

Break-even Point in Dollars
(one product or one service)

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Break-even point in \$ = Fixed expenses divided by the contribution margin ratio or %

Calculation of break-even point in dollars for the following time period: _____ (month, year, etc.)			
Fixed expenses for the period	\$ _____	F	
divided by the contribution margin ratio	_____ %	CMR	
= Break-even point in \$ for period	\$ _____	BES	(F / CMR)

Notes:

F Fixed expenses are those expenses that will not change in total as the volume of activity changes. Enter your total fixed expenses here:

Rent	\$ _____	
Salaries and related fringe benefits	\$ _____	
Insurance, property taxes, maintenance	\$ _____	
Depreciation	\$ _____	
Interest	\$ _____	
Other: _____	\$ _____	
Total fixed expenses for period	\$ _____	F

CMR Contribution margin ratio or % = 100% minus the variable expenses as a percentage of sales.

In the following example, the variable expenses are 40% of sales and the contribution margin ratio is 60% of sales:

Sales dollars	\$ 100,000	
minus variable expenses	- 40,000	
= Contribution margin	\$ 60,000 Dollars	60% Ratio (\$60k/\$100k)

Enter your company's amounts here:

Sales dollars	\$ _____	\$
minus total variable expenses	\$ _____	V
Contribution margin \$ and ratio	\$ _____	CMR (\$ - V) _____ % CMR (CM\$ / S)

V Variable expenses are the expenses that change in total as the volume of activity changes.

Enter your total variable expenses here:

Purchase costs	\$ _____	
Direct labor and fringes	\$ _____	
Sales commissions and shipping	\$ _____	
Other: _____	\$ _____	
Total variable expenses for period	\$ _____	V

See **Filled-In Form B2** for an illustration.

Learn more about break-even point at www.AccountingCoach.com