Question 1 (Based on sub strand – Producer and production)
Use the data given below to answer the questions that follow. (7 marks)

Schedule of production costs and average revenue for a cassava producing company

Output (cassava)	AR $	AVC $
1	800	320
2	610	300
3	530	276
4	410	250
5	340	220
6	320	250

NOTE: the fixed cost of production is $300

Calculate the short run:
a) Total cost at 6 units of cassava
b) Marginal cost at 5 units of cassava
c) Total revenue at 3 units of cassava
d) Marginal revenue at 4 units of cassava
e) Total variable cost at 2 units of cassava
f) Average cost at 5 units of cassava
g) Profit at 4 units of cassava

Question 2 (Based on sub strand – Economic problem and PPC)
1. State any two assumptions illustrated by the production possibility curve.   (2 marks)

2. Differentiate between allocative efficiency and production efficiency.   (2 marks)

3. Use the schedule given below and your own knowledge to answer I – III.

| Output	Cars (000 per month)	Wall clock (000 per month)
A	8	0
B	6	5
C	3	9
D	0	12

I. Calculate the opportunity cost when the economy moves from point C to point A. (1 mark)

II. Calculate the opportunity cost of producing each additional unit of wall clock if the economy decides to move from point B to C. (2 marks)

III. Calculate and interpret the marginal rate of transformation (MRT) when the economy decides to move from point B to point D. (2 marks)

Question 3 (Based on sub strand – Market structure)

The information given below shows a perfectly competitive firm. Use the information given in the graph and answer the questions that follow
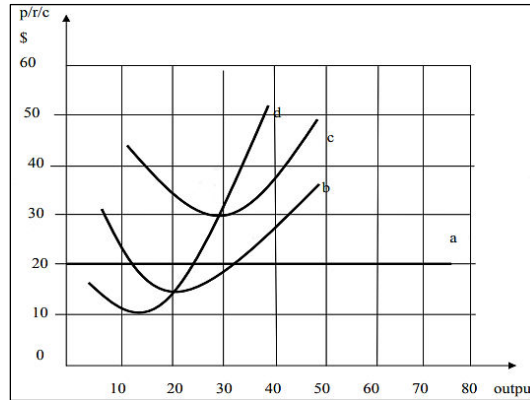
i. Label the graphs marked a - d. (2marks)

ii. State the breakeven price and output. (1mark)

iii. State the shut down price and output. (1mark)

iv. Identify the profit maximization price and output level for the firm. (1mark)

v. Calculate the amount of profit or loss earned by this firm. (1mark)

vi. State the type of profit earned by this firm. (1mark)