**2. BREAK EVEN ANALYSIS**

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| **TYPES OF COST** | | |
| **TOTAL COST** | | **TOTAL REVENUE COST** |
| **TOTAL FIXED COST** | **TOTAL VARIABLE COST** |  |
| * E.g. Initial investments (Land, Machine) | * E.g. Cost Required for unit production (Manpower, Electricity) | * E.g. Revenue generated from the production. |
|  | = Variable cost/ unit item | P = Revenue cost/ unit item |
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| **TOTAL COST = F.C. + V.C. =** | |  |

**BREAK EVEN POINT:** It’s the qty at which total revenue cost is equal to total cost. (No profit, No loss)

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|  | 1. If is more, is less. 2. If is less, is more. |
|  | = Quantity at which profit is obtained,  = Contribution |
| equation is obtained from Profit equation at selling. |  |

**CONTRIBUTION OF MARGIN OR PROFIT TO VOLUME RATIO:**

It’s used to identify the best profitable product among multiple product for same company.

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**CONTRIBUTION OF SALES IN %:**