(a)	State five assumptions which are made when preparing break-even charts.	
	State one limitation of each assumption.	
		[10]
	The Gattonside Gumbo Company Ltd's production capacity is 10 000 Units, and usual selling price is \$10 per unit.	
	Unit costs are found as follows:	
	Direct Materials	2 kilograms resin @ \$2.05 per kilogram 1 kilogram hardener @ \$1.20 per kilogram
	Direct Labour	It takes 10 minutes to produce one unit and Direct Wages are paid at the rate of \$12 per hour.
	Variable Overheads	\$0.90 per unit for the first 8000 units, and \$0.85 per unit for the remainder.
	Fixed Overheads	\$0.75 per unit at full production.