IMPORTANCE OF COST VOLUME PROFIT ANALYSIS IN MANUFACTURING INDUSTRIES

(A CASE STUDY OF NIGERIA BOTTLING COMPANY, ILORIN PLANT)

BY

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CERTIFICATION

This is to certify that this project work has been written by LATEEF LATEEFAT matriculation number HND/23/ACC/FT/0264 and has been read and approved as meeting part of the requirements for the Award of Higher National Diploma (HND) in the Department of Accountancy, Institute of Finance and Management Studies, Kwara State Polytechnic, Ilorin, Kwara State.

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DEDICATION

I dedicated this project to Almighty God

ACKNOWLEDGEMENT

I thank Almighty God, the creator of all things and the controller of the world for sparring my life and my entire stay in the polytechnic environment

My profound gratitude goes to my amiable project supervisor Mr. Abegunde P.O for directing me and controlling me and sparing his time in making correction of errors may Almighty God continue to bless him abundantly and continue to enrich you in knowledge.

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CHAPTER ONE

1.1. INTRODUCTION

Cost volume analysis is a systematic method of examining the relationship between changes in volume (i.e. output) and changes in total sales revenue expenses and not profit, as a model of these relationship, cost volume profit analysis is subjected to number of underlying assumption and limitation

Profit id the moist important measure of a form performance in the free market economy profit is a guides for allocating resources effectively. An analysis of the efforts of various factors on profit is an essential step in financial planning and decision making. The analytical technical used to study the behavior of profit in respond to the charges in volume, cost and price is called cost volume profit analysis {cvp}.

However, it should be noted that formal profit planning and control also involves the use of budget and other forecast. As a starting point in profit planning Cost. Volume profit analysis help to determine the minimum sales volume at which the profit goal of the firm will be achieved.

Therefore the surname in today business world as started by outer and brown (1984)"concealed in efficiency have to be tracked down, standard set, forecast move and rigorous control must be stated to ensure even moves margin of profit. The efficiency an effective management of the variables cost price, output (volume) and ultimately profit will play major determinant role in the future growth and survival an organization.

The breakeven point of activity (sales volume) where total revenue and total expenses are equality is neither profit nor loss point. The break even point can only be achieved where there is decision involves price, volume price, volume cost that can be split in two classifications. Cost volume profit analysis is the analytical technique used to study the behaviour pf profit in response to the usefulness of the profit planning of the form in the short term.

1.2 STATEMENT OF THE PROBLEM

This research study scrutinizes the area of the problem related to cost volume profit analysis in manufacturing company with emphasis on Nigeria bottling company Ilorin.

Also finding the importance of cost volume profit relationship in a manufacturing company. The basic principles underlying profit planning through the break even analysis is the organization of difficult types of cost. Destination is to be made which are not fixed that is variable cost.

1.3 RESEARCH QUESTIONS

1. How is CVP analysis applied in Nigeria Bottling Company Plc, Ilorin?
2. What is the relationship between cost, volume, and profit in the company?
3. How does CVP analysis influence decision-making in the company?
4. What challenges are associated with implementing CVP analysis in the organization?

1.4 OBJECTIVES OF THE STUDY

The studies provide significant and sufficient justification to the assertion that cost volume profit analysis is indeed a vital tool for decision making. Due to the role of cost volume profit analysis, which play in the effectiveness and efficiency management of a business enterprise

The objectives of study are:

i. How managers are helped in profit planning and forecasting.

ii. How managers are helped in determine the price and product decision.

iii How managers are helped to right decision in the short run, concerning the effects of volume on profit and cost.

1.5 Research Hypotheses

H_{01}: There is no significant relationship between cost-volume-profit analysis and decision-making in Nigeria Bottling Company Plc.

H_{02}: CVP analysis does not significantly improve profit planning and control in Nigeria Bottling Company Plc.

1.6 SCOPE OF THE STUDY

The research is only limited to the Nigeria Bottling Company. The analysis covers on behaviors of variable cost and profit (i.e. profit before tax) in relation to sales revenue of entry.

