

The City School

Unified Mid-Year Examinations
2018 - 2019
Class 9



SCHOOL NAME

INDEX NUMBER

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DATE

ECONOMICS

Paper 2 Structured Questions

2281/22

2 hours 15 minutes

You must answer on the question paper.

You will need: Answer Sheets.

INSTRUCTIONS

- Answer **four** questions in total.
Section A: answer **Question 1**
Section B: answer **three** questions.
- Use a black or dark blue pen.
- Write your School name, Index number and Date in the spaces provided.
- Do **not** use correction fluid.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 90.
- The number of marks for each question or part question is shown in brackets [].

Invigilated By: _____

Checked By: _____

Marks Talled By: _____

This document consists of 3 printed pages and 1 blank page.

Section A

Read source carefully before answering Question 1

ABC is a private limited company and manufactures furniture. The company has done really well and increased its profits remarkably since its conversion into a private limited company five years ago. ABC shareholders had decided to convert their partnership business when they were told by the financial advisor that they can reduce their risks and losses by forming a company. The shareholders are now quite happy with their decision and are planning to expand even more. This time their financial advisor has told them to form a public limited company and enjoy even more finance into the business. This looks quite interesting to the shareholders and they believe that they will now be able to grow their business and be profitable like multinationals. But the shareholders are also concerned about the risks that are associated with the public limited companies and the risk of losing their control really worries them. However, one of the shareholder said that potential benefits are far greater of public limited companies than potential cost. Therefore, we are seriously thinking about going public.

There is mixed economic system. Public corporations are also working in the country. Government is welcoming the private sector businesses. Government is following lower taxation policy and encourages customers to spend. Businesses like ABC can really make even more profits in this economic scenario. The only concern for them is the uncertain future, like government can change its policies at any time.

Answer all parts of Question 1. Refer to the source material in your answers.

- 1 (a) Identify two features of a partnership business. [2]
- (b) What do you know about the term "private limited company"? [3]
- (c) Analyze the decision of ABC company for becoming a public limited company. [4]
- (d) Explain two benefits that a business may get after becoming a private limited company. [6]
- (e) Discuss how public corporation are different from public limited companies. [6]
- (f) What kind of business can be termed as a multinational? [3]
- (g) Identify and explain two features of mixed economic system. [6]

Section B

Answer any **three** questions.

- 2** Some services as legal advice, are provided by private individuals while others, such as the police force, are provided by the public sector.
- (a) Define mixed economy. [2]
 - (b) Distinguish between the private sector and the public sector of an economy. [4]
 - (c) Explain the disadvantages of allocating resources through the public sector. [6]
 - (d) Discuss whether people living in a country would benefit if their country's economic system changed from a mixed to a market economy. [8]
- 3** Some car manufacturers are multinational companies with plants in several countries. These plants produce thousands of cars a year and are capital –intensive.
- (a) Define capital goods. [2]
 - (b) Explain what is meant by specialization. [4]
 - (c) Describe two goals of a multinational company may have other than profit maximization. [6]
 - (d) Discuss the characteristics of two types of business organization. [8]
- 4** Most of economies are facing economic problem due to scarcity of resources, Economists believe that it would better to use the factors of production to improve health or education sectors but there is an opportunity cost involved in such decision.
- (a) Explain what is meant by basic economic problem. [4]
 - (b) Distinguish, with examples, between the primary, secondary and tertiary sectors of the economy. [6]
 - (c) Identify factors of production. [4]
 - (d) Using a production possibility curve diagram, explain why choices have to be made as to how to allocate resources. [6]
- 5** Banking sector is considered as the backbone of economy, plays a significant role in the economies.
- (a) Define economy. [2]
 - (b) Explain the role a central bank can play in an economy. [6]
 - (c) Describe the functions of money. [4]
 - (d) Discuss advantages and disadvantages of sole trader. [8]