



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE
BACHELOR OF COMMERCE HONOURS DEGREE IN
ACCOUNTING

PRINCIPLES OF MICROECONOMICS
HACC 115

PART 1 SEMESTER 1 EXAMINATION

TOTAL MARKS [100]

DATE: APRIL 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any other three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

1. Explain the following terms as they relate to micro-economics:
 - a. Equilibrium (5)
 - b. Opportunity cost (5)
 - c. Scarcity (5)
 - d. Elasticity of Demand (5)
 - e. Inferior goods (5)
2.
 - i) Giving examples differentiate between a firm and industry. (10)
 - ii) Explain any 5 features of Oligopoly. (15)
3. Graphically explain the economy's production possibility curve in terms of economic growth. (25)
4. Examine any three types of elasticity of demand with the help of diagrams. (25)
5.
 - i) If the price rises by 5 %, the quantity demanded falls by 2.5 %. Calculate the price elasticity of demand. (8)
 - ii) If the price falls from \$10 to \$6, the quantity demanded rises from 9000 to 15000.
Calculate the price elasticity of demand by using midpoints (7)
 - iii) Calculate the price elasticity of demand, suppose that as the price of Y falls from \$5.00 to \$3.00 the quantity of Y demanded increases from 120 to 125. (5)
 - iv) Calculate the cross elasticity of Demand when the price of a burger falls by 20 percent, the quantity of pizza demanded decreases by 10 percent. (5)
6. Explain any 5 factors that determines the demand for motor vehicles in Zimbabwe (25)

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