



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: OCTOBER 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

Question 1

(a) Using examples explain the concept of scarcity. (5 marks)

(b) Using examples of the production of guns and the growth of tobacco in Zimbabwe illustrate the concept of opportunity cost on a production possibility curve. (20 Marks)

Question 2

Explain the role of technology and entrepreneurs in the utilization of the economy's factors of production. (25 Marks)

Question 3

Explain the 2 conditions necessary for attaining equilibrium for a firm in the short run. (25 Marks)

Question 4

You have been supplied with the following data for the demand and supply of Maize.

Price	Demand	Supply
0	100	0
1	80	30
2	60	60
3	40	90
4	20	120
5	0	150

a) Draw the demand and supply curves (16marks)

b) Explain what happens if the price =1 and if the price =4 (9marks)

Question 5

Examine the importance of income and cross elasticity of demand to decision making in any sector of your choice. (25 Marks)

Question 6

Explain the following terms as they relate to the economy:

- i) Perfect market (5 Marks)
- ii) Monopolistic competition, (5 Marks)
- iii) Choice (5 Marks)
- iv) Monopoly. (5 Marks)
- v) Perfect competition (5 Marks)

END OF PAPER