Production, costs, revenue and profit – GCSE Economics Paper 1

1. No.3

A firm can reduce its average costs in the long run by making effective use of a large machine. This is an example of

[1 mark]

A financial economies of scale.

B purchasing economies of scale.

C risk-bearing economies of scale.

D technical economies of scale.

2. No.5

Which of the following is an example of a variable cost?

[1 mark]

A Insurance

B Raw materials

C Rent

D Salaries

3. No.14

1 4 **Table 2** shows revenue and cost data relating to Paul's surfboard-making business.

Table 2

Number of surfboards produced and sold	Total revenue (£)	Total cost (£)
0	0	1500
5	1000	2000
10	2000	2500
15	3000	3000
20	4000	3500

1 4 . 1 Using **Table 2**, calculate the average fixed cost of making 15 surfboards.

[2 marks]

Answer £ ____________

1 4 . 2 Explain **one** business objective Paul might have.

[2 marks]

4. No.17

Explain **one** possible disadvantage to a firm of increasing its scale of output.

[2 marks]

5. No.22

Define the term 'social cost'.

[2 marks]

6. No.23

Using **Item A and Figure 5**, calculate the estimated total cost per kilometre of HS2. Give your answer to the **nearest £**.

[3 marks]

Answer £