

# THE PUBLIC ACCOUNTANTS EXAMINATIONS BOARD

*A Committee of the Council of ICPAU*

## ATC(U) EXAMINATIONS

### LEVEL TWO

#### ECONOMICS – PAPER 7

**FRIDAY, 30 NOVEMBER 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 Section **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 on a fresh page in your 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 direct taxes and indirect taxes.  
(4 marks)
  - (b) Explain **four** advantages and **four** disadvantages of direct taxes.  
(16 marks)
- (Total 20 marks)

### Question 3

- (a) Explain **seven** factors that determine the rate of economic growth in an economy.  
(14 marks)
  - (b) Give **six** benefits of economic growth.  
(6 marks)
- (Total 20 marks)

### Question 4

- (a) Define the term 'private sector'.  
(2 marks)
  - (b) Explain **six** problems faced by the private sector in Uganda.  
(6 marks)
  - (c) Describe measures that should be taken to promote the private sector in Uganda.  
(12 marks)
- (Total 20 marks)

### Question 5

- (a) With the use of illustrations, distinguish between:
    - (i) change in demand and change in quantity demanded.  
(4 marks)
    - (ii) increase in supply and increase in quantity supplied.  
(4 marks)
  - (b) Explain **six** factors that lead to an increase in supply of a commodity.  
(12 marks)
- (Total 20 marks)

**Question 6**

- (a) What is a trade union?  
(2 marks)
  - (b) Outline **four** methods that trade unions use to obtain wage increments.  
(4 marks)
  - (c) Explain **seven** factors that limit the ability of trade unions to demand for high wages.  
(14 marks)
- (Total 20 marks)

**Question 7**

- (a) Explain **five** causes of uneven income distribution in Uganda.  
(10 marks)
  - (b) Give **five** measures that have been adopted to minimize uneven distribution of income in Uganda.  
(10 marks)
- (Total 20 marks)