

Name: **Business AS-level – Continuous assessment – 6/10/2017**

A1. What is the relationship between price and the quantity demanded? Illustrate your answer. (1 mark)

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A2. Give three examples of external shocks that might affect demand? (1 mark)

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A3. If the price of a good rises what will happen to demand for a complementary good. (1 marks)

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A4. What is meant by fixed supply? Illustrate your answer.. (1 marks)

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A5. Why is the supply of a good or service likely to increase if the government grants producers a subsidy. (2 marks)

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A6. How can government legislation affect supply? (2 marks)

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A7. What will happen to the equilibrium price if there is both an increase in demand and a fall in supply? (2 mark)

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B. Define the following key words:

Equilibrium price (1 mark):

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Total expenditure (2 mark):

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Excess supply (1 mark):

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Subsidy (1 mark):

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Inferior goods (1 mark):

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Complementary goods (1 marks):

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Normal goods (2 marks):

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Substitute goods (1 mark):

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