



TECHNICAL UNIVERSITY OF MOMBASA
**Faculty of Engineering &
Technology**

DEPARTMENT OF BUILDING & CIVIL ENGINEERING

DIPLOMA IN ARCHITECTURE (DARC 14S)

BEN 2231: GENERAL ECONOMICS

END OF SEMESTER EXAMINATION

SERIES: APRIL 2015

TIME ALLOWED: 2 HOURS

Instructions to Candidates:

You should have the following for this examination

- *Answer Booklet*

This paper consists of **FIVE** questions. Answer any **THREE** questions of the **FIVE** questions

Maximum marks for each part of a question are as shown

Use neat, large and well labeled diagrams where required

This paper consists of **THREE** printed pages

Question One

- a) Explain the following terms as used in economics:
- (i) Wealth
 - (ii) Scarcity
 - (iii) Wants
 - (iv) Opportunity cost
 - (v) Good(s) **(10 marks)**
- b) Briefly explain the following:
- (i) Micro-economics **(6 marks)**
 - (ii) Macro-economics
- c) State the criteria used to judge economic outcomes **(4 marks)**

Question Two

- a) Briefly explain TWO economic considerations for making decisions **(6 marks)**
- b) State FOUR contributions of the construction industry to the economic growth of a nation **(4 marks)**
- c) Briefly explain firm analysis process **(6 marks)**
- d) (i) Define the term finance **(4 marks)**
(ii) State THREE sources of finance

Question Three

- a) State FOUR roles of a Bank **(4 marks)**
- b) List FOUR importance of stock markets **(8 marks)**
- c) (i) Define the term marketing **(8 marks)**
(ii) Outline the marketing process

Question Four

- a) Briefly explain the following types of investments:
- (i) Purchasing and selling stocks
 - (ii) Mutual funds
 - (iii) Day trading
 - (iv) Bonds **(8 marks)**
- b) (i) State THREE methods used to carry out estimation of demand **(3 marks)**
- (ii) Define cost-benefit analysis **(3 marks)**
- (iii) State TWO importance of cost-benefit analysis **(2 marks)**

c) State FOUR financial goals of a company (4 marks)

Question Five

a) (i) Define the term depreciation (2 marks)

(ii) State the use of depreciation models (3 marks)

b) An asset was purchased 7 years ago for \$10,000. It was estimated to have a 10 year service life and a salvage value of \$2000 at the end of its service life. Using straight line depreciation model, calculate its book value today (6 marks)

c) State THREE importance of capital budgeting (3 marks)

d) (i) Define the term break even as used in economics (2 marks)

(ii) Given the following transactions at Maere Holdings, calculate the breakeven point per unit

Fixed cost = kshs 24,000

Selling price per unit = kshs 100

Variable cost per unit = kshs 40

(4 marks)