4 Break-even – Part 2

Name: _____ Class: _____ Date: _____

Vocabulary

Write each word three times.

English	**Write it 3 times** (English)		
break-even point			
revenue			
costs			
loss			
profit			

Recall

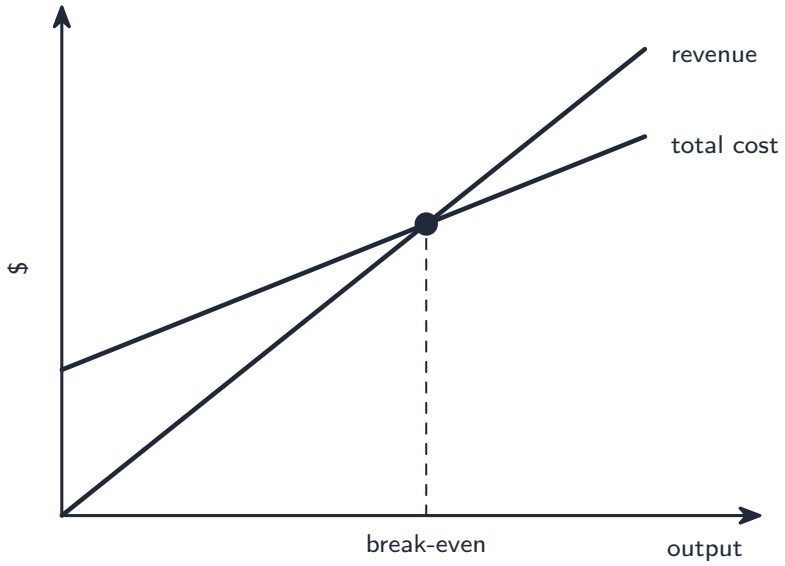
A business breaks even when it makes neither a profit nor a loss.

New ideas

Read these first, then do the Practice.

■ 1 The break-even chart

The **break-even point** is the output where total **revenue** equals total **costs** :



2 Profit and loss

break-even: total cost = revenue

sell fewer → a loss

sell more → a profit

- selling **fewer** than the break-even amount → a **loss** ;
- selling **more** → a **profit** .

Watch out: the **break-even point** is where total **revenue** equals total **costs** (no profit, no loss). Sell *below* it → a **loss**; *above* it → a **profit**. Profit = total revenue − total costs.

Practice

Try these in order.

4.6 What is the *break-even point*? [1]

4.7 On a break-even chart, which two lines cross at the break-even point? [2]

4.8 If a business sells fewer than the break-even amount, what does it make? [1]

4.9 What is *profit*? [1]

4.10 How can a business work out its profit? [1]

4.11 Challenge. A business sells 1000 items at $5 each. Its total costs are $4000. Calculate its revenue and its profit. [3]