(one product or one service)

Break-even point in <u>units</u> = Fixed expenses divided by the contribution margin per unit

Calculation of the break-even point in units for the following								
time period: <u>Year 2022</u> (month, y	year, o	etc.)						
Fixed expenses for the period	\$	103,000.00	F					
divided by the contribution margin per unit	\$	5.00	CMU					
= Break-even point in <u>units</u> for period		20,600 units	BEU	(F / CMU)				

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	\$ 24,000.00	
Salaries and related fringe benefits	\$ 48,000.00	
Insurance, property taxes, maintenance	\$ 12,000.00	
Depreciation	\$ 9,000.00	
Interest	\$ 4,000.00	
Other: <u>research, memberships</u>	\$ 6,000.00	
Total fixed expenses for the period	\$ 103,000.00	F

CMU Contribution margin per unit = selling price per unit minus the variable expenses per unit.

Selling price per unit	\$ 13.00	SU
<i>minus</i> variable expenses per unit	\$ 8.00	VU
Contribution margin per unit	\$ 5.00	CMU (SU - VU)

VU Variable expenses per unit are the costs that will change as the volume changes. Enter your variable expenses *per unit* of activity here:

Purchase cost	\$ 5.25	
Direct labor and fringes	\$ 1.25	
Sales commissions and shipping	\$ 1.00	
Other: <u>coupons</u>	\$ 0.50	
Total variable expenses per unit	\$ 8.00	VU

For a blank form see **Form B1**.