CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2025 SEMESTER

COURSE CODE	:	EAB21703
COURSE NAME	:	PRINCIPLES OF MACROECONOMICS
PROGRAMME NAME	:	BACHELOR IN ACCOUNTING (HONS)
DATE	:	26 JUNE 2025
TIME	:	2.00 PM – 5.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FOUR (4) questions.**
4. Answer **ALL** questions.
5. Please answer your questions in the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE FIVE (5) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

Refer to table 1 below to answer the following questions.

Table 1: GDP of Country Y

Item	Year 2025 RM (Million)
Factor Income Paid Abroad	1700
Private Investment	8000
Personal Income Tax	450
Social Security Contribution	900
Change in Stock	1000
Import of Goods	2500
Corporate Taxes	790
Transfer Payment	1500
Indirect Business Tax	1500
Public Investment	9300
Retained Earnings	670
Depreciation	1000
Export of Goods	6200
Subsidies	2100
Consumption	5100
Government Expenditure	5000
Factor Income Receive from Abroad	4500

(a) i. Calculate the value of Gross Domestic Product (GDP).
(4 marks)

ii. Calculate the value of Gross National Product (GNP) at market price.
(3 marks)

iii. Calculate the value of Gross National Product (GNP) at factor price.
(3 marks)

iv. Calculate the National Income (NI).
(2 marks)

v. Calculate the Personal Income (PI) and Disposable Personal Income (DPI).
(5 marks)

(b) Briefly explain the differences on Gross National Product by factor price and market price.

(2 marks)

(c) Identify and descrice the **THREE (3)** methods of calculating GDP.

(6 marks)

Question 2

Suppose an economy can be represented by the following table, in which employment is in millions of workers and GDP and AE are expressed in billions of dollars:

Table 2: Employment, Real GDP and AE of Country M.

Employment	Real GDP	Aggregate Expenditures
100	1200	1275
105	1300	1350
110	1400	1425
115	1500	1500
120	1600	1575
125	1700	1650

Use the table above to answer the following and please use graphs to explain the answers:

(a) Sketch the graph and state the equilibrium level of GDP.

(5 marks)

(b) Illustrate and discuss what kind of expenditure gap exists if full employment is 120 million workers and what is its size?

(10 marks)

(c) Suppose government spending, taxes, and net exports are all independent of the level of real GDP. What is the multiplier in this economy?

(6 marks)

(d) If this GDP is \$200 billion below the economy's potential, what is the size of the recessionary expenditure gap?

(4 marks)

Question 3

(a) Define what money is and state **FIVE (5)** characteristics of money.

(7 marks)

(b) Table 3 below shows the money supply for Malaysia in 2022

Table 3: Malaysia's Money Supply in 2022.

Items	RM(Million)
Paper money	5,500
Negotiable certificates	3,600
Fixed and savings deposits in other banking institutions	7,900
Fixed and savings deposits in commercial banks	15,000
Current deposits in commercial bank	9,000
Bank Negara certificates	12,000

i. Calculate the amount of coins if the fiat money is RM 8,000.

(3 marks)

ii. Find the value of M1

(3 marks)

iii. Find the value of M2

(3 marks)

iv. Find the value of M3

(3 marks)

v. Find value of quasi money

(3 marks)

vi. Find the value of broad near money

(3 marks)

Question 4

(a) Briefly explain **FIVE (5)** tools of protectionism policy

(10 marks)

(b) The table below shows the output that can be produced by two countries. Values in ton.

Table 4: Trades of Rice and Palm Oil for Malaysia and Indonesia

Country	Rice	Palm Oil
Malaysia	650	1000
Indonesia	1100	850

Assume the resources are divided equally between the two products

i. Which country has the absolute advantage in production of rice?

(1 marks)

ii. Calculate the opportunity cost of producing **ONE (1)** ton of rice and **ONE (1)** ton of palm oil by each country.

(8 marks)

iii. Based on your answer in (ii), which country has the comparative advantage of producing rice and palm oil?

(2 marks)

iv. Construct the output table after specialization.

(4 marks)

END OF EXAMINATION PAPER