TONGA GOVERNMENT
MINISTRY OF EDUCATION AND TRAINING

TONGA SCHOOL CERTIFICATE
2015
ECONOMIC STUDIES

QUESTION AND ANSWER BOOKLET

Time Allowed: 3 Hours

INSTRUCTIONS
1. This paper has **FOUR Sections.** ANSWER **ALL** QUESTIONS.
   - **SECTION A**  Producers’ Decisions  50 Marks
   - **SECTION B**  Consumers’ Decision  20 Marks
   - **SECTION C**  The Market  30 Marks
   - **SECTION D**  The Tongan Economy  100 Marks
2. Write your **Student Personal Identification Number (SPIN)** on the top right hand corner of this page and on the last page.
3. Follow instructions and answer all questions in the spaces provided in this booklet with blue or black ballpoint pen.
4. For calculation questions, show ALL necessary workings or otherwise marks will be deducted.
5. Check that this booklet contains **2-31** pages in the correct order that page 31 has been deliberately left blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL MARKS 200
Question One (14 marks)

1. Seini Maka makes handicrafts. Every week she supplies to Talamahu market mats and tapa. Her weekly schedule for mats supply is shown on the table below.

Seini Maka’s weekly supply schedule of woven mats.

<table>
<thead>
<tr>
<th>Price ($)</th>
<th>Quantity supply (feet)</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>20</td>
</tr>
<tr>
<td>300</td>
<td>15</td>
</tr>
<tr>
<td>200</td>
<td>10</td>
</tr>
<tr>
<td>50</td>
<td>0</td>
</tr>
</tbody>
</table>

a) On the graph below, draw a labelled supply curve that illustrate the data in the supply schedule above.

b) Seini Maka’s supply schedule illustrates the law of supply. Describe the law of supply, with reference to her supply schedule.

---

4 marks

4
3
2
1
0
NR

2 marks

2
1
0
NR
c) Fully explain why Seini Maka will not supply any mats when the price is $50.00 per feet.

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

2. a. Explain any TWO distinct factors that may decrease Seini Maka’s supply of mats to the market.

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

b. Describe ONE action that Seini Maka may need to take resulting from a decrease in her supply of mats.

__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________
__________________________________________________________________________

2 marks
2
1
0
NR
Tracey King has been in her hairdresser business for few years. She is the sole owner of her business and she also employs other people in the business.

1. Use the information provided to answer the questions that follow.

   ![Diagram of a hierarchy with General Manager at the top and Account Manager, Production Manager, Sales Manager, and Purchases Manager below.]

a) Name this type of diagram.

b) Explain why this diagram represents a centralized control system.

c) State ONE advantage of this type of control system.

d) Explain how the diagram above, shows “Delegation of Duties”.

2. Tracy King asked you to prepare her Financial Statement. This is how you present her Business Financial Position.

**Tracey King: Hairdresser**

*Financial Position as at 30th of June 2014*

<table>
<thead>
<tr>
<th>Current Assets:</th>
<th>Current Liabilities:</th>
<th>Long term Liabilities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>1200</td>
<td>Creditors 250</td>
</tr>
<tr>
<td>Debtors</td>
<td>1800</td>
<td>Loan from TDB 8000</td>
</tr>
<tr>
<td>Stock on hand</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3900</td>
<td></td>
</tr>
<tr>
<td>Long term assets:</td>
<td></td>
<td>Proprietorship: Capital – T. King 17650</td>
</tr>
<tr>
<td>Furniture</td>
<td>9000</td>
<td></td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Westpac Term deposit</td>
<td>10000</td>
<td></td>
</tr>
<tr>
<td>Intangible Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill</td>
<td>3000</td>
<td></td>
</tr>
</tbody>
</table>

|                      | $25,900              | $25,900                |

a) What is another name for this statement?

_________________________________________________________

b) Name ONE other statement which you can also prepare for Tracey King business.

_________________________________________________________

c) Explain why it is important to prepare the Two Statements in (a) and (b) above.

_________________________________________________________

_________________________________________________________

_________________________________________________________

_________________________________________________________
d) Calculate the working capital for the business.

_________________________________________________________
_________________________________________________________
_________________________________________________________

3 marks
3
2
1
0
NR

e) Define “working capital”.

_________________________________________________________
_________________________________________________________
_________________________________________________________

1 mark
1
0
NR

f) Distinguish between Current Asset and Long term Asset?

_________________________________________________________
_________________________________________________________
_________________________________________________________

3 marks
3
2
1
0
NR

g) Describe TWO advantages if Tracey chooses to change her business to a company.