Based on the fact that business secret should be produced as related to some sensitive issue like profit. The information used for the study was limited to what was supplied y the company.

Also, from all indication, time is the major actor in the actualization of this research work at it clear that a period lies that an academic semester is available.

Secondly, the cost of financing the project seems prohibitive

1.7 SIGNIFICANCE OF THE STUDY

This study is significant as it provides a deeper understanding of the relevance of CVP analysis in manufacturing organizations. It serves as a guide for company managers on how to use CVP tools for better planning and control. Academically, it contributes to existing literature and can serve as a reference for future research on cost management and profitability analysis.

1.8 LIMITATION OF THE STUDY

The study encountered limitations such as limited access to financial data due to confidentiality policies, time constraints, and the availability of staff for interviews or questionnaires. Additionally, the analysis is limited to only one branch of the company, which may not reflect the practices of other branches nationwide.

1.9 DEFINITION OF TERMS

Prime Cost: This refers to the direct cost of the product and consist labour cost plus direct material plus direct expenses.

Fixed costs: Cost that remains at the same total amount irrespective of the sales volume.

Variable cost: Cost which the totals change in direct proportion to changes in volume and unit cost remain constant.

Break–even chart: a graphic presentation, shouting the cost volume profit relationship and the point at which totals sales revenue equals total cost.

Total revenue: A measure of revenue derived by multiplying unit sold by the price per unit

Total costs: The sum of the fixed cost and variable cost at a given volume.

Simple random sampling: A sampling technique in which every element in the population has an equal probability of being choosing.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This section deals with past writings on cost volume project analysis theory and framework for using the analysis for management purpose.

2.2 CONCPETUAL FRAMEWORK

2.2.1 THE COST VOLUME ANALYSIS

Cost volume profit analysis explain the relationship between total cost, total revenue and total profit vis-visa sales volume and the will be used to satirized the effect of changes in and cost and sales volume on profit.

Cost volume profit analysis is also known as break-even analysis that involves how the total cost, total revenue and total profit are related to sales volumes, and is therefore concerned with predicting the effect of changes in cost and sales volume of profit.

The term “break-even analysis is a study between the costs to be incurred the sales required to make a specific return.

This term “break-even volume analysis is a study between the costs to be incurred the sales required to make a specific return.

This led to the answering of question by the production manager when pans are made for a coming period. The amount to effort to expend to earn a certain profit four fold decision, the four division of cost transitionally recognized are fixed cost, variable cost, semi variable cost and step cost.

Therefore, in order to understand, the basis principle underlying the profit of an organization distribution made between the fixed cost and variable cost.

Fixed cost are total cost that remain unchanged over a defined wide range of activity for a specified time period that is fixed cost is the cost which do not vary with the level of output expect over very wide limit e.g. factory rent and so on. But as the level of

production but the fixed cost permit falls as output increase because the same amount of fixed cost application to the production of all level.

Variable cost is all defined as the items that changes, in sympathy with the volume of output for instance, the increase in sales or production will require to meet the sales. Therefore as production rises, the variables cost rises proportionally

Economist Like Malthics T.R (1861) who was conceded with the population explosion and Culloch J.R.M (1835) both wrote on the need to work to an optimum capacity when attempting to maximize the return to investment there development here and play were joined by an industrial engineer, Henry Hess, who is 1903 had tow break-even chart published which appeared in the engineering.

Magazine (1904) He is usually accorded the distribution of being the being the investor of the break-even chart. There are various methods used to discover the relationship between cost and activities and his falls into two groups.

The first group is base upon past observation of cost and production levels, cost may often be separated into fixed or variable cost, classification by judgment or by statistical methods.

The second method is to estimate the cost required achieved various production levels.

Cost volume profit is important because I touches on profit which is the most important measure he forms performance as a stating point in profit planning, cost volume profit analysis helps to the sales volume at which the profit goal of the form will be achieve, I helps management in seeking the most profitable combination of cost and volume. A dynamic management therefore uses cost volume profit analysis to predict and evaluate the implications of its short term decision about fixed cost, variable cost, volume and selling price for its profit plans on a continuous basis.

