

4 Production and costs – Part 1 —Answers

Answers

Work through these after trying the questions yourself.

4.1 Making one unique item at a time.

4.2 Flow production.

4.3 Rent, salaries or insurance (any one).

4.4 Materials, raw materials, or wages paid per item (any one).

4.5 Total costs.

4.6 Variable cost = $\$2 \times 300 = \600 . Total cost = fixed + variable = $\$500 + \$600 = \$1100$.