

2001 Paper 9 Question 5

Business Studies

- (a) What is meant by the terms *supply curve* and *demand curve*, and what is significant about the point where they cross? [5 marks]
- (b) What is meant by the terms *cost curve* and *break-even point*? Draw a diagram to show the relation between them and the demand curve. How would you attempt to establish a demand curve in practice? [5 marks]
- (c) The cost and demand schedules for a particular product are given in the following table. What price should the manufacturer set? [5 marks]

Volume, k	Unit Cost	Unit Price
1	11.8	19
2	11.6	18
3	11.4	17
4	11.2	16
5	11.0	15
6	10.8	14
7	10.6	13
8	10.4	12
9	10.2	11
10	10.0	10

- (d) Discuss the economic impact of the advent of the Internet. [5 marks]