

FUKIEN SECONDARY SCHOOL
S3 First Term Examination (2020-2021)
Integrated Business
(1 hour)

Date: 7th January 2021

Name: _____

Time: 8:30 a.m. – 9:30 a.m.

Class: _____ No.: _____

Instructions to Students

1. This paper must be answered in English.
2. When told to open this book, you should check that all the questions are there. Look for the words '**END OF PAPER**' after the last question.
3. This paper consists of two sections, A and B.
4. Section A is Multiple-choice Questions. There are **18** questions in this section. Attempt **ALL** questions. You should mark all your answers on the Multiple-choice Answer Sheet. All questions carry equal marks. You should mark only **ONE** answer for each question. If you mark more than one answer, you will receive **NO MARKS** for that question. No marks will be deducted for wrong answers.
5. Section B is Structured Questions. There are **7** questions in this section. Attempt **ALL** questions. All answers in this section should be put in the spaces provided in this question-answer book.

Question No.	Marker's Use Only
	Marks
1	/ 6
2	/ 5
3	/ 12
4	/ 4
5	/ 5
6	/ 6
7	/ 4
Total	/ 42

Section	Total Marks
A	/ 18
B	/ 42
Total	/ 60

SECTION A Multiple-choice Questions (18 marks)

There are 18 questions in this section. Answer **ALL** questions. Choose the **BEST** answer for each question.

1. Which of the following statements about scarcity is correct?
 - A. If goods and services are evenly distributed among all people, there will be no scarcity.
 - B. Even a person has a lot of money, he still faces scarcity.
 - C. Scarcity can be solved by making good choices.
 - D. A resource is not scarce if it is plentiful.
2. Mr. Wong has a two-week vacation. The following is how he prefers to spend his vacation:

- (1) Skiing in Switzerland
- (2) Watching football matches in England
- (3) Diving in Indonesia
- (4) Visiting relatives in Taiwan

Mr. Wong's opportunity cost of watching football matches in England is the value of_____.

- A. skiing in Switzerland
 - B. diving in Indonesia
 - C. visiting relatives in Taiwan
 - D. None of the above
3. Air is a free good because_____.
 - A. it is free of charge
 - B. more of it is not desired
 - C. there is a lot of air on the earth
 - D. All of the above
4. Textbooks purchased by students and free textbooks given to teachers by publishers are_____.
 - A. economic goods and free goods respectively
 - B. free goods and economic goods respectively
 - C. both free goods
 - D. both economic goods

5. Which of the following are kept constant along a demand curve?
- (1) Quantity demanded
 - (2) Price
 - (3) Consumers' income
 - (4) Weather
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (3) and (4) only
6. Mr. Lee has a demand for an apartment on the Peak if_____.
- A. his family thinks the Peak is an ideal place to live
B. he wants to have his own apartment there
C. he has won the Mark Six lottery recently and is able to pay for it
D. he is willing and able to buy one
7. The law of demand tells us that_____.
- A. the number of cyberbullying cases would fall if bullies have to face legal punishment
B. consumption would rise if the price falls
C. donations to charitable organizations would rise if donators enjoyed a tax deduction
D. All of the above
8. Supply refers to_____.
- A. the quantities a seller is willing to sell at different prices
B. the quantities a seller is able to sell at a particular price
C. the quantities a seller is willing and able to sell at different prices
D. the quantities a seller is willing and able to sell at a particular price

9. The following table shows the demand and supply schedules of Good X.

Unit Price (\$)	Quantity demanded (Units)	Quantity supplied (Units)
10	100	20
12	90	30
14	80	40
16	70	50
18	60	60
20	50	70

The equilibrium quantity and total expenditure of consumers are _____ and _____ respectively.

- A. 50.....\$1 000
- B. 60.....\$1 080
- C. 70.....\$1 120
- D. 80.....\$1 120

10. Suppose there are only two producers in the market:

Price (\$/unit)	3	3.5	4	4.5	5	5.5
Quantity supplied of Mr. Wong (units/month)	10	20	30	40	50	60
Quantity supplied of Miss Chan (units/week)	5	10	15	20	25	30

Which of the following descriptions is correct?

- A. Mr. Wong's supply is greater than that of Miss Chan.
- B. When the market price is \$4, the quantity supplied by Miss Chan is 15 units per month.
- C. When the market price is \$4.5, the quantity supplied by Mr. Wong is 30 units.
- D. When the market price is \$5, the market quantity supplied is 150 units per month.

11. Which of the following people is/are **NOT** included in the unemployed population?

- (1) University students
- (2) Part-time volunteer workers who are searching for full-time jobs
- (3) People who involuntarily work less than 30 hours a week

- A. (2) only
- B. (3) only
- C. (1) and (3) only
- D. (1), (2) and (3)

12. Which of the following persons is/are included in the labour force?

- (1) Mrs. Au, who is a rich housewife and not willing to work
- (2) Bob, who is aged 14, willing and able to work
- (3) Candy, who has set up her garment business recently

- A. (2) only
- B. (3) only
- C. (1) and (2) only
- D. (2) and (3) only

13. Study the following table.

Employed population	3.5 million
Unemployed population	0.5 million
Underemployed population	0.3 million
Non-working population	1.5 million

What is the unemployment rate?

