

## Break-even Point in Dollars

(multiple products or services)

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

Calculation of the **break-even point in dollars** for the following

time period: Year 2022 (month, year, etc.)

Fixed expenses for the period	<u>\$ 42,000.00</u>	<b>F</b>
<i>divided by</i> the contribution margin ratio	<u>65%</u>	<b>CMR</b>
<b>= Break-even point in \$ for period</b>	<u><u>\$ 64,615.38</u></u>	<b>BE\$</b> (F / CMR)

### Notes:

This break-even point assumes that the product mix (proportions of various products sold or services provided) will remain the same.

**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	<u>\$ 12,000.00</u>
Salaries and related fringe benefits	<u>\$ 18,000.00</u>
Insurance, property taxes, maintenance	<u>\$ 4,000.00</u>
Depreciation	<u>\$ 2,000.00</u>
Interest	<u>\$ 1,000.00</u>
Other: <u>professional services</u>	<u>\$ 5,000.00</u>
<b>Total fixed expenses for period</b>	<u><u>\$ 42,000.00</u></u> <b>F</b>

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

In the following example the contribution margin ratio is 60%:

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

Enter your company's amounts here:

Sales dollars	<u>\$ 160,000.00</u>	<b>S</b>
<i>minus</i> total variable expenses	<u>\$ 56,000.00</u>	<b>V</b>
<b>Contribution margin \$ and ratio</b>	<u><u>\$ 104,000.00</u></u>	CM\$ (S - V) <u><u>65%</u></u> <b>CMR</b> (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	<u>\$ 40,000.00</u>
Direct labor and fringes	<u>\$ 11,000.00</u>
Sales commissions and shipping	<u>\$ 2,000.00</u>
Other: <u>promo inserts, coupons</u>	<u>\$ 3,000.00</u>
<b>Total variable expenses for period</b>	<u><u>\$ 56,000.00</u></u> <b>V</b>

For a blank form see **Form B3**.

Learn more about break-even point at [www.AccountingCoach.com](http://www.AccountingCoach.com)