



Economics and Business – Extra Questions

Week 3



Welcome To Success Formula Extra Questions

What Is It?

This free set of custom questions gives you a clear taste of what to expect on the exam and helps you check if you are keeping up with the material. They are based on our Weekly Meetings and cover the key topics you need to know. The difficulty of each question is shown in the corner by the number of lit Success Formula logos. Share, discuss, and have fun testing your knowledge with them! 😊

How Does It Work?

Give the questions a go on your own! We are not giving the answers on purpose. Peeking would make it way too easy. Stuck or unsure? Come into into our WhatsApp group and discuss them with us. The link/QR is on the last slide if these questions were shared with you.



Exam Time!



Question

A firm should shut down in the short run if

Answers

- A. Its total revenue is less than its total costs.
 - B. Its total revenue is less than its variable costs.
 - C. Its total revenue is less than its fixed costs.
 - D. Its total revenue is greater than its average variable cost.
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Exam Time!



Question

In a perfectly competitive market without any intervention, the social surplus is maximized because:

Answers

- A. Price equals marginal cost, so there is no deadweight loss.
 - B. Firms earn above-normal profits, leading to efficient production.
 - C. Consumers pay less than the equilibrium price.
 - D. Government intervention minimizes costs.
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Exam Time!



Question

A perfectly competitive firm has the following cost function: $TC = 50 + 10Q + Q^2$. If the market price is \$30, what is the firm's profit-maximizing output level?

Answers

- A. 5
 - B. 10
 - C. 15
 - D. 20
-



Exam Time!



Question

A firm's short-run total cost function is $TC = 100 + 5Q + 0.2Q^2$. At what level of output Q is the average total cost (ATC) minimized?

Answers

- A. 10
 - B. 15
 - C. 20
 - D. 25
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Exam Time!



Question

A binding price floor in a market results in

Answers

- A. A decrease in both consumer and producer surplus.
 - B. An increase in producer surplus only, with no change to consumer surplus.
 - C. A deadweight loss due to reduced quantity traded in the market.
 - D. An increase in social surplus because producers earn higher revenue.
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