4 DJU manufactures clothing including jeans and trousers. There are 90 employees working in its factory. DJU uses specialisation when making its products. The Managing Director is reviewing DJU's cost and output data. An extract is shown in Table 4.1. She wants to know how lower interest rates might affect the business. DJU's directors are considering different ways a business could grow including taking over a competitor.

Table 4.1

Extract from DJU's cost and output data (per week)	
Fixed costs	$400 000
Total costs	$595 000
Total output	85 000 units

(a) Define 'fixed costs'.

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..... [2]

(b) Calculate DJU's average cost per unit per week. Show your working.

Working: .....

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Final answer: ..... [2]

(c) Outline **two** ways lower interest rates might affect DJU.

Way 1: .....

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Way 2: .....

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(d) Explain **one** advantage and **one** disadvantage to DJU of using specialisation when making its products.

Advantage: .....

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Explanation: .....

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Disadvantage: .....

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Explanation: .....

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(e) Do you think the advantages of taking over a competitor are greater than the disadvantages? Justify your answer.

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