- A. 10%
- B. 12.5%
- C. 14.3%
- D. 20%

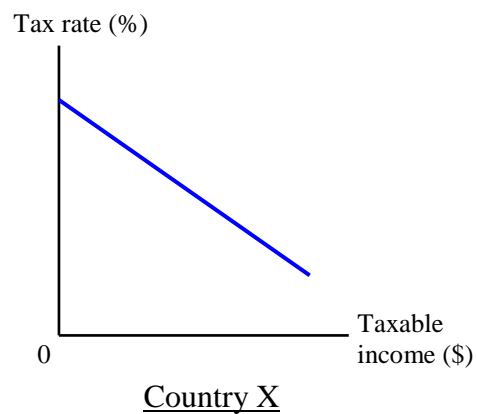
14. Study the following table.

Unemployed population	200 000
Employed population	1 000 000
Underemployed population	50 000

What is the underemployment rate?

- A. 83.33%
- B. 4.17%
- C. 5%
- D. 16.67%

15. Refer to the following diagram about the tax in Country X.



The tax in Country X is a _____ tax.

- A. progressive
- B. proportional
- C. regressive
- D. direct

16. The following table shows the income tax system of a certain city.

Taxable income (\$)	Tax payment (\$)
10 000	X
20 000	Y
30 000	600

If the tax is a regressive tax, the possible value of X is _____ and the possible value of Y is _____.

- A. 200.....400
- B. 300.....500
- C. 200.....500
- D. None of the above

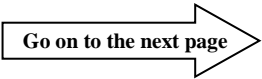
17. The exchange rate of a currency is_____.

- A. the amount of the currency required to buy one unit of foreign goods
- B. the amount of goods for which one unit of it can be exchanged
- C. its price in terms of US dollars
- D. the amount of another currency required in exchange for one unit of the currency

18. Over the past year, the exchange rate of Hong Kong dollar against Renminbi changes from HKD 1 = RMB 0.8969 to HKD 1 = RMB 0.8621, this means Hong Kong dollar _____ against Renminbi and Renminbi _____ against Hong Kong dollar.

- A. appreciates.....appreciates
- B. appreciates.....depreciates
- C. depreciates.....appreciates
- D. depreciates.....depreciates

END OF SECTION A

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SECTION B Structured Questions (42 marks)

1. Gloria has graduated from a secondary school. She is now looking for a full-time job. Her preferences are listed below:

1st choice: to be a full-time model
 2nd choice: to be a beautician
 3rd choice: to work as a manager in a fast food shop

Explain how the opportunity cost of choosing to work as a full-time model will be affected if

- (a) Gloria has lost interest in being a beautician. (3 marks)

- (b) the income of a full-time model is unstable. (3 marks)

(a)

(b)

2. Cocoa is a major ingredient of chocolate. In recent years, the cocoa harvest has been adversely affected by severe droughts in cocoa growing countries in West Africa. As a result, the cost of buying cocoa has increased a lot. **WITHOUT** using a diagram,

- (a) explain how the supply of chocolate would be affected; (2 marks)

- (b) explain how the equilibrium price of chocolate would be affected; (1 mark)

- (c) explain how the equilibrium quantity of chocolate would be affected; (1 mark)

- (d) explain how the total sales revenue of chocolate would be affected. (1 mark)

(a)

(b)

(c)

(d)

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3.

(a) State the law of demand.
(3 marks)

(3)

Suppose a certain city is now facing an economic depression, thus many people have had their salaries cut. With the aid of the diagram below,

(b) explain how the demand for luxury cars would be affected;
(2 marks)

(2)

(c) explain how the equilibrium price of luxury cars would be affected;

(1 mark)

(d) explain how the equilibrium quantity of luxury cars would be affected;

(1 mark)

(e) explain how the total sales revenue of luxury cars would be affected;

(1 mark)

(f) indicate the change in total sales revenue of luxury cars in the diagram.

(1 mark)

(3 marks)



(a)

(b)

(c)

(d)

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Answers written in the margins will not be marked.

(e)

4. Recently, many students have just graduated from universities. Suppose **ALL** of them could get a job immediately,

(a) define unemployment rate; (1 mark)

(b) explain how the number of unemployed persons would be affected; (1 mark)

(c) explain how the number of labour force would be affected; (1 mark)

(d) explain how the unemployment rate would be affected. (1 mark)

(a)

(b)

(c)

(d)

5. Study the following table.

Taxable income (\$)	Tax payment (\$)	Tax rate (%)
10 000	500	
20 000	2 000	
30 000	6 000	

(a) Complete the above table. (3 marks)

Go on to the next page

- (b) Explain whether the tax is a progressive tax, proportional tax or regressive tax. (2 marks)

(b)

6. Taxes collected in Hong Kong can be generally classified into direct and indirect taxes.

(a) Define direct tax and give **ONE** example of direct tax in Hong Kong.

(b) Define indirect tax and give **ONE** example of indirect tax in Hong Kong. (2 marks)

(a)

(b)

7. The following table shows the exchange rate of 1 HK dollar in terms of Korean Republic won on 29/10/2019 and 29/10/2020.

	Korean Republic won (₩)
On 29/10/2019	167.67
On 29/10/2020	147.06

Suppose Mr. Kwong used Korean Republic won to buy 5 000 HK dollars on 29/10/2019 and sold them back to Korean Republic won on 29/10/2020,

(a) calculate the amount of Korean Republic won he had on 29/10/2019; (1 mark)

(b) calculate the amount of Korean Republic won he had on 29/10/2020; (1 mark)

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(c) calculate the amount (in terms of Korean Republic won) that Mr. Kwong gained or lost. (2 marks)

(a)

(b)

(c)

END OF SECTION B
END OF PAPER

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