

PENANG SANGAM HIGH SCHOOL

YEAR 11

ECONOMICS

WORKSHEET 3

Question 1 Short Answers and Resource Interpretation

Use the case study given below to answer the question which follows.

Mr Shiu Raju has been in a business for a year and earns \$180 000 revenue per year. During the year, his expenses total to \$53 000. He could be earning \$35 000 if he works as an accountant for another firm. He invested \$100 000 to start his business and the \$100 000 would currently be earning 12.5% per annum in a fixed deposit account.

Calculate the following:

- a. Implicit cost
- b. Economic cost
- c. Accounting profit
- d. Economic profit

Question 2

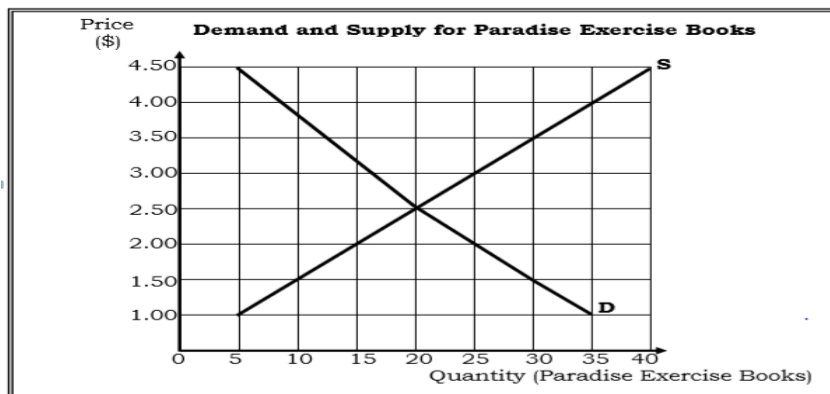
COSTS OF PRODUCTION OF BOXES OF COOKIES

Output of Cookies [Boxes]	Fixed Cost [FC]\$	Variable Cost [VC] \$	Total Cost [TC] \$
0	60	0	60
1	60	15	70
2	60	30	80
3	60	45	90
4	60	60	100
5	60	75	110

- a. Construct a line graph showing the variable cost and fixed cost curves from the data in the table above.
- b. Calculate the following:
 - i. Marginal cost at output 3
 - ii. Average fixed cost at output 4
 - iii. Average cost at output 2

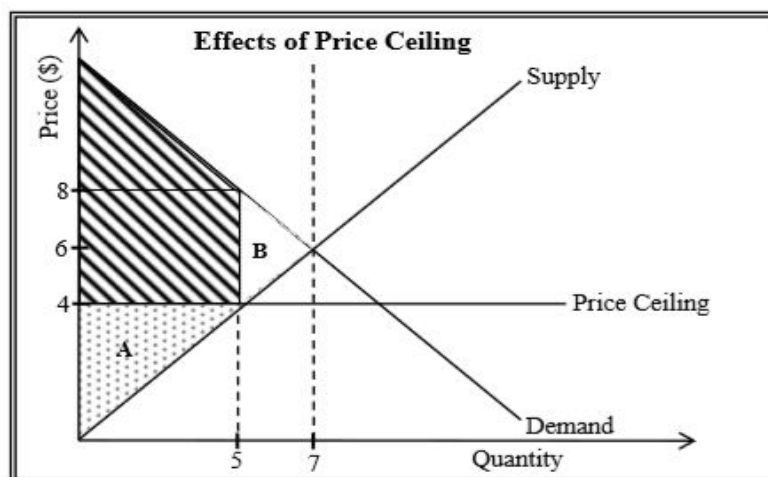
Question 3

Study the graph given below and with your own knowledge answer the question that follow.



- i. From the graph, identify the **market equilibrium**
 - a. Price
 - b. Quantity
- ii. Why does the **demand curve slopes downwards?**

Question 4 Study the graph given below and with your own knowledge answer the question that follow.



- a. **Name and calculate** areas labelled A and B
- b. **Calculate** the Producer surplus resulted from setting the price ceiling.
- c. State the **purpose** of setting a price ceiling by the government.
- d. What is the **effect** of setting a price ceiling on the price of goods?

Question 3 **Essay Writing-**

“Sustainable management and development of forestry resources” [5 year-20 year National Development Plan]

With reference to the above statement, discuss the following:

- Three features of the forestry sector as a thriving key player in economic growth.
- Three contributions to the growth and development of the Fiji economy.
- Three government policies for the development of forestry resources