**Break-Even: Activity**

1. **Complete the following ‘Break-Even Chart’:**

Sale price per product = £2.50 Variable cost per product = £1

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Unit Sales** | **Total Revenue** | **Total Fixed Cost** | **Total Variable Cost** | **Total Cost** | **Profit/ Loss** |
| 20,000 |  | £120,000 | £20, 000 | £140,000 | (£90,000) |
| 40,000 |  | £120,000 |  | £160,000 | (£60,000) |
| 60,000 |  | £120,000 | £60,000 | £180,000 | (£30,000) |
| 80,000 |  | £120,000 |  | £200,000 | 0 |
| 100,000 |  | £120,000 | £100,000 | £220,000 | £30,000 |

1. What is the ‘**Break-Even Point in units** ’? ………………………

**2) Complete the following ‘Break-Even Chart’:**

Sale price per product = £3 Variable cost per product = £2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Unit Sales** | **Total Revenue** | **Total Fixed Cost** | **Total Variable Cost** | **Total Cost** | **Profit/ Loss** |
| 20,000 | £60,000 | £100,000 | £40, 000 |  |  |
| 40,000 | £120,000 | £100,000 | £80,000 |  |  |
| 60,000 | £180,000 | £100,000 | £120,000 |  |  |
| 80,000 | £240,000 | £100,000 | £160,000 |  |  |
| 100,000 | £300,000 | £100,000 | £200,000 |  |  |
| 120,000 | £360,000 | £100,000 | £240,000 |  |  |

1. What is the ‘**Break-Even Point units** ’? ………………………………
2. On the grid paper provided draw the ‘**Break-Even Chart**’ and label it.
3. **Complete the following ‘Break-Even Chart’:**

Sale price per product = £4

Variable cost per product = £2.50

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sales** | **Total Revenue** | **Total Fixed Cost** | **Total Variable Cost** | **Total Cost** | **Profit/ Loss** |
| 20,000 | £80,000 | £120,000 | £50,000 | £170,000 | (£90,000) |
| 40,000 | £160,000 | £120,000 | £100,000 | £220,000 | (£60,000) |
| 60,000 | £240,000 | £120,000 | £150,000 | £270,000 | (£30,000) |
| 80,000 | £320,000 | £120,000 | £200,000 | £320,000 | £0 |
| 100,000 | £400,000 | £120,000 | £250,000 | £370,000 | £30,000 |

1. What is the ‘**Break-Even Point**’?
2. On the graph paper provided draw the ‘**Break-Even Chart**’ and label it.

**Extension:** Can you work out a calculation for Break Even?

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| **Key Term** | **Formula** |
| Contribution | Selling price (per unit) – variable cost (per unit) |

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