Generally, cost volume profit analysis provides answer to question such as;

i. What is its minimum level of sales need to achieve to avoid looses?

ii. What will be the effect of change in price, cost and volume of profit?

iii. What should be the sales levels to earn a target profit?

iv. How will profit be affected when sales mix changes?

v. What will be the break-even point under (m) and (iv) above?

vi. What will be the impact of point expansion on cost volume profit?

vii. Which product is the most profitable and which one is the less profitable?

viii. Should sales of product or operation of a plant be discontinuing?

ix. Should its form be shutdown temporarily?

x. Break-even analysis is to immense utility to management. It is with the help of its analysis that the finance execute is unable to present facts and figure in accurate reports and intelligent charts to management for ration.

THE BREAK-EVEN POINT (BEP)

Break even point (BEP) occurs when a company sells just enough of it products to cover its variable and fixed without making a point. It is a no profit no-loss point.

It can also be defined as the point at which revenue and total cost are equal i.e. there are neither profit nor loss. The break-even point is that point of sales volume at which totals revenue is equal to total cost. It is a no-profit no loss point. In more significant aspect of the analysis is to examine the effect of change in cost, volume and price.

Cost volume profit analysis involve the analysis of how total revenue and total profit and related to sales volume and is therefore concerned with predicting the effect of changes in cost and also sales volume on profit. In its simplest form, ,it is based on the assumption of linear to talk cost function i.e. of a constant unit variable cost constant fixed cost, and also it is an appliance of managerial costing principle.

In the study of management, the decision maker should understand the relationship between the cost of doing business and the sales of the firms.

The relationship is important because in the simplest way, it is definition of profit.

Accountant uses study of break-even analysis because it gives a concise picture of the cost and revenue of the firm.

2.2 ASSUMPTION UNDERLYING CVP ANALYSIS

There are several assumption normally applied in cost volume profit analysis in addition to those of constant unit variable cost and divisibility of mixed and variable element.

THE ASSUMPTIONS ARE:

i. The sales price permit is constant over the relevant range of output.

ii. Stock levels do not very significant so its production output and sales level in unit may be treated as the same.

iii. The activities usually sales volume sales volume and production output has been chosen correctly as the factor, which most influence cost behavior.

iv. The sales mix in constant at all level of activities where more thank one product is including in the analysis.

v. The sales mix is constant at al level of activities where more than one product in involved in the analysis

vi. There is relevant range of activity outside which analysis could be uncorrected.

vii. The analysis either easier a single product or assumes that a given sales mix will be maintained as total volume changes.

viii. Change in beginning and ending inventory level is significant in amount.

ix. Cost may be divided into fixed or variable element.

x. The behavior of the total cost and total revenue has been reliably relevant ranges.

xi. That volume is the only relevant factor affection costs with same hence. There will always be a single break even point. However if production and sale volume are not actually synchronized as assumed then instead of a break even point.

2.3 THEORETICAL FRAMEWORK

2.3.1 CONTRIBUTION THEORY

Each unit of goods produced and sold makes a contribution which is equal to its sales price less variable cost. This means that contributions, merger in excess of sales over all variables expenses. It may be expressed as a total absolute amount, a ratio or percentage of sales (i.e. C/s ratio)

Contribution is properly described as contribution to wards covering fixed period cost and making a profit.

Total profit in a period is total revenue minus the total variable cost of goods sold; minus the fixed cost of the period contribution is the difference between selling price and variable cost. If nothing is produce the loss involved will be total fixed cost. The contribution and sales ratio (c/s) shows how much contribution is earned per naira of sales revenue. This ratio is used.

a. Occasionally
b. In order to calculate
c. The sales required to break-even or earn a target profit
d. The expected total contribution at a given volume of sales and with a given C/S ratio. The C/S ratio is sometimes called profit volume ratio i.e. P/V

2.3.2 Margin of safety

Margin of safety is defined as the amount by which actual sales may fall short of the budget sales volume.

