

Question Three – separation of a semi-variable cost.

The factory power cost and production output for two periods are as follows:

Period	Output (units)	Power cost (£)
1	1,000	5,000
2	1,200	5,400

You are required to determine:

- a) The variable power cost per unit**
- b) The fixed power cost per period**
- c) The power cost for a period when production is 1,400 units.**