

BA SANGAM COLLEGE

HOME BASED EDUCATIONAL SUPPORT

YEAR 11

Economics

Worksheet 3

1. If the average cost of production per unit is \$10 for 10 units and \$9.50 for 11 units ,the marginal cost is
 - A. \$4.50.
 - B. \$9.50.
 - C. \$0.50.
 - D. -\$0.50.

2. The relationship between the variable cost and the level of output is always
 - A. positive.
 - B. negative.
 - C. equal to zero.
 - D. less than zero.

3. Use the data given below to answer the questions that follow

Production Costs and Average Revenue for Boat Production

Output (Boat)	VC	AR (\$)
1	130	900
2	148	610
3	164	530
4	186	410
5	210	340
6	236	290

Note: Fixed Cost is \$400

- a. Calculate the following
 - i. Marginal Cost at 3 units of Boat
 - ii. Total Revenue at 4 units of Boat
 - iii. Average Cost at 6 units of Boat

- b. Construct a **line graph** showing the **Variable Cost** and **Total Cost** curves from the data in the table above.

4. Use the extract given below and your knowledge to answer the questions that follow.

Dorrie has been in business for a year selling Surf Wear. Her total revenue for the year is \$200 000 and business expenses total \$33 500. Dorrie could be earning \$45 000 if she worked for another firm as a Human Resources Manager. Dorrie had invested \$180 000 of her own money to start her business. The \$180 000 could currently be earning 12% per annum in a fixed term deposit account.

Calculate the following: (**Show all working**)

- a. Value of Opportunity Costs incurred by Dorrie.
- b. Value of Economic Costs incurred by Dorrie.
- c. Accounting Profit made by Dorrie in the first year.
- d. Economic Profit made by Dorrie in the first year.

5. Use the schedule given below to answer the questions that follow.

Demand and Supply Schedule for Good Y in Economy Z		
Price (\$ per unit)	Quantity Demanded (Units of Good Y)	Quantity Supplied (Units of Good Y)
2	90	10
3	75	25
4	60	30
5	45	45
6	25	75
7	10	100

- a. Use the schedule given above to **construct** the Demand and Supply Curves
- b. Identify the equilibrium price and equilibrium quantity.
- c. What would be the market situation if the government sets a price ceiling at \$3 per unit?
- d. Define the term **Price Control**

6. **Short Answers**

- a. Define the term **Aquaculture**.
- b. State two ways in which the venture mentioned above would contribute to the economy.
- c. Identify a contributing factor to the depletion of marine life.
- d. Identify two products exported by the Fisheries Industry.

THE END