Margin of safety = BS – BES x 100

BS 1

BS = budgeting sales

BES = Break even sales

Notes that the margin of safety is indication on the traditional break-even chart, his concept without a loss being incurred, it is therefore a measure of the risk that the company might make a loss if it fails to achieve budget.

2.3.3 PROFIT VOLUME FOR MULTIPURPOSE FIRM

The profit volume chart or graph can be drawn for multi-product firm such P/V graph will indicate the profit path and C/S character sties of each profit. I will show the resulting overall profit line after plotting cumulative profit in the order of profitability dictated by the C/S ratio of the product.

2.3.4 RELEVANT RANGE CONCEPT

In an attempt to product the cost structures particular company assumptions are made about the level of forced. Cost selling price and variable costs, relevant ranges in the activity within which actual operation are to occur.

2.3.5 COST VOLUME PROFIT ANALYSIS IN A MULTIPURPOSE FIRM

Our discussion so far has assumed that the firm is producing only one product or a number of products are manufacture by the firm, the sales mix is constants. The repliers proportion of sales mix or the product mix, one of the major problems in break even technique of coping with product mix in a multi-product company.

In a multi-product from, different product yield different contribution margin and are produced in difference volume into different cost. With the aid of break-even we can show the calculative contribution earned by each product in the sales mix towards the total profit. This may help the management in dealing whether the optimum mix has been reached or whether same product should be in greater proportion at the expenses of other.

The contribution for each product can form its sales revenue in the normal way but the break-even point foe ac product can only be calculated if the total fixed cost of the firm is distributed in such as way that fixed cost for each product is known.

2.3.6 PROFIT PLANNING AND FORECASTING

Since the break-even point is where total revenue equals total cost (i.e. profit after which a company begins to earn profit) when planning new venture the like hood of success should be tested by findings the project break-even point. For instance if break-even point of the project is 15000unit while the available market can only accommodate

128000 units, when is it obvious that the project will result in a big loss and should be abandoned form the star,

Also, in profit planning, effort of the management, that formulate given under the formula approach to cost volume profit analysis can be made use of in order to obtain the sales required to make a target profit.

2.3.7 EVALUATING PROPOSALS AND SEGMENT OF THE BUSINESS

The company cost volume profit analysis data are very useful in ensuring the profitability of any segment of the business. Each segment of the company is evaluated, as a whole management is able to focus on more profitable project or segment of the business. This concept, of cost volume profit analysis has been known to help management of several companies in evaluating the profit of business.

2.3.8 PRICING AND SALES VOLUME DECISION

The concepts of contribution, which is a strong factor in cost volume profit analysis or break-even analysis has been helping management in identifying the best profit possible. The combination which gives the highest contribution has always been seen to be optimum.

2.3.9 COST REDUCTION

The knowledge of cost reduction and their implication provided by the cup analysis helps the management in deciding which of variable and fixed cost should be reduced in order to achieve a desired objective. of the business, for instance reduction in fixed cost lower the break even point, while planned use in fixed cost lower the direct costs. Both strategies will leads to increase in profit.

2.3.10 SALES MIX DECISIOIN

In a multi-product firm, sales mix decision is a problem the management. Relative profitability of each product is identified with the help of P/V ratio of each product. The management concentrate on the profitable product and produces less of those with low profitability profitable product should be given higher concentration then the low

profitability profitable product should be given higher concentration than the how than the low profitability product.

EMPIRICAL REVIEW

SIMPLE DEVICE TO UNDERSTANDING ACCOUNTING DATA

The cost volume profit analysis is a concept to comprehend and interpreter the accounting data. Many businesses executive and others are enabling to understand accounting data contained in finacial statement and reports when data is represented through beak-even chart, it become very easy to understand and interpret

USEFUL DIAGNOSTIC TOOLS

The cost volume profit analysis is useful diagnostic tools it indicate to the management the cause of the increasing break even point and falling the points the analysis of those cause will reveal to management what action should be taken.

However, the usefulness of CSP analysis on alarming the increase in break-even point to management. The important information to be analyzed is the break even point as a percentage of capacity is constant; there is no cause for alarm or correction action.

