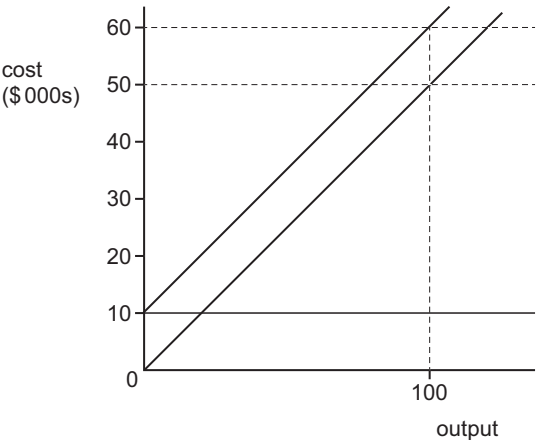


15 The diagram shows the costs of a firm.



What is the firm's total variable cost at an output of 100 units?

- A \$100
- B \$500
- C \$10 000
- D \$50 000

16 If the average revenue of a firm increases from \$4 to \$5 and quantity demanded decreases from 20 units to 10 units, what will be the effect on the firm's total revenue?

- A decreases by \$20
- B decreases by \$30
- C increases by \$20
- D increases by \$30

15 When it produces 100 units, a firm's total variable cost is \$300 and its total fixed cost is \$2700.

What is the average total cost?

- A \$3
- B \$24
- C \$27
- D \$30

15 The table shows a firm's average revenue and average cost at different levels of output.

When all output is sold, which level of output generates the most profit?

	output (units)	average revenue (US\$)	average cost (US\$)
A	5	10	30
B	10	20	20
C	15	25	15
D	20	30	18

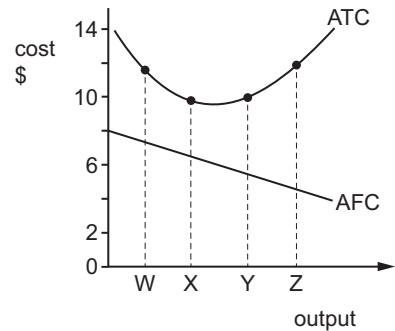
17 Which role is **not** performed by a government?

- A paying dividends to shareholders
- B promoting international trade agreements
- C providing state benefits
- D subsidising merit goods

2 A Swiss multinational food manufacturer increased prices for its products by an average of 8% in 2022. It increased its prices in the USA by 11.6%. This multinational company (MNC) is one of the world's oldest MNCs. It started as a small firm but has grown over the last 160 years. Over this period, its decisions have always been influenced by opportunity cost.

- (a) Define *multinational company*. [2]
- (b) Explain **two** reasons why a firm may charge a different price for the same product in two different countries. [4]
- (c) Analyse how opportunity cost influences the decisions made by consumers, workers and producers. [6]
- (d) Discuss whether or not consumers would benefit from an increase in the number of small firms in an industry. [8]

16 The diagram shows the average total costs (ATC) and average fixed costs (AFC) for a firm.



- Which statement is correct?
- A At output X, average variable costs are lower than average fixed costs.
 - B At output Y, total variable costs are greater than total fixed costs.
 - C Between outputs W and Z, total fixed costs are falling.
 - D Between outputs W and Y, average variable costs have not changed.

14 The table shows the daily output and costs of four firms making chairs.

Which firm has the highest average cost of production?

	output (units)	fixed costs (\$)	variable costs (\$)
A	6	100	140
B	9	30	150
C	12	200	160
D	15	120	330

15 A firm has fixed costs of \$100 for its daily output. The table shows its daily total variable costs.

output (units)	1	2	3	4
total variable costs (\$)	200	360	500	720

- What can be concluded about the firm's average total cost?
- A It falls continuously.
 - B It is highest at output 4 units.
 - C It is lowest at output 3 units.
 - D It rises continuously.

16 The table shows the average revenue of a firm at various levels of output.

output	average revenue (\$)
1	10
2	8
3	6
4	4

- What happens to total revenue as output rises?
- A Total revenue falls and then rises.
 - B Total revenue falls continuously.
 - C Total revenue rises and then falls.
 - D Total revenue rises continuously.