

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