

#### HIGHER EDUCATION PROGRAMMES

Academic Year 2023:	July - December
Formative Assessment 1:	Economics 1 (HECO130-1)
NQF Level, Credits:	5, 16
Weighting:	20%
Assessment Type:	Essay Questions
Educator:	R. Kisten
Examiner:	R. Kisten
Due Date:	08 September 2023
Total:	100 marks

### Instructions:

- This paper consists of two sections, Sections A & B
- Section A has four (4) questions and Section B has four (4) questions.
- It is based upon Units 1-8 of your prescribed Economics 1 textbook.
- All questions are compulsory.
- Convert all answers to two (2) decimal places where applicable
- Show all your calculations where applicable.
- Hand-drawn diagrams are acceptable
- A Copyleaks report is not required for this assessment
- Your assessment must be typed using:
  - Font: Arial
  - o Font size: 12
  - Line spacing: 1.5

SECTION A		[55 marks]	
QUES	STION 1	(10 Marks)	
1.1)	Convert the following decimals into a percentage:		
a)	0.66	(1 mark)	
b)	1.75	(1 mark)	
c)	0.015	(1 mark)	
d)	0.001	(1 mark)	

1.2) The revenue of Thabo's enterprise over two years is shown below. Calculate the percentage change in revenue from 2021 to 2022

Year	2021	2022
Revenue	R1 500 000	R 1800 000

1.3)	Simplify the following ratios:
a)	150:500
b)	35:90:145

QUESTION 2
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- 2.1) Simplify the expression: 12x 14(10x-5x+16) + 2x (3 Marks)
- 2.2) Solve the expression:  $x + \frac{5}{9} = \frac{3}{27}$  (3 Marks)
- 2.3) Change the subject of the formula to z = 24v + xu to v (3 Marks)
- 2.4) Simplify the expression:  $\frac{125x^6y^4}{5x^4y^2}$  (3 Marks)
- 2.5) A rectangle has the following dimensions: Length (25cm), Width(10cm).

Calculate the perimeter. (3 Marks)

(3 Marks)

(1 mark)

(1 mark)

(15 Marks)

Total revenue = 8Q; Variable cost = 2Q

3.4) Solve the following simultaneous equation using the substitution method: 12x + 4y = 140 .....(1)

6x - 10y = 24 .....(2)

Review

QUESTION 4

4.1) Line graphs are used when the figures on the x-axis are continuous overtime.What are some examples of common uses for line graphs (2 Marks)

4.2) The following table shows the number of resturants in different categories according to google review over a period of two years, 2019 and 2020:

2019

7

15

29

20

13

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2020

15

20

39

24

10

QUESTION 3

3.1) Using the following coordinates (8,12); (2,3), calculate the gradient. (3 Marks)

3.2) Using the marginal income (MI) function, MI = 24Q, calculate the marginal income if 50 550 units of coal were sold. (2 Marks)

3.3) Johan has a clothing business. He made a bulk purchase of 1600 units of clothes from the local manufacturer. The manufacturer made a gross profit of R8000 on this sale. Using the functions below, calculate the settlement discount assuming the percentage settlement discount granted = x.

(6 Marks)

#### (4 Marks)

(15 Marks)

3

1 star

2 star

3 star

4 star

5 star

From the date above, create a neat compound bar graph showing the number of resturants in each category over the two years. (7 Marks)

4.3) Using the information from the graph in question 4.2, which star review obtained the highest percentage increase. (6 Marks)

# **SECTION B**

## **QUESTION 5**

5.1) In your own words, describe economics as a social science. (2 Mark)

5.2) When individuals are faced with different options, or alternatives, and scarce resources, people often have to sacrifice one option or alternative to pursue another.What is this called? (1 Mark)

5.3) Economic choices are often made based on market demand. Consider the following goods, wine and rice. In China, there is a grater demand for rice than wine and in the United Kingdom, there is a greater demand for wine than rice. The opportunity costs for both countries are constant. Using this information, illustrate the product possibility curves for both nations on a single graph. Please note that the use of imaginary figures is not necessary (5 Marks)

## **QUESTION 6**

6.1) In a free-market economy, the price mechanism fulfils various functions. Identify and describe each function. (6 Marks)

6.2) Describe the different types of factors of production. (4 Marks)

## **QUESTION 7**

4

7.1) Demand as an equation is made up of various determinants. Identify each of these determiants.(6 Marks)

### (10 Marks)

(15 Marks)

# [45 marks]

(8 Marks)

7.2) Determine what would happen to each individual's demand curve if the following should occur:

(2 Marks) a) Zack got a raise in his allowance.

b) Debra substituted coke for pepsi following a decrease in the price of pepsi. Both (2 Marks) products are normal goods.

7.3) Discuss the effects of setting a price ceiling and a price floor on a product/service.

## **QUESTION 8**

The following graph represents the income elasticity of demand for gold balls. The xaxis represents an increase in income of consumers and the y-axis represents the quantity of golf balls.

Using the information above, describe the purchasing behaviour of a consumer represented by each section of the demand curve A to D.



(5 Marks)

(12 Marks)