_________________________________________________________
_________________________________________________________
_________________________________________________________

2 marks
2
1
0
NR

h) What do Tracey receive in return for her investment in her Hairdresser business?

_________________________________________________________
Question Three (13 marks)

a) Analyze the accuracy of this statement. “Entrepreneurship is the skills of extracting natural resources”.

b) Read carefully the statement below and use it to answer the questions that follows:

‘The Market for resources includes the market for capital and Entrepreneur’

Name the reward or income paid to owners of the following resources.

i) Capital:

ii) Entrepreneur:

c) State ONE example of a Capital goods sold in the finished goods market for agriculture to assist in their production.

d) Explain how a fall in demand in the Finished Goods market would affect the resource markets.
e) Describe the relationship between these two economic terms. Specialization and Productivity

3 marks

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
</tr>
<tr>
<td>NR</td>
<td></td>
</tr>
</tbody>
</table>
Multiple Choice (4 marks)

Write the letter of your best choice in the box provided.

Question 1. Which of the following is NOT a quality of money?
A. Durable.
B. Divided Into Smaller Amount
C. Standard Of Value.
D. Can Be Carried Around.

Question 2. If there is two lines drawn across the cheque, this means,
A. It Is The Best Method To Exchange With Goods.
B. It Is The Only Acceptable Medium Of Exchange.
C. It Is Illegal, And Cannot Be Taken To The Bank.
D. The Cheque will not be cashed.

Question 3. If you want to finance an immediate debt this week. Which type of Finance will be applicable?
A. Mortgage.
B. Overdraft.
C. Debenture.
D. Share Issue.

Question 4. The ability of money to record debts comes about because of its function as a
A. Means Of Deferred Payment.
B. Store Of Value.
C. Medium Of Exchange.
D. Unit Of Account
Question One [10 marks]

The table below shows the demand and supply of Adidas T-shirts in Tonga.

<table>
<thead>
<tr>
<th>Price ($ per T shirt)</th>
<th>Market supply (No. of T shirt)</th>
<th>Market demand (No. of T shirt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>2000</td>
<td>19000</td>
</tr>
<tr>
<td>100</td>
<td>9000</td>
<td>15000</td>
</tr>
<tr>
<td>150</td>
<td>11000</td>
<td>11000</td>
</tr>
<tr>
<td>200</td>
<td>12000</td>
<td>7000</td>
</tr>
<tr>
<td>250</td>
<td>13000</td>
<td>3000</td>
</tr>
</tbody>
</table>

(a) Draw the Market graph, by using the information in the table above.

(b) Indicate on your graph in (a) above, the market equilibrium price (Pe) and equilibrium quantity (Qe).

(c) On the same graph in (a) above, show the market situation if the price of the Adidas T shirt was $100.
(d) **Explain** how the free market would react to the situation in (c).

_______________________________________________________________

_______________________________________________________________

_______________________________________________________________

_______________________________________________________________

**Question Two:**

(6 marks)

1. Due to strong import regulations in Tonga, less Adidas T-shirt are imported into the Tongan market as well as other T-shirts.

   (a) Draw on the graph below the effect of importing less Adidas T-shirt to Tongan markets.

   [Graph]

   (b) Describe the effect of this decrease in imported Adidas T-shirts on the consumers’ spending.

   __________________________________________________________

   __________________________________________________________

   __________________________________________________________

2. Many firms prefer to use non-price methods to increase demand even though price of Adidas T-shirt are expensive.

   State ONE non-price method, firms can use to increase market demand for Adidas T-shirts.

   __________________________________________________________
**SECTION C  CONSUMER DECISION  30 MARKS**

**Question One**  
(8 marks)

Sione received $1,500 from his brother in New Zealand, in which he will use in one of the following ways:

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend $1,500</td>
<td>Save $1,500</td>
<td>Donate $1,500</td>
</tr>
<tr>
<td>Pay for his semester fee.</td>
<td>In his Bank Account</td>
<td>To Disabled people</td>
</tr>
</tbody>
</table>

(a) State why paying his semester fee is a want to Sione rather than a need?

(b) Explain the problem faced by Sione. In your answer, refer to Sione’s limited means and also include in your answer the concept of Opportunity cost.

(c) When deciding on which of the three options to choose, Sione has considered its values. Match the option with the best value that relates to it.

   i. Financial security

   ii. Consideration for others.

