

# BREAK-EVEN CALCULATOR

Your Break-Even Point indicates the minimum level of sales or income that you need to meet overhead expenses and achieve your profit margin. This is an important calculation that helps you work out if your prices are set correctly, and that you have enough demand to cover your fixed costs.

Depending on the type of business you're in, the break-even calculation can be based on your overall sales, or on each individual product line or major item.

**We calculate the Break-Even Point of your business using the following formula:**

Overheads/gross profit margin = break-even level of sales\*

## CALCULATION STEPS

1. Input your total overheads for year (e.g. \$12,000)
2. Input your gross profit margin for year (e.g. 20.00%)

 %

## RESULT — YOUR BREAK-EVEN POINT IS

\*The calculation assumes that the gross profit margin remains the same across all business activities

In above calculator we have defined 'Overheads' include costs that cannot be directly attributable to a sale but are incurred to keep the business running, e.g. Accounting costs, Advertising, Insurance, Rates.

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