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 = $\$500 + \$600 = \$1100$.