(d) Describe how you and Sione can both benefit if you loan from him.
Question Two: Contract  
(8 marks)

Read the passage below and use to answer the questions that follow:

Tevita buys a new bike for her daughter. When she tried to ride it in the park three weeks later, he noticed the front tire was bent. What should Tevita do? Should he fix it himself and avoid the trouble of going back to the store? Has the return time lapsed? Is the bike covered under the warranty? What do you think if Tevita didn’t purchase extra insurance coverage?

a) Define the term **warranty**.

b) If the warranty is breached, how will the consumer benefit?

c) Name the government ministry which is responsible for the forming and implementing the Consumer Protection Act.

d) Which Act entitles Tevita for a replacement of the bike or a refund?

e) Describe what “Consumer protection from Adulteration” means.

f) Describe the roles of the Ombudsman in relation to consumer right.
Question Three: Budget (8 marks)

When Lesieli receives her take home pay from her employer, she always pay her loan at the Tonga Development Bank, prepares a shopping list before going to Molisi supermarket. When she returns home from the supermarket, she goes through the list and places a tick next to each item that she has bought. Part of Lesieli’s list is shown below.

| ✓  | Bread          |
|    |                |
| ✓  | Lipstick       |
| ✓  | Butter         |
| ✓  | Sausage meat   |

a) State ONE item from the shopping list above that is classified as:
   i. A luxury good:

   ________________________________________________________________

   1 mark
   1 0 NR

   ii. Complement goods:

   ________________________________________________________________

   1 mark
   1 0 NR

b) Describe how Lesieli’s ‘Net or take-home pay’ can be calculated.

   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   2 marks
   2 1 0 NR

c) Analyze Lesieli’s expenditures in order for her to make a saving.

   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________
   ________________________________________________________________

   4 marks
   4 3 2 1 0 NR
Question Four: Insurance  

Read the passage below and answer the questions that follow:

Paula has not yet involved in any insurance matter. He is thinking of insuring his Assets, but he would like to know more before engaging in Insurance.

a) Paula wants to insure his car for $5000. If the car had an accident and the damage is only $2000, can he still claim the $5000?

b) On the insurance form, there are many questions. Some questions are too personal and he does not want to answer. Does Paula have to answer all of them?

c) Can he insure his friend’s car because he sometimes uses it, and thinking that one day he might have an accident?
**SECTION D  TONGAN ECONOMY SYSTEM  100 MARKS**

**Multiple Choice**

(7 marks)

Write the letter of your best choice in the box provided.

**Question 1.** Which of the following is NOT an objective of the government?

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>A balanced budget.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>A higher level of economic growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>An increase in the level of inflation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>A higher level of employment.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Question 2.** Which of the following is part of the government Fiscal policy?

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Open market operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>Decrease in Interest rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>Reserve Asset Ratio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>Income tax reduction.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Question 3.** Economic growth may NOT be achieved by which of the following measures?

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Decreasing workers’ paid overtime</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>A rise in the productivity of labor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>Depreciate the exchange rate of the pa’anga</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>Purchasing less imports of foreign manufactures.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Question 4.** After a decrease in the value of pa’anga, which of the following will definitely happen?

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>An increase in export prices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>An improvement in terms of trade</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>A reduction in import prices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>Less employment in export industries</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Question 5.** Cost-Push inflation is most likely to be caused by an:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>increased budget surplus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.</td>
<td>increase in bank advances</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.</td>
<td>improve in technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D.</td>
<td>increase in interest rate.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Question 6.** Which of the following situation best illustrate the concept of specialization?

A. Sione always goes to town in any available transportation
B. Cowley bakes different bread and sells flour.
C. Nisi Trading concentrate on yams export.
D. We export water melon, vanilla, taro to overseas

**Question 7.** Investment is defined as,

A. factor of production
B. saving some money in the bank account
C. payment for factor of production
D. buying of capital goods
SHORT ANSWERS.  

Question 1: Tonga economy  

1. “Tonga is a mixed economy, which is a combination of planned and free enterprises economic systems”

(a) Describe TWO advantages for Tonga as a Mixed economy.  

_________________________________________________________

_________________________________________________________

_________________________________________________________

(b) Each of the statements below refers to an economic system. Name the economic system that each statement is referring to in the spaces provided.

i. “Price and Quantity are the major tools which determine what I will produce.”

____________________________________________________

ii. “Cabinet, Parliament, Legislative Assembly are major factors to the Economic System.”

____________________________________________________

iii. “The price I charge my product in the market, will also add what to be given to the Revenue Department.”

____________________________________________________

iv. “What we learned from our grandparents, is the only way for our survival.”

____________________________________________________

2. “Tonga is classified as a mixed, dependent economy.”

(a) Define dependent economy.

