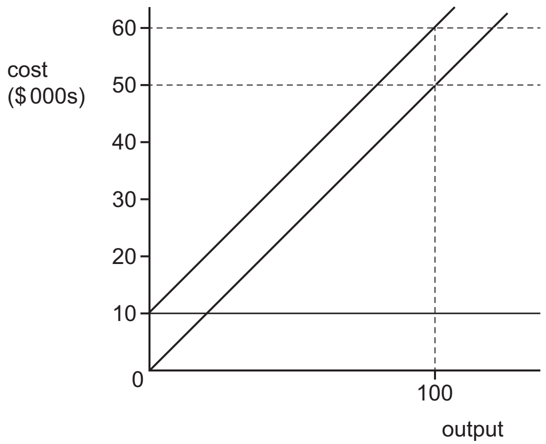
15 The diagram shows the costs of a firm.



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

IGCSE Economics: **w25 12**

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

IGCSE Economics: **w25 13**

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

IGCSE Economics: **w25 23**

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.

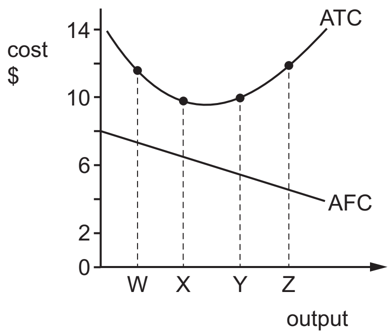
(a) Define *multinational company*. [2]

(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.

IGCSE Economics: **s25 12**

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

IGCSE Economics: **s25 13**

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.

IGCSE Economics: **m25 12**

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.