



Names:

Index number

TVET NATIONAL EXAMINATIONS, LEVEL 5, 2022-2023

QUESTIONS and ANSWERS BOOKLET

OPTION/ TRADE : ACCOUNTING

SUBJECT/EXAM: PRINCIPLES OF ECONOMICS

DURATION: 3 Hours

Read carefully the instructions on page 1 & 2.

FOR EXAMINER'S USE ONLY

[illegible]



TVET NATIONAL EXAMINATIONS, LEVEL 5, 2022-2023

INSTRUCTIONS TO CANDIDATES: PART I (ANSWER BOOKLET)

1. A candidate should fill in the actual names and the Index number on the cover of this questions and answer booklet on the provided place.
2. It is illegal for a candidate to write any of names, Index number or school name inside the answer booklet.
3. No candidate should remove or tear any pages or part of it in the answer booklet.
4. A candidate should answer in the language in which the examination is set.
5. A candidate should sign on the sitting plan when submitting the answer booklet. He/she has also to check if the answer booklet is well sealed.
6. No extra paper is allowed in the examinations room. If a candidate is caught with it his/her results will be nullified.
7. No candidate is allowed to write answers not related to the subject being sat for, otherwise it will be considered as a cheating case.
8. Write your answers on the 16 lined pages (From page 7 to page 22).
9. Use the last non-lined pages as draft.
10. Results for any candidate who is caught in examination malpractices are nullified. The cheating can be recognized during examinations administration, marking exercise or even thereafter.

- N.B:** 1) After results publication, there is no remarking and no candidate is given his/her answer booklet for review. This answer booklet is a property of NESAs.
- 2) Claims are only received online within 30 days after results publication. A link will be provided after results publication.

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INSTRUCTIONS TO CANDIDATES (QUESTION PAPER)

This Exam paper is composed of Three Sections (A, B, and C). Follow the instructions given below, and answer the indicated questions for a total of 100 marks

Section **A**: Fourteen (14) questions, all **Compulsory** **55 marks**

Section **B**: Among the five (5) questions, attempt any three (3) **30 marks**

Section **C**: Among the two (2) questions, attempt any one (1) **15 marks**

Allowed materials:

- Blue or black pen
- Mathematical set
- Non-programmable calculator

Note:

Every candidate is required to carefully comply with the provided assessment instructions.

SECTION A: Attempt all questions

(55 marks)

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- 01.** Give any five (5) measures that government may take to regulate and control monopolies. **(5marks)**
- 02.** Respond by **True(T)** or **False(F)** the following statements: **(5marks)**
- a) Privatization (denationalization or disinvestment) is a situation where the government decides to transfer control of a government and thus public owned resources to the private business sector either partially or totally.
 - b) Public good: these are goods collectively owned and its use is exclusive.
 - c) Scales of preferences is a list of individual's needs starting from the less important.
 - d) Microeconomics study the economics as a whole unit.
 - e) Normative economics study how the economics ought to be.
- 03.** Mention three (3) negative impacts of COVID-19 on Rwandan economy. **(3marks)**
- 04.** In market structure, there is one market where average revenue is equal to the price, to the marginal revenue and to the demand. Choose the correct market which matches on the above statement. **(3marks)**
- a) Monopoly market
 - b) Monopolistic market
 - c) Perfect competition market
 - d) Oligopoly Market
- 05.** Explain the role of Auditor general in public financial management system. **(3marks)**
- 06.** Distinguish producer surplus from consumer surplus. **(4marks)**
- 07.** The selection of location of the firm is an important decision that the entrepreneur must take. Give any five (5) factors that the entrepreneur must consider when selecting the location of his/her firm. **(5marks)**
- 08.** Distinguish floor price and ceiling price. **(2marks)**

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09. Illustrate a simplified view of PFM (Public Financial Management) system **(4marks)**

10. The factors of production are rewarded for their role in the production process. Each factor of production is paid unique category of reward. Match the factor of production with its respective reward: **(4marks)**

- | | |
|--------------------|------------|
| 1.Land | a.Profit |
| 2.Labour | b.Interest |
| 3.Capital | c.Rent |
| 4.Entrepreneurship | d.Wage |

11. Copy the table below and fill in blanks (the third row of MU) **(5marks)**

Quantity	1	4	7	10	13
TU	60	120	150	150	147
MU	?	?	?	?	?

