

YEAR 11

ECONOMICS WORKSHEET

WEEK 1:(24th to 28th May) 2021

Week 1
Monday work

Strand 1: INTRODUCTION TO ECONOMICS

Summary notes

THE SUBJECT OF ECONOMICS

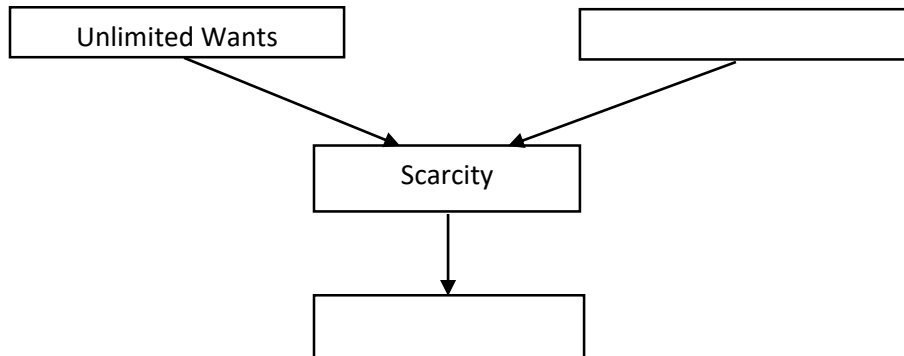
What is Economics?

Economics is the study of the individuals, groups and societies are organized to solve the economic problem. **Economics is the study of how individuals and societies choose to use scarce resources to satisfy their needs and unlimited human wants.**

The fundamental problem is the **scarcity of resources** i.e. resources are not enough to satisfy the needs and unlimited wants of consumers.

Activity 1

1. Define Economics?
2. What is Scarcity and why does it force people to make choices?
3. Fill in the missing boxes below?



4. What is scarcity and how it is different from shortage?
5. Define choice?

Week 1
Tuesday work
Summary notes

DEFINITION OF ECONOMICS BY ECONOMISTS

Economists	Economic Definitions
1. Adam Smith	Defined economics as the nature and causes of the wealth of nations.
2. J.M.Keynes	Defined economics as a method or a technique of thinking which helps its possessor to draw correct conclusions
3. L.C Robbins	Defined economics as the science that studies human behavior as a relationship between ends and scarce means which have alternative uses.

4. Alfred Marshall	Defined economics as the study of mankind in the ordinary business of life. .
5. P.A Samuelsons	Defined economics as the study of how people and society choose to employ scarce productive resources that could have alternative uses to produce various communities and the distribution of the communities among people and groups.

Source: Senior Economics 2000

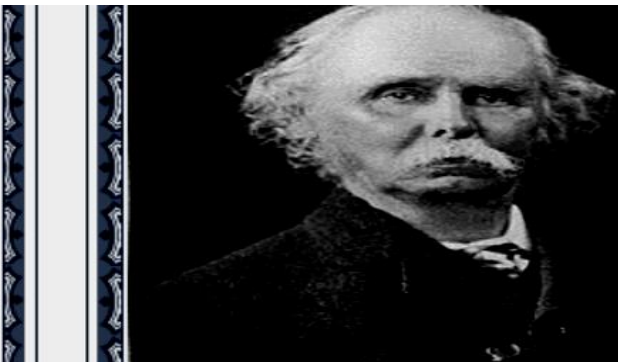
Activity 2

1. Name the economists below?

Picture 1



Picture 2



2. Identify the name of the literature written by the following economists?
- a. J.M. Keynes _____
 - b. Adam Smith _____
 - c. P.A Samuelsons _____
 - d. Alfred Marshall _____

Week 1
Wednesday work

Strand 1: MICROECONOMICS

Sub Strand: Consumer and Consumption

Activity 3

1. The impact of decrease in personal income is
- A. increases our ability to invest
 - B. increases our disposable income
 - C. decrease level of savings
 - D. increases the effect of pollution
2. Use the resource given below to answer the questions.

Pranil works as a sales manager with Nands Group, earns \$300 a week. He stays with younger brother Pranav who earns \$50 per week from grass cutting. In their bid to celebrate Christmas, they made plans to travel abroad. This will require a \$2000 Budget.

- a. Is Pranil's and Pranav's income classified as earned or unearned income. Why?
3. Study the table below and answer the question that follows.

Voluntary Membership

Assume you have decided to invest with FNPF. You plan to deposit \$15 a week and must continue consistently for the next 5 years. FNPF has a 5% return on investment per year. (interest)

Complete the table by filling in the missing values.

Years	Amount Invested (\$)	Deposit (\$)	Total Amount (\$)	Interest 5%	Total Sum (\$)
2014					
2015					
2016					
2017					
2018					

Week 1
Thursday work

Strand 1: MICROECONOMICS

Sub Strand: Production Costs and Profits

Summary notes

- Cost, revenue and profit are the three most important factors in determining the success of your business. A business can have high revenue, but if the costs are higher, it will show no profit and is destined to go out of business when available capital runs out. Managing costs and revenue to maximize profit is key for any entrepreneur.

