📒 Summary

3.3 Break-Even Analysis

Subject	Year	Start date	Duration
Business Management	IB1	Week 2, December	`1 week` 4 hours

Course Part

Unit 3 Finance and Accounts

Description

By the end of this *Subtopic 3.3 - Break-even analysis*, you should be able to:

- Distinguish between total contribution and contribution per unit.
- Draw and analyse a break-even chart and the following aspects of break-even analysis:
  - Break-even quantity/point
  - Profit or loss
  - Margin of safety
  - Target profit output
  - Target profit
  - Target price.
- Calculate the break-even point from given data.
- Analyse the effects of changes in price or cost on the break-even quantity, profit and margin of safety, using graphical and quantitative methods.
- Evaluate the benefits and limitations of break-even analysis.

🎒 Inquiry & Purpose

❓ Inquiry / Higher Order Questions

Type	Inquiry Questions
Debatable	Often, financial information is presented to the wider audience in a graphical or summary form. Do such simplifying presentations limit our knowledge of accounts?

🔍 Curriculum

⊕ Aims

Enable the student to recognize that the content and methodologies of the individuals and societies subjects are contestable and that their study requires the toleration of uncertainty

◇ Objectives

Demonstrate a variety of appropriate skills to

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select and use quantitative and qualitative business tools, techniques and methods

select and use business material, from a range of primary and secondary sources

📕 Syllabus Content

Unit 3: Finance and accounts

3.3 Break-even analysis

Total contribution versus contribution per unit

A break-even chart and the following aspects of break-even analysis: break-even quantity/point, profit or loss, margin of safety, target profit output, target profit, target price

The effects of changes in price or cost on the break-even quantity, profit and margin of safety, using graphical and quantitative methods

The benefits and limitations of breakeven analysis

💡 Concepts

Strategy

Strategy refers to the significant long-term planning decisions that organizations make in order to meet the needs and wants of their stakeholders. Strategy is about asking questions: what, why, when, how, where and who?

📝 ATL Skills

👨‍🏫 Approaches to Learning

🧠 Thinking

- In this unit, we will

    build on a specific prior task

    help students to make their thinking more visible (for example, by using a strategy such as a thinking routine)

💬 Communication

- In this unit, we will

    ask students to explain their understanding of a text or idea to each other

    construct a task around the use of different vocabulary and examples when speaking to different audiences

👨‍🔧 Developing IB Learners

⭐ Learner Profile

🤝 Caring

⚖️ Balanced