

# REMEDIAL WORKSHEET

## YEAR 11

### ECONOMICS

#### TERM 2: WEEK 2: 2021

#### QUESTION 4

1. Use the information given below and your knowledge to answer the questions that follow.

Output	Total Fixed Cost(\$)	Total Variable Cost(\$)	Total Cost(\$)
0	25	0	25
4	25	25	50
10	25	50	75
13	25	75	100
15	25	100	125
16	25	125	150

- (i) Draw the graph of FC, VC and TC and label the graphs clearly  
(ii) Differentiate between fixed cost and variable cost

2. Read the extract given below before answering the question that follows.

*Mr. Bhagwan opened a handicraft shop opposite bus stand. Handicraft sale earn a total revenue of \$45000 per annum. The total business expense is \$30000. Mr. Bhagwan could be earning \$25000 as a hairdresser. Also Mr. Bhagwan's investment of \$100000 could be earning a dividend of 15% from the SPSE.*

- (i) Calculate the Accounting profit.  
(ii) Calculate the Economic profit.  
(iii) Differentiate between Accounting and Economic cost

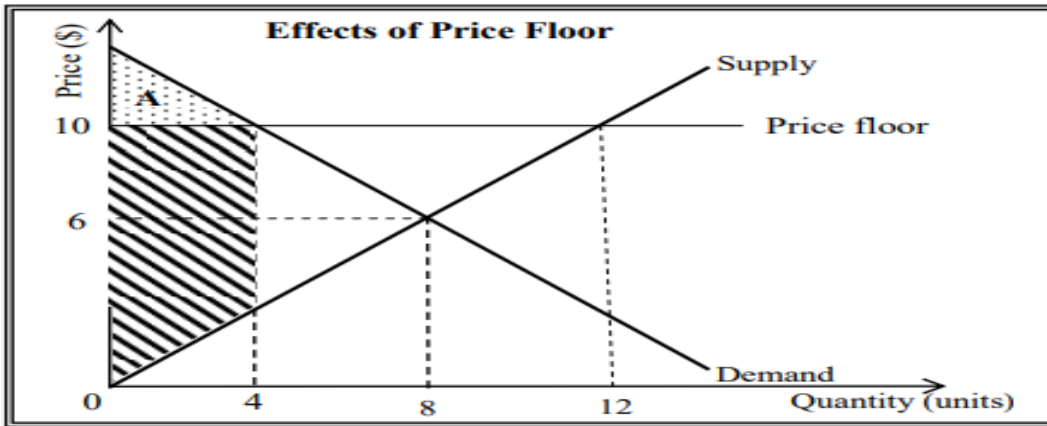
**QUESTION 5****PRICE MECHANISM**

- A. The following are the demand and supply schedules for Pencils in Western Samoa.

<b>Price (cent)</b> <b>[per pencil]</b>	<b>Demand</b> <b>[pencils per day]</b>	<b>Supply</b> <b>[pencil per day]</b>
90	30	70
80	35	65
60	40	60
40	45	55
30	50	50
20	55	45
10	60	40
0	65	35

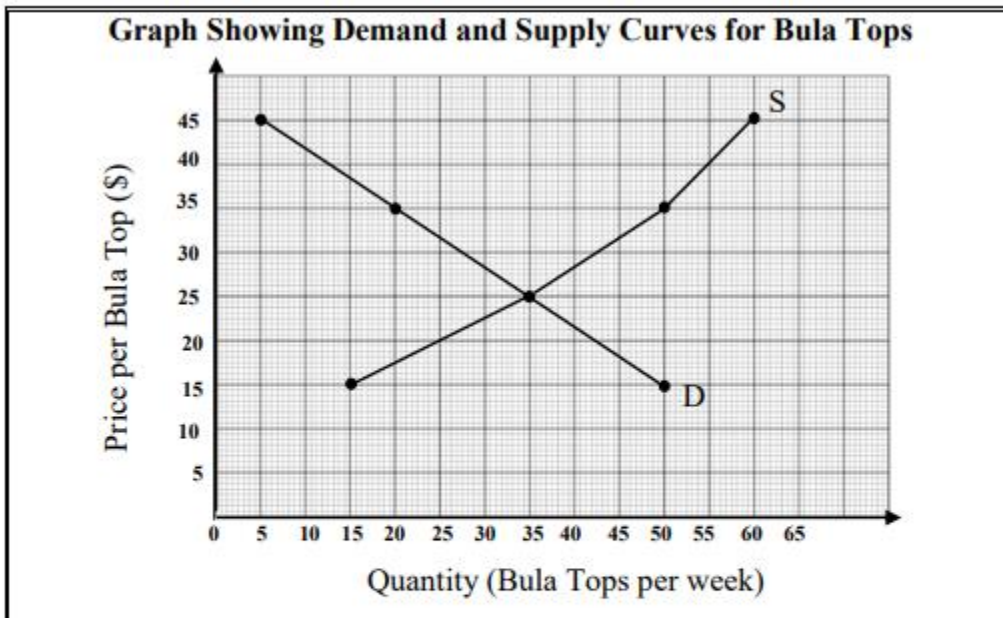
- (i) Draw a well – labeled Demand and Supply Curve.
- (ii) Identify the equilibrium quantity and equilibrium price.
- (iii) What is the income of the suppliers in the market at the equilibrium price.
- (iv) What would occur if the government imposes a minimum price of 60c. Provide calculation to support your answer.

Use the graph given below and your knowledge to answer questions (i) to (iv).



- (i) Name the area labeled **A**.
- (ii) State **one** purpose of setting a price floor by the government.
- (iii) State an effect of setting a price floor on the price of goods.
- (iv) Explain **one** implication of a price floor.

C. Use the graph given below and your knowledge to answer questions (i) – (iii).



- (i) From the graph provided, **complete** the demand and supply schedule for Bula Tops provided in your **Answer Booklet**.
- (ii) If the government sets a price ceiling at \$15, what would be the market shortage?
- (iii) Explain why the government may set a **price ceiling**.