

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL TWO

#### ECONOMICS – PAPER 7

**FRIDAY, 22 JUNE 2012**

#### **INSTRUCTIONS TO CANDIDATES:**

1. Time allowed: **3 hours 15 minutes**.  
The first 15 minutes of this examination have been designated for reading time. You may not start to write your answer during this time.
2. This examination contains Sections **A** and **B**.
3. Section **A** is bound separately from Sections **B**.
4. Attempt all the 20 multiple choice questions in Section **A**. Each question carries 1 mark.
5. Attempt **four** of the **six** questions in Section **B**. Each question carries 20 marks.
6. Write your answer to each question in a separate answer booklet.
7. Please, read further instructions on the booklet, before attempting any question.

## SECTION B

*Attempt four of the six questions in this section.*

### Question 2

- (a) Distinguish between a change in demand and a change in quantity demanded of a community.
- (b) Explain **seven** factors that influence the quantity demanded of a commodity.

(6 marks)

(14 marks)

(Total 20 marks)

### Question 3

- (a) Distinguish between gross domestic product (GDP) and gross national product (GNP).
- (b) Given that; gross national product at market price = Shs 3000 million, net property income from abroad = Shs 500 million, subsidies = Shs 20 million, indirect taxes = Shs 12 million;

(4 marks)

Calculate the GDP at factor cost.

(4 marks)

- (c) Explain **six** factors that limit the size of Uganda's GDP.

(12 marks)

(Total 20 marks)

### Question 4

- (a) Outline **five** characteristics of Rostows':
- (i) Pre-conditions for take-off stage of economic growth.

(5 marks)

- (ii) Take-off stage of economic growth.

(5 marks)

- (b) Explain **five** costs of economic growth in an economy.

(10 marks)

(Total 20 marks)

**Question 5**

- (a) Distinguish between a nominal wage and a real wage. (4 marks)
- (b) Explain **four** merits and **four** demerits of the piece-rate method of wage payment. (16 marks)

**(Total 20 marks)**

**Question 6**

- (a) Distinguish between voluntary and involuntary unemployment. (2 marks)
- (b) Explain **four** causes of voluntary unemployment in your country. (4 marks)
- (c) Explain any **seven** policy measures being taken to solve the unemployment problem in your country.

**(14 marks)**

**(Total 20 marks)**

**Question 7**

- (a) (i) Mention any **four** forms of foreign aid in your country. (4 marks)
- (ii) Distinguish between bi-lateral aid and multi-lateral aid. (2 marks)
- (b) Explain **seven** disadvantages of foreign aid to your country's economy. (14 marks)

**(14 marks)**  
**(Total 20 marks)**