_________________________________________________________

_________________________________________________________
Question 2: Circular flow

1. “Pricilla returned home from school and found that her friends had torn part of her Economics notes. The only part of her notes left is shown below.”

![Circular Flow Diagram]

a. Name the missing sector from Pricilla’s Circular flow diagram above.

_________________________________________________________

1 mark

0

NR

b. Name the terms that describe the real flows from:
   i) Household and the Producers.

___________________________________________________

1 mark

0

NR

   ii) Producers to Household.

___________________________________________________

1 mark

0

NR
c. Identify the **money flows** labeled:

i) A: ________________________________

ii) B: ________________________________

iii) C: ________________________________

iv) D: ________________________________

d. Predict how the money flow labelled E is affected by more unemployment in households.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

e. State the reward or type of income that is linked to each of the following resources.

i. Labor ________________________________

ii. Capital ________________________________

iii. Land ________________________________
Question 3: Government (13 marks)

1. The table below shows the Government Budget Statement 2014/2015. Use it to answer the following questions.

**TONGA GOVERNMENT BUDGET.**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimate Revenue (recurrent)</strong></td>
<td>170,891,648</td>
<td>179,961,645</td>
<td>198,795,970</td>
<td>235,328,507</td>
</tr>
<tr>
<td><strong>Estimate Expenditure (recurrent)</strong></td>
<td>170,891,646</td>
<td>179,961,645</td>
<td>198,795,970</td>
<td>158,812,524</td>
</tr>
<tr>
<td><strong>Actual Expenditure (recurrent)</strong></td>
<td>166,063,088</td>
<td>178,617,362</td>
<td>192,746,947</td>
<td>227,011,600</td>
</tr>
<tr>
<td>(Estimated Outturn)</td>
<td></td>
<td></td>
<td></td>
<td>227,011,600</td>
</tr>
<tr>
<td><strong>Estimate Expenditure (development)</strong></td>
<td>173,680,769</td>
<td>152,278,814</td>
<td>158,812,524</td>
<td>248,381,374</td>
</tr>
</tbody>
</table>


a) Who is responsible for preparing and presenting the government annual budget to Parliament?

b) Differentiate between Re-current expenditure and Development expenditure.
c) Calculate the amount of budget surplus in 2013-2014.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3 marks
3
2
1
0
NR

d) Discuss ways in which the government of Tonga finance any budget deficit?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

4 marks
4
3
2
1
0
NR

2. “The government of Tonga provides social benefits for old people from the age of 75 years old and older, from revenue collected from Tax payers.”

a) Describe the government objectives for paying social benefits to old people in Tonga.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2 marks
2
1
0
NR
Question 4: Trade and Balance of Payment. (11 marks)

a) Study the information below and use it to answer the questions that follow:

<table>
<thead>
<tr>
<th></th>
<th>$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of goods</td>
<td>13</td>
</tr>
<tr>
<td>Export of services</td>
<td>2</td>
</tr>
<tr>
<td>Foreign investment income</td>
<td>2</td>
</tr>
<tr>
<td>Imports of goods</td>
<td>15</td>
</tr>
<tr>
<td>Import of services</td>
<td>3.8</td>
</tr>
<tr>
<td>Tonga Overseas investment</td>
<td>5</td>
</tr>
<tr>
<td>Remittances</td>
<td>1</td>
</tr>
</tbody>
</table>

i) Define Balance of Trade.

ii) Calculate the Balance of Current Account.

```

```

iii) Calculate the Balance of Capital Account.

```

```

b. “Foreign investment, foreign aid and remittances contribute to the economic growth of Tonga.”

Discuss clearly with examples, how these economic activities promote Tonga’s economic growth.

```

```
Question 5: Unemployment

(13 marks)

1. Study the table below and answer the questions that follow.

<table>
<thead>
<tr>
<th>Employment-Unemployment statistics in Tonga (20yrs old and over).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment = 45,652 people</td>
</tr>
<tr>
<td>Unemployment = 15,324 people</td>
</tr>
</tbody>
</table>

(a) Define the term “Unemployment”.

(b) Calculate the Labor Force.

(c) Calculate the rate of unemployment.

(d) State ONE social effect of unemployment.

(e) State ONE economic effect of unemployment.
2. “Many Tongans go to New Zealand and Australia for Seasonal employment opportunities”.

a) Define **seasonal unemployment**.

________________________________________________________________________

________________________________________________________________________

1 mark

1

0

NR

b) Identify ONE ECONOMIC benefit of seasonal employment to families in Tonga.

