### Fixed Costs (FC) and Variable Costs (VC)

Fixed Costs (FC) - These don't change	Variable Costs (VC) - These change
e.g rent	Sugar
From Costs	mick
Salaries	eggs

### **How to Calculate the Break-Even Point**

FC/(SPU-VCU)

# **Examples:**

Harry and Henny write a book.

- The SPU for each book is £5.
- They buy paper and ink. Their **VCU** for each book is £2.
- They pay rent to Miss Morris to use the classroom to write the book. Their **FC** are £100.

How would Harry and Henny calculate the **break-even point** using the information above?

FC floo, C(f5-f2) 34 books floo, 3=34 by 34



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Fixed Costs (FC) - These don't change	Variable Costs (VC) - These change
Vent	Change
want chang	inke
Sta the Same	plastice

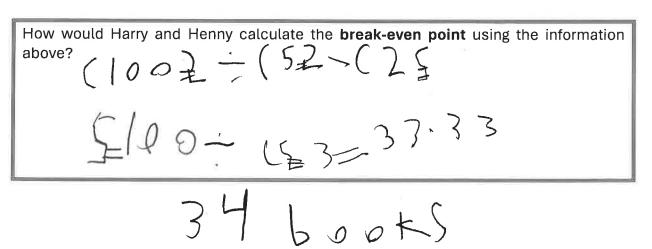
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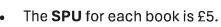
Fixed Costs (FC) - These don't change	Variable Costs (VC) - These change
Salaries	milk
e.g.rest	eggs
Cost	Suger

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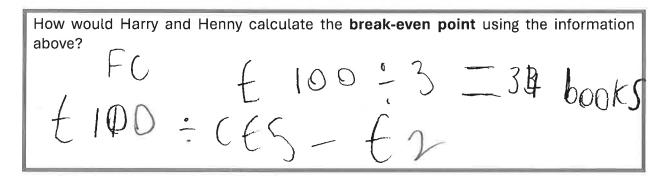
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GEORGE Priminell



# **Break Even Analysis!**

When a business makes a profit, its TR is more than its TC.

When a business makes a loss, its TR is less than its TC.

When a business's TR is the same as its TC, it has reached the break-even point.

Fixed Costs (FC) and Variable Costs (VC)

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(Pht	e.c
e.g.	SUGAN
solavier	Imi(K

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How would Harry and Henny calculate the **break-even point** using the information above? f(X) = f(X) + f(X

€100-€3-€33.33500K