

**ECONOMICS EXAM
S.5 MID TERM TWO 2025**

Time: 2 Hours

INSTRUCTIONS:

- This test paper consists of two sections A and B.
- Section A contains one compulsory test item and it carries 20 scores.
- Choose two test items from section B.
- Any additional test item answered will not be scored.

SECTION A

(Responses to this section must be precise and concise)

ITEM 1

- (a) A consumer has been buying beans in different quantities and at different prices in different time intervals. A summary of his purchases is provided in the demand schedule below:

Price per unit (Shs)	500	900	1,300
Quantity (Kgs)	25	16	10

Task:

Using the demand schedule above, draw a demand curve to show him how he has demanded the beans over a period of time.

- (b) Samuel Ssebabi, your friend and a student in a neighboring school did not attend school last week. While he was away his classmates studied about the concept of factor prices which he later failed to grasp. He has approached you for assistance in preparation for his mid-term exams.

Task:

- (i) Help him understand the meaning of “factor prices”
- (ii) Identify for him three examples of factor prices in order to understand the concept better.

- (c) Among the costs manufacturers incur during production include average cost and marginal cost among others. An accountant presented records which had been wrongly written, he had mixed up the costs that included average costs and marginal costs. He could not distinguish the two.

Task:

- (i) Help him to understand the difference between the two costs, that is, Average cost and Marginal cost.
- (ii) Advise the producer on how average cost can be reduced in a manufacturing business.

- (d) (i) Help your classmates to understand the meaning of “scarcity” as used in Economics.
ii) Under what circumstances may alternatives be foregone?

- (e) (i) Explain the difference between Standard of living and cost of living.
ii) State two indicators of low standards of living in developing countries.

SECTION B

ITEM 2

Many Ugandans are not aware that government makes records of the total monetary value of goods and services produced in the country every year, yet it does this annually to help in economic comparison with other countries. You have been appointed to represent the government on a show on radio Simba.

Task:

- (a) Elaborate for Ugandans the three approaches that are commonly used during the above exercise.
- (b) Also inform the public about the different challenges encountered by the authorities while carrying out that exercise.
- (c) Propose to the authorities two ways to overcome some of the challenges you have mentioned.

ITEM 3

Many businesses in Uganda fail and collapse in their early years of establishment. One reason that has been identified behind this collapse is the failure of such businesses to determine profitable prices for their goods and services. Many of them tend to set prices far below average and hence end up into losses that cannot sustain them to continue operating for long.

Task: As an Economics student;

- (a) Write a presentation to the businessmen in Uganda on the different ways of determining prices for goods and services to enable them benefit from their businesses.
- (b) Explain to them the conditions that may force government to set prices for commodities above the equilibrium level.

ITEM 4

There are a number of firms operating in Uganda in different sizes and operating under different objectives. Some are micro, small medium while others operate on large scale. Economies also have industries. Many people however, cannot distinguish between the two terms claiming that they are similar.

Task: Help the people to

- (a) Know the difference between the two terms.
- (b) Understand the factors that determine the size of a firm in an economy.

END