3	(a)	State five assumptions v	which are made when preparing break-even charts.
		State one limitation of ea	ach assumption.
			[10]
		The Gattonside Gumbo selling price is \$10 per u	Company Ltd's production capacity is 10 000 Units, and usual nit.
		Unit costs are found as fo	ollows:
		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.

(b)	Usi	ng marginal costing, calculate the net profit if
	(i)	7500 units are produced and sold;
	(ii)	9000 units are produced and sold.
		[7]
(c)	Cal	culate the number of units required to break even.
		[4]

(d)	Calculate the expected profit at full production capacity assuming all production is sold, if selling price is reduced to \$9 per unit.
	[4]
(e)	Comment on the possible advantages and disadvantages of lowering a selling price.
(e)	