

**Contribution per unit**

**= Selling price per unit – Variable cost per unit**

Candleworks is a company that sells candles.

- Selling price per candle = Dh500
- Variable cost per candle = Dh300
- Total fixed costs = Dh10,000

## Step 2: Calculate the break-even point

**Break-even point**

**= Total fixed costs ÷ Contribution per unit**

Cakeworks is a company that sells cakes:

- Quantity sold= 5,000
- Selling price per cake = Dh250
- Variable cost per cake = Dh150
- Total fixed costs = Dh8,000
- Contribution per unit = Dh100