________________________________________________________________________

________________________________________________________________________

1 mark

1

0

NR

3. Differentiate between **frictional** and **cyclical unemployment**.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

2 marks

2

1

0

NR
Question 6: Inflation  

(11 marks)

1. The table below showed the Consumer Price Index by major groups of consumer goods for the period of January to December 2014. (Base Period: October 2010:100.0).

<table>
<thead>
<tr>
<th>Months</th>
<th>Index</th>
<th>Monthly inflation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>109.9</td>
<td>4.2</td>
</tr>
<tr>
<td>February</td>
<td>110.1</td>
<td>4.7</td>
</tr>
<tr>
<td>March</td>
<td>111.4</td>
<td>4.7</td>
</tr>
<tr>
<td>April</td>
<td>111.3</td>
<td>3.9</td>
</tr>
<tr>
<td>May</td>
<td>110.2</td>
<td>3.0</td>
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<td>June</td>
<td>108.5</td>
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<td>July</td>
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<td>107.8</td>
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<tr>
<td>December</td>
<td>107.3</td>
<td>0.2</td>
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</table>

a) Construct a line graph to show the monthly inflation rate from January to December 2014.
b) Describe the trend showed by the inflation rate for 2014.

_________________________________________________________
_________________________________________________________
_________________________________________________________
_________________________________________________________
_________________________________________________________

2 marks
2
1
0
NR

c) Explain what will happened to the employment level of the economy, as the result of the showed in the inflation rate for 2014.

_________________________________________________________
_________________________________________________________
_________________________________________________________
_________________________________________________________
_________________________________________________________

3 marks
3
2
1
0
NR

d) State ONE economic effect of Inflation.

_________________________________________________________
_________________________________________________________

1 mark
1
0
NR

e) Name ONE group of people who could be at a disadvantage when inflation occurs.

_________________________________________________________
_________________________________________________________

1 mark
1
0
NR
**Question 7: Economic Growth**

(11 marks)

Study the table below and answer the questions that follows:

Table 1: National Accounts summary. At Constant Price (2010 – 2011)

<table>
<thead>
<tr>
<th>Aggregates</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
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<tbody>
<tr>
<td>GDP (Current Price) ($Tm)</td>
<td>775.0</td>
<td>800.7</td>
<td>779.1</td>
<td>803.7</td>
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<tr>
<td>GDP (Constant Price ($Tm)</td>
<td>775.0</td>
<td>781.9</td>
<td>757.5</td>
<td>772.7</td>
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<tr>
<td>GDP per capita ($T)</td>
<td>7521.9</td>
<td>7752.6</td>
<td>7525.1</td>
<td>7743.2</td>
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<tr>
<td>Real GDP per capita ($T)</td>
<td>7521.9</td>
<td>7570.2</td>
<td>7316.0</td>
<td>7444.3</td>
</tr>
</tbody>
</table>

(Source: Statistics department)

a) Differentiate between **GDP at Current Price** and **GDP at Constant Price**.

\[2 \text{ marks}\]

b) Define what is meant by National Account at constant Price of 2010/2011?

\[1 \text{ mark}\]

c) Calculate the percentage change in GDP at Constant price from 2010/11 to 2013/14.

\[4 \text{ marks}\]

d) Discuss how economic growth contribute to improve in employment.

\[4 \text{ marks}\]
Question 8: Clubs and society

A sample set of an Agenda is given below. Use it to answer the questions that follow:

Agenda for Lomalinda volleyball club meeting,
1. 6:30pm Monday 3rd June 2015
2. Opening prayer
3. Attendees and Apologies.
4. Minutes of the last meeting
5. Matters arising from the Minutes
6. Management report
7. Financial report
8. Other matters
9. Next club meeting
10. Closing Prayer

a) Who is responsible for preparing the Agenda for Lomalinda’s club meeting?
______________________________________________________________

b) Define what Minutes refer to in the agenda.
________________________________________________________________________
________________________________________________________________________

________________________________________________________________________

c) Who is responsible for taking the Minutes of the club meeting?
_______________________________________________________________


d) Every year each members pay a member fees so they can remain a member of Lomalinda’s club. What is the term used to describe this member fees?
_______________________________________________________________


e) Describe the role of the Treasurer of the club.
_______________________________________________________________


f) Evaluate the benefits of the Lomalinda volleyball club being incorporated.

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

4 marks
4
3
2
1
0
NR


g) Differentiate between Inaugural meeting and Annual general meeting

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3 marks
3
2
1
0
NR


h) State the term that refers to the minimum number of people that must be present before a meeting can proceed.

________________________________________________________________________
# ECONOMIC STUDIES

## 2015

*(For Markers Use Only)*

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