

Part 1

Each question is worth 0.9 marks

1. **In a city, what is most unlikely to be provided by the private market system?**
 - A) A hospital
 - B) A school
 - C) A sports field
 - D) Street lights

2. **Which of the following is a feature of a competitive market?**
 - A) Easy entry and exit
 - B) Firms with a high market share
 - C) Small number of buyers
 - D) Small number of sellers

3. **What is an example of a non-wage factor?**
 - A) Bonus
 - B) Commission
 - C) Fringe benefits
 - D) Overtime rates

4. **What is meant by deflation?**
 - A) A fall in exchange rate
 - B) A fall in the price level
 - C) Negative economic growth
 - D) Negative net investment

5. **What is a function of a central bank?**
 - A) Controlling the money supply
 - B) Deciding on the amount of government expenditure
 - C) Issuing shares
 - D) Raising taxes

6. **What is a macroeconomic policy objective?**
 - A) To increase employment
 - B) To increase the output of the car industry
 - C) To reduce the price level
 - D) To reduce economic growth

7. **Business activities that meet present needs without harming the future are said to be:**
 - A) Renewable
 - B) Sustainable
 - C) Ethical
 - D) Profit-making

8. **Which cost is a variable cost?**
 - A) Interest payments on a bank loan
 - B) Pensions paid to former employees
 - C) Rent paid to a landlord

D) Wages of workers paid on a piece rate basis

9. The difference between gross profit and profit is:

- A) Costs of sales
- B) Taxation
- C) Expenses
- D) Interest on borrowing

10. An asset is something which a business:

- A) Owes
- B) Owns
- C) Borrows
- D) Lends

Part 2

Each question is worth 1.5 marks

11. Which of the following will benefit a small firm?

- A) Bulk buying
- B) Easy access to finance
- C) Flexibility
- D) Specialist managers

12. Why may a monopoly benefit consumers?

- A) It may restrict output to drive up prices
- B) It may restrict the entry of new firms into the industry
- C) It may spend some of its supernormal profits on research and development
- D) It may use some of its high revenue to pay large bonuses to directors

13. Which change in the nature of a job would be most likely to increase the number of people willing to do it?

- A) A decrease in job satisfaction
- B) A decrease in holiday entitlement
- C) An increase in job insecurity
- D) An increase in on-the-job training

14. Why might a fall in unemployment increase the inflation rate?

- A) It will increase total (aggregate) demand
- B) It will increase total (aggregate) supply
- C) It will reduce workers' wages
- D) It will reduce the economy's productive capacity

15. What is the main form of money used in most countries?

- A) Bank accounts
- B) Coins
- C) Gold
- D) Notes

16. **What is the basic problem facing all economies?**

- A) How to achieve a stable balance of payments
- B) How to maximise tax revenues
- C) How to reach full employment
- D) How to use scarce resources

17. **Which of the following is not an aspect of corporate social responsibility?**

- A) Social costs
- B) Social benefit
- C) Interest of stakeholders
- D) Price of goods

18. **A firm has variable costs of \$40 000 and fixed costs of \$10 000. If its output is 500, what is the average cost and the average variable cost?**

	Average cost	Average variable cost
A)	\$60	\$20
B)	\$60	\$80
C)	\$100	\$80
D)	\$100	\$20

19. **The appropriation account of an income statement:**

- A) Shows how profit is to be distributed between the business and the government
- B) Shows how profit is to be distributed between stakeholders
- C) Shows how profit is to be distributed between owners and the business
- D) Shows how profit is to be distributed between shareholders and stakeholders

20. **Which of the following is not a current liability?**

- A) Overdraft
- B) Bank loan
- C) Trade payables
- D) Taxation not yet paid

Part 3

Each question is worth 2.6 marks

21. **Consider the following data for two countries, X and Y.**

Sectors	Country X – size of business activity by sector	Country Y – size of business activity by sector
Primary	61%	3%
Secondary	24%	32%
Tertiary	15%	56%

Country X has a working population of 40 million. **How many people work in the tertiary sector?** _____

22. The table shows the quantity that producers are willing to supply at different price levels.

Price (\$)	Quantity supplied
120	20
150	40
180	80

If the price increases from \$120 to \$180, what would be the price elasticity of supply? _____

23. Earnings minus overtime pay equals the _____ paid to a worker?
Your are required to fill in a word.

24. **If consumer expenditure is \$30bn, government expenditure is \$10bn, investment is \$20bn, exports are \$16bn and imports are \$20bn, what is GDP in USD\$?** _____

25. **What is the name of organisation which provides banking services to the government and commercial banks and operates monetary policy?** _____

26. A country has a population of 20 million, a labour force of 12.5 million and 2 million of unemployed workers? **What is the unemployment rate in %?** _____

27. Business activity can affect us and our environment through _____.
Your are required to fill in a word.

28. A firm's fixed cost is \$4000 a week. The average total cost of producing its output is \$5 and its average variable cost is \$3 a week. **What is its weekly output?** _____

29. **What is the formula for calculating gross profit?** Gross Profit= _____

30. Net current assets is the difference between current assets and current liabilities.
Can you think of another financial term which is also the difference between current assets and current liabilities? _____