**Assessing Progress**

**Q1**

The Aroma Italia Pizzeria is a well-known small business in Cheshire, owned by partners Marcus Johnson and Karen Gilmour. The business has a number of fixed and variable costs.

1. Which of the following is an example of a **fixed cost** for Marcus and Karen? **(1)**

**A** Rent

**B** Wages of waiting staff

**C** Utility bills

**D** Stock purchases

1. Explain why this answer is correct. **(3)**

**Assessing Progress**

**Q2**

Adonis Dascalakis, the Head Chef at Aroma Italia Pizzeria, has calculated that he needs to prepare 60 meals a day at an average price of £12 per customer in order to break even. Fixed costs work out at approximately £120 per day.

Which of the following is the average variable cost per meal for Aroma Italia Pizzeria at the break-even level of output?

**A** £10

**B** £4

**C** £8

**D** £2

1. Explain why this answer is correct. **(3)**