

**COMMON SENSE WORKSHEET
BREAK-EVEN (B/E) CALCULATIONS & SALES ANALYSIS**

CALCULATE BREAKEVEN

Line	SAMPLE COMPANY		YOUR COMPANY	
1	I. Sales Forecast	\$1,200,000	I. Sales Forecast	\$ _____
2	II. Variable Costs		II. Variable Costs	
3	Cost of Goods/Materials	420,000	Cost of Goods/Material	\$ _____
4	Direct Labor	168,000	Direct Labor	\$ _____
5	Payroll Taxes	20,160	Payroll Taxes	\$ _____
6	Factory Power	22,000	Factory Power	\$ _____
7	Freight-In	8,000	Freight-In	\$ _____
8	Freight-Out	11,000	Freight-Out	\$ _____
9	Truck Expense	7,200	Truck Expense	\$ _____
10	Equipment Maintenance	6,700	Other	\$ _____
11	Workman's Comp. Insurance	38,000	Other	\$ _____
12	Miscellaneous	19,200	Other	\$ _____
13	Total Variable Costs	\$ 720,260	Total Variable Costs	\$ _____
14	III. Gross Profit	\$ 479,740	III. Gross Profit	\$ _____
15	IV. Fixed Costs		IV. Fixed Costs	
16	Executive Salaries	\$ 88,000	Executive Salaries	\$ _____
17	Administrative Salaries	124,800	Administrative Salaries	\$ _____
18	Rent (Mortgage Interest)	67,000	Rent (Mortgage Interest)	\$ _____
19	Other Interest	8,000	Other Interest	\$ _____
20	Legal & Accounting	4,200	Legal & Accounting	\$ _____
21	Property Taxes	1,800	Property Taxes	\$ _____
22	General Office Expenses	13,000	General Office Expenses	\$ _____
23	General Insurance	87,000	General Insurance	\$ _____
24	Depreciation	14,700	Depreciation	\$ _____
25	Telephone	16,800	Other	\$ _____
26	Travel	13,000	Other	\$ _____
27	Miscellaneous	-	Miscellaneous	\$ _____
28	Total Fixed Costs	\$ 438,300	Total Fixed Costs	\$ _____
29	STEP 1:	Divide Gross Profit by Sales to show percentage relationship		
30		Gross Profit/Sales = Gross Margin as decimal % of Sales		
31	Gross Profit	\$ 479,740	Gross Profit (Line 14)	\$ _____
32	Sales	1,200,000	Sales (Line 1)	\$ _____
33	Gross Margin as a decimal %/Sales	0.40	Gross Margin (Line 31/Line 32)	\$ _____
34	STEP 2:	Divide Fixed Expenses by Gross Margin as decimal % of Sales of B/E Sales Level		
35		Fixed Expenses/Gross Margin = B/E Sales Level		
36	Fixed Expenses	\$ 438,300	Fixed Expenses (Line 28)	\$ _____
37	Gross Margin as decimal %/Sales	0.40	Gross Margin (Line 33)	\$ _____
38	Breakeven Sales Level	\$ 1,096,344	Breakeven (Line 36/Line 37)	\$ _____

CALCULATE SALES NEEDED TO COVER NEW EXPENSE

39	I. New Expense		I. New Expense	
40	Computer System	\$ 13,200		\$ _____
41	STEP 1:	Divide New Expense by Gross Margin as decimal % of Sales (as above) for additional sales		
42		needed to cover new expense		
43	New Expense	\$ 13,200	New Expense (Line 40)	\$ _____
44	Gross Margin as decimal %/Sales	0.40	Gross Margin (Line 33)	\$ _____
45	Additional Sales Needed	\$ 33,018	Additional Sales (Line 43/Line 44)	\$ _____
46	STEP 2:	Analysis - Add Additional Sales Needed to existing B/E Level to determine new B/E		
47	Present Breakeven Sales Level	\$ 1,096,344	Present Breakeven (Line 38)	\$ _____
48	Additional Sales Needed	\$ 33,018	Additional Sales Needed (Line 45)	\$ _____
49	New Breakeven Sales Level	\$ 1,129,362	New Breakeven (Line 47+Line 48)	\$ _____
50	Sales Forecast (Projected Sales)	\$ 1,200,000	Sales Forecast (Line 1)	\$ _____
	The new B/E is below the projected sales and so the company can afford to lease the new computers		Your Observations:	_____