BASIC INFORMATION FOR FURTHER PROFIT IMPROVEMENT STUDIES

In cost volume project analysis, we compute break-even point and P/V ratio, prepare break-even chart and P/V graphs and analysis and report that effect of changing factors on points, this whole set of information is important to evaluate the reasonableness and usefulness of profit plans and others budget and forecast prepare by management. The CVP analysis, this provides the basic information for improvement studies, it is a useful starting profit for detailed investigation.

LIMITATION OF CVP ANALYSIS

The CVP analysis although is a simple and useful concepts based and certain assumption which limit the utility and genera rate application of analysis.

1. The cost can be classified as fixed or variable cost: It is difficult to separate all cost into fixed analysis informational a large number of cost belong to mixed

category. Such cost known as semi veritable elements which are difficult to separate.

2. Those fixed cost are constant the consumption of total fixed cost remaining constant over the entire volume range in not valid. It is form as zero sales or output, some of the fixed cost can certainly be reduced or eliminated for example some of the supervisor or executive can be dismissed and salaries will be reduced.
3. The selling prices are constant: increase sales may be concentrated in a few customers who received large quality discount, or sales may be made a greater distance with the selling deducting the additional transportation cost form revenue.
4. Those variable cost permits are constant; cost that appears fixed may change in ways that to be purchased to alleviate bottlenecks. With regards to the assumption that production and sales volume of a particular period are the same hence, there will always be a single break even point. However it production and sales volume are actually synchronize as assured, then instead of break even point there will be a series on the break-even point. It there are any changes in the inventory levels at the beginning and ending of a period, the total cost of selling and administration will affect the level of profit and break even point for particular period, therefore decision based on such single break even point could be misleading.

According to Mavsen Lians (1998) the model so derivate from historical data is good only if her are changes in the break even analysis can be subjected to change variations. Also such revenue cost function being in predicating future revenue and cost may itself be subjected to certain limitations?

However, both accountant break-even and economist break-even chart are invariably trying to portray something in different way.

In conclusion, many authors had within extensively in cost volume profit analysis. Also the various factors affecting profit well tacked. They concluded that profit is basically affected by chances in volumes, cost and prices, according to I.M Pandey (1999); the conventional break even chart indication the effects of charges in volume on profits other factors remain constant.

2.4.1 Research Gap

Despite the abundance of literature on cost-volume-profit (CVP) analysis and its theoretical benefits in managerial decision-making, there remains a noticeable gap in its **practical application and effectiveness within Nigerian manufacturing firms**, especially in specific local branches such as the Nigeria Bottling Company Plc, Ilorin. Most existing studies focus on large-scale, multinational operations or provide generalized findings without considering the unique operational, economic, and infrastructural challenges faced by individual branches in developing economies. Additionally, while many studies highlight the theoretical framework of CVP analysis, **few have empirically investigated how it directly influences profit planning, cost control, and decision-making in real-life manufacturing settings** within Nigeria. The lack of localized research has left a gap in understanding how factors such as inflation, exchange rate volatility, fluctuating energy costs, and inefficient supply chains affect the reliability and implementation of CVP models in Nigeria.

Furthermore, limited research has been conducted to explore the **challenges that managers face in implementing CVP analysis**, such as poor accounting systems, inadequate training, or data inaccuracy. These practical constraints hinder the full utilization of CVP analysis as a strategic financial tool in many Nigerian firms. Therefore, this study aims to fill these gaps by providing an in-depth examination of how CVP analysis is applied in Nigeria Bottling Company Plc, Ilorin, the extent of its usefulness in financial and operational decision-making, and the barriers that may limit its effectiveness. By doing so, the research will contribute valuable insights to both academic literature and industry practice.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter describes the research methods and procedures used to collect and analyze data for this study. It outlines the research design, population, sampling techniques, sources of data, methods of data collection, and the statistical tools used for data analysis. The methodology adopted ensures that the objectives of the study are achieved in a systematic and reliable manner.

