**Level: Edexcel IGCSE Economics (4EC1)**
**Subject: Economics**
**Topic: IGCSE Economics**
**Type: Mark Scheme**

2002

XVIII

1583

Economics Edexcel IGCSE
To be used for all exam preparation for 2025+

# ECONOMICS

# IGCSE

## Key skills

# Mark Scheme

**Answer 1**

C is correct as rent is a fixed cost that does not change with the level of production.

A is incorrect as raw materials are variable costs.

B is incorrect as wages for factory workers are variable costs.

D is incorrect as utility bills can vary based on usage and are considered semi-variable costs.

---

**Answer 2**

B is correct as total revenue refers to the total income a business earns from selling its goods or services.

A is incorrect because it mixes profit with revenue, which are different concepts.

C is incorrect as it defines costs, not revenue.

D is incorrect as profit is total revenue minus total costs, not total revenue itself.

---

**Answer 3**

C is correct as total revenue is calculated by multiplying the number of units sold (500) by the price per unit (£10), resulting in £5,000.

A is incorrect as it represents a small portion of the total revenue.

B is incorrect as it represents only a fraction of the correct total.

D is incorrect as it overstates the total revenue significantly.

---

**Answer 4**

C is correct as average fixed costs decrease as output increases because fixed costs are spread over more units.

A is incorrect as fixed costs per unit do not remain constant; only total fixed costs do.

B is incorrect as average fixed costs do not increase with more output.

D is incorrect as there is a clear, predictable relationship between output and average fixed costs.

---

**Answer 5**

C is correct as hourly wages for production workers vary depending on the level of output, making them a variable cost.

A is incorrect as insurance premiums are typically fixed costs.

B is incorrect as loan repayments are fixed costs.

D is incorrect as property taxes are also fixed costs.

---

**Answer 6**

C is correct as economies of scale occur when average costs decrease as production increases due to greater efficiency and reduced per-unit costs.

A is incorrect as it describes diseconomies of scale, where costs rise with output.

B is incorrect as total costs are not constant in economies of scale; it's the average cost that decreases.

D is incorrect as economies of scale are about reducing costs, not increasing them.

---

**Answer 7**

A is correct as the break-even point is where total revenue equals total costs, meaning the business is making no profit but also incurring no losses.

B is incorrect as profit maximization occurs at a different point.

C is incorrect as this describes a loss-making situation.

D is incorrect as revenue at the break-even point is not at a minimum but exactly covers costs.

---

**Answer 8**

B is correct as supernormal profit is any profit above normal profit, which is the minimum required to keep a business operating.

A is incorrect as profit below the break-even point would be a loss.

C is incorrect as this describes normal profit, not supernormal profit.

D is incorrect as supernormal profit can occur in various types of markets, not just perfectly competitive ones.

---

**Answer 9**

A is correct as the marginal cost of producing the 101st unit is the change in total cost (£1,210 - £1,200), which equals £10.

B is incorrect as it misinterprets the total cost difference.

C is incorrect as it represents a total cost value, not a marginal cost.

D is incorrect as it incorrectly reflects the total cost, not the marginal cost.

---

**Answer 10**

A is correct as if demand is price elastic, a price cut will lead to a proportionately larger increase in quantity demanded, which increases total revenue.

B is incorrect as revenue would decrease only if demand were price inelastic.

C is incorrect as revenue would not remain the same with price elastic demand.

D is incorrect as price elasticity of demand has a direct effect on revenue.

---