



## Opportunity Cost Exercise 1:

Marks:

/ 15

1. On the coming Sunday, Patrick Lam (Your English Tutor), Peter Wong (A smart boy from La Salle College) and Calvin Sun (A clever boy from King's College) want to invite you to have a dinner buffet in Four Seasons Hotel, watch the Miriam Yeung concert and sing karaoke with his friends respectively. Your preference is follows:

1<sup>st</sup> Priority: Having dinner buffet with Patrick.

2<sup>nd</sup> Priority: Watching the Miriam Yeung concert with Peter.

3<sup>rd</sup> Priority: Singing karaoke with Calvin and his friends.

4<sup>th</sup> Priority: Studying at home to prepare economics test holding on next Wednesday.

a. What is the definition of "Opportunity Cost"?

(2 mark)

b. If you chose to go with Patrick,

i. What is your opportunity cost?

(2 mark)

ii. When Patrick and you finished the dinner and were about to leave, Peter found that he forgot to bring his wallet. Then you have to pay for the whole bill and it cost HKD 888. Although Patrick promised to give you back the money on the coming Monday, but he ate his words. You feel very angry. How do the above conditions affect to your opportunity cost? Explain briefly.

(6 mark)

iii. Your classmates told you that The Miriam Yeung concert was very boring and Miriam was nothing but crying. Moreover, since Miriam was late to start the show, the concert overran for an hour. Is your opportunity cost changed? Explain briefly.

(3 mark)

iv. On the coming Monday, your economics teacher told you that the economics test is cancelled. Calvin told you that all microphones in the karaoke were out of order and they only sang songs without microphone on Sunday. Do the above two conditions affect your opportunity cost. Explain briefly.

(2 mark)