3.2 RESEARCH DESIGN

The research design adopted for this study is a **descriptive survey design**. This design is suitable because it allows the researcher to collect quantitative data from respondents, analyze relationships between variables, and draw conclusions about the application and importance of cost-volume-profit analysis in Nigeria Bottling Company Plc, Ilorin. The descriptive approach helps in understanding the existing practices and challenges related to CVP analysis in the organization.

3.3 POPULATION OF THE STUDY

The population of this study consists of staff members of Nigeria Bottling Company Plc, Ilorin. These include individuals working in departments such as finance, accounting, production, sales, and operations. The total population is estimated to be **80 employees**, as obtained from the company's administrative unit.

3.4 SAMPLE SIZE AND SAMPLING TECHNIQUES

Out of the total population, a sample size of **40 respondents** was selected using the **stratified random sampling technique**. This method ensures that respondents are chosen from different departments relevant to the study, such as accounting, production, and sales. Stratified sampling increases the reliability and representativeness of the data collected.

3.5 SOURCES AND METHOD OF DATA COLLECTION

Both **primary** and **secondary sources of data** were used in this study:

- **Primary data** were obtained through the use of structured questionnaires administered to selected staff.
- **Secondary data** were gathered from textbooks, journals, academic articles, financial reports of the company, and previous research studies related to cost-volume-profit analysis.

3.6 INSTRUMENT FOR DATA COLLECTION

The main instrument used for data collection was the **questionnaire**. The questionnaire was divided into two sections:

- Section A gathered demographic information of the respondents.
- Section B focused on the research questions related to cost, volume, profit relationships, the implementation of CVP analysis, and its impact on decision-making within the company.

  The questions were mostly **close-ended** using a **Likert scale format** to allow for easy quantification and analysis of responses.

3.7 TECHNIQUES FOR DATA ANALYSIS

The data collected were analyzed using **descriptive and inferential statistical methods**.

- **Descriptive statistics** such as frequency tables, percentages, and charts were used to summarize respondents' characteristics and responses.
- **Inferential statistics**, specifically the **Chi-Square (χ^2) test**, were used to test the research hypotheses at a 5% level of significance to determine the relationship between variables such as CVP analysis and managerial decision-making.

CHAPTER FOUR

ANALYSIS AND DISCUSSION

4.1 INTRODUCTION

This chapter aims at analyzing the findings emanating from research work. Findings from audience and data collection using he questionnaire will also be analyzed and presented a brief descusion of findings will be made.

4.2 RESPONDENTS CHARACTERISTIC AND CLASSIFICATION

In the course of collecting data through the administration of questionnaire, 50 questionnaires were administered through the personnel department of he case study out of which 45 were returned. The analysis of this study therefore will be on the 45 questionnaire returned.

Some of the response and analysis from the respondents using the sample percentage is tabulated below

TABLE 4.1 DISTRIBUTION AND RETURNED QUESTIONNAIRE

Department	Questionnaire administration	Returned	Not returned	Returned	Not returned
Accounting finance	10	10		100	Nil
Production operation	10	9	1	90	10
Marketing	10	8	2	80	20
Research development	10	10		100	Nil
Personnel	5	5		100	Nil
Other	5	3	2	60	40
Total	50	45	5	90	10

Source: Authors survey

It can be detected from the above that out of completed and returned administered only 45 were duly since the 45 questionnaire returned

(90% administer) is a fairly large proportion of the questionnaire administered it shall be assumed valid in the analysis of data for this work

Table 4.2

Sex distribution of respondents

Response	Frequency	Percentage
Male	30	66.7
Female	15	33.3
Total	45	100.0

SOURCES: Author's survey 2025

The table above shows that 66.7% of the respondents are male while 33.3% are female.

Table 4.3

Organizational positions of respondents

Response	Frequency	Percentage
Top management	16	13.3
Middle management	12	26
Lower management	24	53.3
Contract staff	3	6.7
Total	45	100

Source: Author's survey 2025

Table above shows that respondent is mainly within the lower management and middle management with 53.3% and 26.7% respectively. The top management with 13.3% and contract staff with 6.7%

Table 4.4 Does your organization have a department that deals with determination of cost?