Definitions:

- **Revenue** is the same as total income for a business and measures all money taken in through sales of goods and services.
- **Cost** measures the total expenditures made by the business to run the operation: both the "direct" costs involved in creating the goods or services, as well as the "indirect" costs that stem from running a business, such as rent, salaries and legal or professional fees.
- **Profit** is the total revenue minus the total cost; this is the money made by the business and is the key indicator of success.
- FORMULAS

$$\text{Economic Cost} = \text{Implicit Cost} + \text{Explicit Cost}$$

$$\text{Accounting Profit} = \text{Total Revenue} - \text{Accounting/Explicit Cost}$$

$$\text{Economic Profit} = \text{Accounting Profit} - \text{Implicit/Opportunity Cost}$$

Activity 4

Simon left his job as a tax accountant at a big firm KPMG last year to run his own business. His accounting job was well paid, with a salary of \$80 000 p.a. He needed to contribute \$350 000 of his personal savings to start the business. Previously this money had been placed in the bank earning 6% interest p.a. His new business is based in an office building he owns. The building was leased for \$10 000 per month. Simon thought that the first year of the new business was successful as sales were good. In the first half of the year he sold 10 000 units at a price of \$50 and things were even better in the second half of the year when he sold 15 000 units at a higher price of \$75. He tried to keep his business cost down so he could make as much profit as possible. His expenses came to \$1 400 000 over the year.

Calculate:

- i. Total revenue
- ii. Accounting profit
- iii. Opportunity cost
- iv. Economic cost
- V. Economic profit

Week 1
Friday work
Summary notes

COSTS	DEFINITION	FORMULA	shape
Total Cost (TC)	Is the sum of fixed and variable cost	$TC = FC + VC$	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A horizontal line represents fixed cost (FC). A curve starting from the origin represents variable cost (VC). The total cost (TC) curve is the sum of FC and VC, showing an upward-sloping curve that starts at the FC intercept.</p>
Variable Cost (VC/TVC)	Costs that varies with the level of output	$VC = 0$, when output = 0	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A curve starts at the origin (0,0) and increases at an increasing rate, representing variable cost (VC).</p>
Fixed Cost (FC /TFC)	Cost that remains fixed or constant irrespective of the changes in the output.	$FC = TC$, when output = 0	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A horizontal line represents fixed cost (FC), which is constant regardless of the quantity produced.</p>
Average Total Cost (AC/ATC)	Is the per unit cost. It is 'U' shape curve	$ATC = TC / \text{output}$	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A U-shaped curve represents average total cost (AC).</p>
Average Variable Cost (AVC)	Generally 'U' shape. AVC initially falls and later starts to rise due to law diminishing returns	$AVC = TVC / \text{output}$	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A U-shaped curve represents average variable cost (AVC).</p>
Average Fixed Cost (AFC)	Declines as output increases	$AFC = TFC / \text{output}$	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A downward-sloping curve represents average fixed cost (AFC), which decreases as output increases.</p>
Marginal Cost (MC)	MC is additions to total cost. MC is 'J' shape or a 'v' shape curve.	$\frac{TC_2 - TC_1}{Q_2 - Q_1}$	<p>A graph with price (p) on the vertical axis and quantity (q) on the horizontal axis. A J-shaped curve represents marginal cost (MC), which is initially low and then rises sharply.</p>

Activity 5

1.

Complete the table.

Quantity	FC	VC	TC	AC	AFC	AVC
1			720	720		
2			1000			300
3		830	1230	410	133.33	276.67
4		1000	1400			
5		1100	1500			
6			1900	316.67	66.67	
7	400			400	57.14	342.86

2.

<p>Below is the Cost Schedule of Prabhleen's Firm operating in the short run.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Output</th> <th>FC</th> <th>VC</th> <th>TC</th> </tr> </thead> <tbody> <tr> <td>0</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td>50</td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td>210</td> </tr> <tr> <td>6</td> <td></td> <td>130</td> <td></td> </tr> <tr> <td>8</td> <td>100</td> <td></td> <td>390</td> </tr> <tr> <td>10</td> <td></td> <td>250</td> <td></td> </tr> </tbody> </table>	Output	FC	VC	TC	0				2		50		4			210	6		130		8	100		390	10		250		<p>Calculate the following:</p> <ul style="list-style-type: none"> i. Total Cost at zero output ii. Average cost of output 2 iii. Average Variable cost at output 4 iv. Marginal cost at output 4 – 6
Output	FC	VC	TC																										
0																													
2		50																											
4			210																										
6		130																											
8	100		390																										
10		250																											

3.

Label the Curves given below

