

Break Even - Practice

1. Define the following terms: Fixed Costs, Variable Costs, Total Costs, Sales Revenue (4 marks)
2. Using a bakers give examples of each definition. (4 marks)
3. If you sell 20 cakes at 50p each what will your Sales Revenue be? (1 mark)
4. Show question 3 as a formula. (1 mark)
5. Draw the table below and insert the correct figures:
Sales Revenue - each cake sold at 50p each. Rent - £10. Each cake cost 10p each to make. (12 marks for the table and 5 marks for graph)

Number of Cakes Sold	0	50	100
Sales Revenue			
Fixed Costs			
Variable Costs			
Total Cost			

6. Label the diagram with - Fixed Costs, Variable Costs, Total Costs, Sales Revenue, Loss Area, Profit Area, Breakeven Point, Revenue needed to breakeven and amounts of cakes needed to breakeven. (9 marks)
7. The price of flour increases. Each cake costs 20p to make. Using the graph recalculate the breakeven point. You may want to amend your table. (2 marks)
8. The rent reduces to £8. What happens to the breakeven point? (2 marks)
9. Your customers are overweight and stop buying cakes. You reduce the price of each cake from 50p each to 25p. What happens to breakeven? (2 marks)

	Fixed Costs	Sale Price	Variable Cost Per item	Breakeven IN UNITS
Q1	£10	£0.50	£0.10	
Q2	£4,000	£400	£200	
Q3	£3	£3	£2	
Q4	£10,000	£30	£5	
Q5	£30,000	£55	£8	
Q6	£900	£1,000	£600	
Q7	£50,000	£120	£20	
Q8	£13,000	£0.45	£0.10	
Q9	£100,000	£30	£10	
Q10	£60,000	£45	£5	
Q11	£60	£1	£0.30	

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