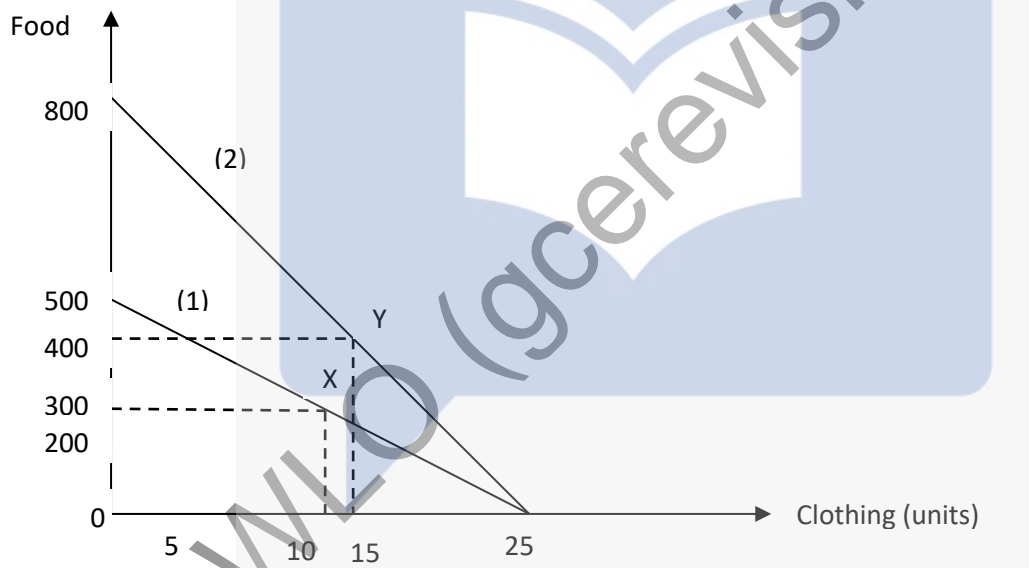
Non-programmable calculators are allowed.

You are advised to spend the first 15 minutes and read all the questions.

In calculation, questions try to show all the steps and your working.

You are reminded of good English and proper presentation of your work

1. In a given hypothetical four sector open economy, the following values were obtained in million FCFA.
- Consumption $400 + 0.8y_d$
Investment 400
Government spending 100
Income tax 50% of income
Export 600
Imports 20% of income
- Determine
- a) The equilibrium level of national income of this economy using the injection and withdrawal method (4marks)
 - b) The actual value of consumption expenditure (2marks)
 - c) Give four factors that will influence consumption expenditure in the economy (4 marks)
 - d) What is the total value of leakages from this economy (3marks)
 - e) What is the value of the multiplier (3marks)
 - f) State four determinants of multiplier in this economy (4marks)
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2. This question is based on the following figure which shows the different combinations of goods available to a country before and after specialization



- a) Identify line (1) and (2) defining each of them. (6marks)
- b) State two factors that will improve on the terms of trade for this country (2 marks)
- c) Which good should this country specialize in to produce? (2marks)
- d) After specialization and exchange,
 - i. What quantity and of what good to export? (2marks)
 - ii. What additional quantity of the imported good has been gained? (2marks)
 - iii. What quantity of clothing will be left for domestic consumption? (2marks)
- e) Differentiate between absolute advantage and comparative cost advantage (4marks)

3. The weekly cost schedule of a perfectly competitive firm is presented below. The unit price of the product is 90.000FCFA.

Table 1

Output (units)	Total cost (000FCFA)	Total revenue(000FCFA)	Marginal cost (000FCFA)	Marginal revenue (000FCFA)
0	100			
1	150			
2	180			
3	201			
4	228			
5	260			
6	300			
7	350			
8	440			
9	630			
10	900			

- a) What is the fixed cost of this firm and why? (3marks)
- b) Complete the table above by calculating the values of total revenue, marginal cost, marginal revenue (6marks)
- c) Explain why the price in the perfect market is constant at 90,000FCFA? (2marks)
- d) At what level of output will profits be maximized and why? (3marks)
- e) What is the main difference between a high cost firm and a marginal cost firm in a perfect market (4marks)
- f) State two merits of a perfect market structure (2marks)

4. The information on the table below represents the balance sheet of an imaginary commercial bank

Table 2

Liabilities (million FCFA)		Assets (million FCFA)	
Current account =	600	Cash in the bank's coffees =	60
Saving account =	400	Operational balance at the central bank =	120
Fixed term deposit account =	450	Money at call and at short notice =	350
Capital account =	350	Treasury bills =	350
		Special deposit =	A
		Investment =	300
		Advances =	400
Total = 1800		Total = B	

- a) Determine the value of special deposit (3marks)
- b) Identify and briefly explain the most liquid asset and the most profitable assets of this bank (6marks)
- c) Calculate the bank's
- i) Required cash reserve ratio

- ii) Liquidity asset ratio (2 x 2 marks = 4 marks)
 d) Explain why the profitability and liquidity objective of this bank do conflict (3marks)
 e) Give two differences between a current account and a saving account (4 marks)

5. Study the table below which shows the demand and supply schedule for a chairs in a certain market in an economy

Quantity supplied (units)	Price (FCFA)	Quantity demanded (unit)
00	200	180
40	400	140
80	600	80
120	800	20
140	1000	00

- a) Plot the data presented on a graph and identify the equilibrium price and quantity (6marks)
 c) Identify and state the three laws of demand and supply illustrated on the graph above (6 marks)
 d) If the government intervenes in this market and institute a price 800 FCFA for the commodity
 i) What name is given to this price (2marks)
 ii) List three economic consequences of instituting such a price in the market by the government (3marks)
 e) Give the equilibrium price and quantity identified on the graph in (a) above calculate the consumers surplus (3 marks)