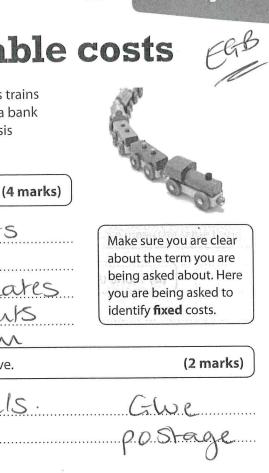
Had a go	Nearly	there	Nailed	it!	Marrie

Fixed and variable costs



Anita runs a business making small wooden toys, such as trains and boats. She uses a workshop which she bought with a bank loan, and employs a friend to help out on a part-time basis when she is busy.

1	Madrine	Martenan	ce	costs

telephone charges whiches business

(a) Suggest four fixed costs that Anita might pay.

4 Interest on loan repaym Insurance

(b) Now suggest two variable costs that she might have.

wood & other materials. paint à varnish

Guided

Complete the following sentences using the words in the box below.

(2 marks)

- (a) Rent is usually a fixed cost because it does not Change regardless of the level of activity or the number of items made and sold.
- (b) Postage and packing costs are often variable costs because the cost \ncceaseswith the level of activity or as more items are made, sold and despatched.

change	variable	decreases
fixed	increases	varies