Where TU is Total Utility and MU is Marginal Utility

12. Given the following demand and supply functions: $24 = Q_d + 2p$ and $12 + 2p = Q_s$ **(5marks)**

- Determine equilibrium price
- Determine equilibrium quantity
- Determine the quantity demanded at point $p=1$

13. Rwanda has integrated with many different economic groupings. **(4marks)**

- Explain what is economic integration.
- In your analysis, what do you think are the necessary conditions for successful integrations? (State any six of them).

14. The table below provides the demand for a good Y for three consumers: **(3marks)**

Price level	Consumer A	Consumer B	Consumer C
25	100	100	100
15	120	140	100
5	150	180	100

Required: Compute the market demand from the table above.

Section B: Attempt any three (3) questions**(30 marks)**

15. Quantity demanded of commodity Y reduced from 70kg to 65kg as result of a 20% increase in price of another commodity X from 2000frw to 4000frw.

- a) Calculate the cross elasticity of demand between commodity Y and X. **(5marks)**
- b) Show the relationship between commodity Y and X. **(3marks)**
- c) Give two (2) examples of such commodity. **(2marks)**

16. A Seller of tomatoes in XYZ market sells the unit of tomatoes to different consumers and finally gets the following information about Total revenue as shown by the table below:

Unit sold (Q)	Price per unit	TR	MR
1	5	5	
2	4	8	
3	3	9	
4	2.5	9	
5	1	5	
6	0.5	3	

- a) Fill the empty cells in the table above. **(6marks)**
- b) After filling the column of Marginal revenue, show at least 2 relationships between Marginal Revenue and Total Revenue. **(4marks)**

17. In all countries of the world, they use different economic system in allocation, distribution, consumption of private and public resources in developing their economy such as Capitalism, Socialism, Communism and mixed economy.

- a) Compare Capitalism from Socialism. **(5marks)**
- b) Provide at least 5 advantages of capitalism economy. **(5marks)**

18. a) Summarize the problems encountered by agriculture sector in Rwanda **(10marks)**
b) Propose remedial actions to those problems.

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- 19.** Colin is the managerial accountant in charge of Company A which sells water bottles. He previously determined that the fixed costs of Company A consist of property taxes, a lease, and executive salaries, which add up to \$100,000. The variable costs associated with producing one water bottle is \$2 per unit. The water bottle is sold at a premium price of \$12.
- (2marks)**
- a) Explain the term break -even point. **(3marks)**
- b) Calculate the breakeven Quantity of Company A. **(5marks)**
- c) By using the graph, show the Break -even point and interpret it.

Section C: Attempt only one (1) question

(15 marks)

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- 20.** A farmer is engaging in producing a rice commodity and has the following function **$Q_s = 5 + 10P$** where Q_s is the quantity of rice and P is the price of rice.
- a) Explain the law that occurs in his /her function.
- b) Provide the determinants which remain constant in her/his function. **(3marks)**
- (5marks)**
- c) What are the cases which violate the law that appear in his/her function? **(4marks)**
- d) Based on the function above, produce a table which shows the relationship between quantity of rice and its price. **(3marks)**
- 21.** Many years ago, the government of Rwanda has been advocating a free-market economy and has sold several state-owned enterprises to private companies. As a result, many jobs were lost, but the advantages were far more important than this loss. **(15marks)**
- a) Justify whether or not some enterprises should be controlled by the government.
- b) Why do you think so many workers lost their jobs when the industries were sold to the private sector?
- c) List four (4) advantages and two (2) disadvantages of a unplanned economy for a country.

END OF ASSESSMENT

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