Ex: find the Breakeven Sales when fixed cost is Rs.90,000, Sales per unit is Rs. 25 and variable cost is Rs. 15 per unit. What sales should be made to earn a profit of Rs. 20,000?

Soln: We know Total Cost, $TC = FC + TVC$

Let the no. of units mfgd be Q, then

$$TC = 90,000 + 15Q$$

$$Profit = Total\ Revenue - Total\ cost = TR - TC$$

$$TR = 25Q,\ TC = 90,000 + 15Q,\ Given\ profit = Rs.\ 20,000$$

Hence, $25Q - (90,000 + 15Q) = 20,000$

or, $10Q = 1,10,000 \implies Q = 11,000\ units$