

# Checklist

## What you should know

By the end of this subtopic, you should be able to:

- define the following terms: (AO1)
  - contribution per unit
  - total contribution
  - break-even quantity/point
  - margin of safety
  - target profit output
  - target profit
  - target price
  - contribution costing (HL)
  - absorption costing (HL)
  - make or buy analysis (HL)
- distinguish between total contribution and contribution per unit (AO2)
- calculate the break-even point and construct a break-even chart (AO4)
- analyse the effects of changes in price or cost on the break-even quantity, profit and margin of safety, using graphical and quantitative methods (AO2, AO4)
- discuss the uses and limitations of break-even as a decision-making tool (AO3)
- apply the contribution tool in a given context (AO2) (HL)