Response	Frequency	Percentage
Yes	32	71.1
No	13	28.9
Total	45	100

Source: Author survey 2025

The tables show that 71.1% of the respondents agrees that the company have a department that deals with determination of cost while 28.9

5 of the respondents do not agree that the company have a department that deals with determination of cost

4.3 PRESENTATION AND ANALYSIS OF DATA

Table 4.5 does the cost volume profit analysis assist in the following area?

		No	%	No	%	No	%
1	Profit planning and forecasting	45	100	-	-	45	100
2	Decision making	40	88.9	5	11.1	45	100
3	Pricing and product decision	38	84.4	5	15.6	45	100
4	Evaluating proposal and segment of bus	30	66.7	15	33.3	45	100
5	Reduction of cost	27	60	18	40	45	100
6.	Coordinating activities	33	73.3	12	26.7	45	100
7	Planning and control of activities	39	86.7	6	13.3	45	100

It can be seen from the above table that cost volume profit analysis assists or used for profit planning and forecasting for decision making for pricing product mix decision and for coordinating activities it is also used for planning and control of activities reduction of cost, for planning and control of activities and evaluating proposal and segment of the business.

The yes responses, which inform that conclusion, are as follow.

1. Profit planning and forecasting
2. Decision making 88.7%
3. Evaluating proposal and segment of the business 66.7%
4. Reduction of cost 60%
5. Coordination activities 73.3%
6. Pricing and mix decision 84.4%
7. Planning and control of activities 86.7% on the other hand the responses, which support that a company make less use of cost volume profit for decision are:

1. Profit planning and forecasting
2. Decision making 11.1%
3. Pricing and mix decision 15.6%
4. Evaluating proposal and segment of business 33.3%
5. Reduction of cost 40%
6. Coordinating activities 26.7%
7. Planning and control of activities 13.3%

Table 4.6 Does your company employ marginal costing techniques?

Response	Frequency	Percentage
Yes	27	60
No	18	40
Total	45	100

Source: Author survey 2025

The table shows that 60% of the respondents agree that the company employed the use of marginal costing techniques. While 40% of he respondents are disagreed with the company use of the marginal costing techniques.

Table 4.7 Do you determine the cost of production of each brand through keeping separate accounts?

Response	Frequency	Percentage
Yes	35	77.8
No	10	22.2
Total	45	100

Source: Author survey 2025

The table shows that 77.8% of the respondent agrees that the company determine their cost of production of each brand through keeping separate account for them. While 22.2% of the respondent is disagree. This shows that the company determines their cost of production of each brand through keeping separate account.

Table 4.8 Do you make use of cost volume profit analysis as a basis of accounting tools?

Response	Frequency	Percentage
Yes	30	66.7
No	15	33.3
Total	45	100

Source: Author survey 2025

The table shows that 66.6% of the respondents agree that company is making use of cost volume analysis as a basis f accounting tools. While 33.3% of the respondent disagreed that the companies do not make use of cost volume analysis as a basis of accounting tools

Table 4.9 Does the company do cost classification as a basis for preparing break even analysis

Response	Frequency	Percentage
Yes	32	71.1
No	13	28.9
Total	45	100

Source: Author survey 2025

The table above shows that 71.1% of the respondents agreed that the company do cost classification as a basis for preparing breakdown analysis. While 28.9% of respondents does not agree

Table 4.10 Does your company prepare fixed and direct expenses schedule?

Response	Frequency	Percentage
Yes	28	62.2
No	17	37.8
Total	45	100

Source: Author survey 2025

The table above shows that 62.2% of respondent agree that the company prepared fixed and direct expensed schedule. While 37.8% of the respondent does not agree that the company prepared fixed and direct expenses schedule.

Table 4.11. How would you describe the level of demand for your product during season?

Response	Frequency	Percentage
High	10	22.2
Medium	15	33.3
Low	20	22.5
Total	45	100

Source: Author survey 2025

The table above shows that 22.2% of the respondent agree that the demand for their product are high during raining season, while 33.3% of the respondent agree that demand for their product are in medium level during raining season and 44.5% of them agree that demand for their product are low during raining season.

