

P220/1  
ECONOMICS  
END OF TERM 1 2026  
APRIL  
 $2\frac{1}{4}$  hours

S.5 END OF TERM 1 2026  
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 $2\frac{1}{4}$  hours

**INSTRUCTIONS TO CANDIDATES:**

*Answer ALL items.*  
*Credit will be given for use of relevant examples and diagrams.*  
*Begin answering each item on a fresh page.*

**ITEM 1.**

Consider a hypothetical production schedule for Uganda's economy producing guns and butter (kg).

Options	Guns (x)	Butter(kg)(y)
A	0	20
B	2	18
C	5	14
D	9	6
E	10	0

Task;

- i. Draw the opportunity cost curve for Uganda's economy showing the options A-E.
- ii. Find the opportunity cost of producing 10 guns.

- iii. Find the opportunity cost of producing at point D instead of producing at point B.
- iv. What is the implication of the negatively sloping opportunity cost curve?
- v. On your opportunity cost curve drawn in (i) above, indicate another option T (6 guns, 24 kgs of butter). Explain the factors that may cause the opportunity cost curve to shift to point T.
- vi. In reference to opportunity cost curve drawn, explain the concepts of scarcity, choice, opportunity cost, efficiency and economic growth.

**ITEM 2.**

The table below shows the number of sausages consumed by Ivan and the corresponding utility derived from the consumption. Study the table and use it to answer the questions that follow.

UNITS OF SAUSAGE S	TOTAL UTILITY	MARGINAL UTILITY
0	0	-
1	10	
2	18	
3	24	
4	28	
5	30	
6	30	
7	28	

Task;

- a) Calculate the Marginal Utility derived by Ivan from each sausage consumed.
- b) Use a scale of **1cm represents 2 utils on y – axis** and **2cm represents 1 unit on x – axis**, plot on the same axes, Total Utility curve and Marginal Utility curve.
- c) Explain the Economics law demonstrated by the trend of the Marginal Utility curve.
- d) Explain the importance of the law identified in (c) in economic analysis.
- e) As an Economics student, criticize the law mentioned in (c) above.

### ITEM 3.

Mr. Owen is a businessman dealing in selling of different commodities. Recently, his books of accounts have revealed a change in demand for one of his commodities despite maintaining a stable price. Mr. Owen is now worried because the current situation has caused fluctuations in his profits. He's therefore carrying out a market survey to find out the likely causes of the above situation.

Task;

- a) As a student of Economics, help Mr. Owen to identify the above Economic situation and use a hypothetical illustration to describe such a situation.
- b) Guide Mr. Owen on the possible causes of the above situation.

**END.**