Method used to work out the breakeven

My business is providing two services and selling two types of goods. The services being internet service and play- station usage. The two products being food and drink. It would be virtually impossible to construct a breakeven chart for all of them combined so I decided to construct one of my main income being internet service.

In order to construct the breakeven I had to calculate all my fixed and variable costs. My fixed costs add up to £47851 and my variable costs are zero as there are no costs affected by how much the internet is used.

In order to calculate sales revenue I had to calculate the average amount spent by each consumer this is how I worked it out:

1. *Firstly I figured out the average time a person spends on the internet, my research shows are one and half hours.*
2. *Then I calculated how much it would cost an adult for that long and a student for that long. Adult = £6.58   Student =£6.38*
3. *The percentage of adults that use the internet is 61.7% and per cent of students that use it is 38.3% according to my research.   I weighed out the average for an adult which was £4.059, for student it was £2.443.*
4. *Added them up to get average amount spend by each person which is £6.50*

Then I figured out the break even using the equation:
Breakeven = fixed costs divided by contribution

Contribution= selling price minus variable costs

As there are no variable costs so contribution is £ 6.50

So breakeven = £47851 divided by £ 6.50
*   =7362 customers*

This helped me chose the scale for customers on my break even chart: I chose to go up in thousands. Chart below shows the figures for my breakeven chart:

customers	fixed costs	variable costs	total costs	sales revenue
1000	47851	0	47851	6500
2000	47851	0	47851	13000
3000	47851	0	47851	19500
4000	47851	0	47851	26000
5000	47851	0	47851	32500
6000	47851	0	47851	39000
7000	47851	0	47851	45500
8000	47851	0	47851	52000
9000	47851	0	47851	58500
10000	47851	0	47851	65000

Total costs = FC + VC
Sales revenue = customers multiplied by price charged (£6.50)