4.12 How would you describe the level of demand for your product during dry season?

Response	Frequency	Percentage
High	23	51.1
Medium	15	33.3
Low	7	15.6
Total	45	100

Source: Author survey 2025

The table above shows that 51.1% of the demand for their product are high during dry season while 33.3% of the respondent agree that their demand are in medium level during the dry season and 15.6% of the respondent are agree that the demand for their product are how during dry season.

4.6 DISCUSSION OF FINDINGS

From the descriptive and analysis, it was found that cost volume profit analysis is an important tools in an organization which contribute to the profit planning and survival of the company, if properly carried implemented and monitored.

In the analysis, profit as the most important measure of firm's performance was analyzed. The break-even analysis and costing respect to volume, sale above the break-even point will earn the company profit.

The reason in that the total fixed cost have been already covered at the break-even point, therefore any extra sales will simply added to profit (after detecting variable cost)

In order to know the extent to which sales may fall before the firm's supper less, the margin of safety was calculated.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The objective of the study were to prudent and evaluate the implication of short run decision about fixed cost, variable cost, volume and selling price in profit analysis can be applied in practice and also to establish the relationship existing between cost profit volume a brief statement of the problem of the study was made which discussed I brief history of the company studied. It reviews some existing literature on the subject and suggests various authors and their contribution to the development of cost volume profit analysis. The research methodologies use in collecting data needed are the questionnaire and secondary data.

The analysis of the data collected were stated and the findings are most manufacturing organization nearly used and understand and content of cost volume profit analysis, the relationship of cost and profit to the volume of business activities were also analyzed also, the analysis of the effect of cost of cost volume profit analysis planning and forecasting cost reduction, pricing and product decision and coordination activities were also analyze this analysis was concluded by interpreting the result of the analysis carried out.

5.2 CONCLUSION

In conclusion the determination of the relationship of cost and profit to volumes of sales in the company was one of the basis objectives of the study.

Conclusion can be drawn that most of the underlying assumption of the cost volume profit analysis were obtained in the company through others factor had a significant effect on the variation in the cost and profit from volume.

The accountant must be knowledgeably in the cost behavioral pattern of cost items if it is forecasting future cost with reasonable accuracy. Similar to that is whether the cost volume profit analysis can be applied in practice particularly, in the Company selected for the study. The response given to the content of he questionnaire shows that most of

assumption of the analysis were valid the company, however one should not jump to conclusion that the analysis could be easily adopted for policy such as the result of the analysis should be understood before drawing conclusion based solely on the response to the questionnaire.

Finally, a major conclusion can be drawn that the concept of the cost volume profit analysis should be used and the content be well understood before the application in order to achieve the organizational goals such as plans in order to minimize risk and uncertainty so that problem of profit associated problem will not rise.

5.3 RECOMMENDATIONS

Limitation and possible mis-interpretation of cost volume profit analysis studies by the management accountant.

This stand point is informed by the fact that the technique provides valuable information for the guidance of management in decision making. Based upon findings the following suggestions are given to the manufacturing organization and any other interested parties

1. The concept of cost volume profit analysis as is is very useful in the planning of budget, because management would able to consider the volume of output require making profit and making of safety of a company.
2. The break-even point is relevant for short time managerial decision making at it provides management with useful information for decision to product to be dropped or added a new product line .
3. The relationship of the factors financial manager or the management account, evaluation the profit plans of budget must realize that a change in one factor can lead to a change in other factor. Therefore, all such changes should be carefully visualized and their impact on profit must be seen.
4. The management should guide against basing their cost volume profit decision on the relationship depicted by the cost volume profit analysis alone, it should accompanied by other decision tools such as a sound budgeting system.

5. Finally the management understands the assumption of the CVP analysis very well before using it in policy decision. It should be used only for short UN operational decision usually one year, so that variation from expectation could be easily identified on appropriate action taken in time.

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