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Examining Cost Volume Profit and Decision Tree Analysis of a Selected Company

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Abstract

Cost Volume Profit examination demonstrates the relationship among the different elements in planning of profit, in particular, unit deal value, variable cost, sales volume, sales mix and the settled cost. Cost Volume Profit (CVP) examination by and large characterized as an arranging instrument by which directors can assess the impact of a changes in value, volume, variable cost or fixed cost on benefit. Moreover, CVP examination is the reason for understanding in commitment of margin pricing, related short run choices, target costing and exchange valuing. In the minor costing fluctuates straightforwardly with the volume of generation or yield. In net impacts, if volume is changed, variable cost fluctuates according to the adjustments in volume. For this situation, selling price stays fixed, and afterward there is an adjustment in benefit. Cost Volume Profit examination is a coherent escalation of Marginal costing. It depends on similar standards of grouping the working costs into fixed and variable. In recent days it has turned into a capable instrument in the hands of approach creators to most extreme benefits. Procuring of most extreme benefit is a definitive objective of all business undertaking. The most imperative elements impacting the gaining of benefit is the volume of generation. Benefit relies upon a substantial number of components, most imperative of which are the cost of assembling and the volume of offers, volume of offers relies on the volume of creation and market factors which hands over identified with cost. Administration has no power over the market. With a specific end goal to accomplish certain level of gainfulness, it needs to practice control and administration costs, for the most part factor costs. This on the grounds that settled cost is a non-controllable cost. It discovers the gainfulness of an item, bureau of division is to have a superior product mix for profit maximization of an organization.

Keywords: Breakeven point, Margin of safety, PV ratio, Forecasting and Profit maximization

Introduction

Cost Volume Profit

The cost volume profit investigation, planning process that administration uses to anticipate the future volume of movement, costs acquired and profits. This depends on deciding the breakeven purpose of cost and volume of products and can be valuable for administrators settling on here and now monetary choices. Despite the fact that CVP assumptions improve genuine circumstances, many organizations have discovered CVP connections can be useful in settling on choices about vital and long-extend arranging, and choices about item elements and evaluating. Administrators, in any case, should dependably evaluate whether the improved CVP connections produce Managers utilize CVP investigation to control their choices, huge numbers of which are key choices. Obviously, extraordinary decisions can influence fixed cost, variable cost per unit, offering costs, units sold, and income. Single-number "best estimations" of information for CVP examination are liable to changing degrees of instability, the likelihood that a real sum will go amiss from a normal sum. One way to deal with manage instability is to utilize affectability examination another approach is to figure expected esteems utilizing likelihood dispersions. With regards to CVP investigation, affectability examination looks at how working pay (or the breakeven point) changes if the anticipated information for offering value, variable cost per unit, settled expenses, or units sold are not accomplished. CVP-based affectability examination features the dangers and returns that a current cost structure holds for an organization. This

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knowledge may lead administrators to consider elective cost structures. The hazard return tradeoff crosswise over option cost structures can be measured as working influence. Working influence portrays the impacts that settled expenses have on changes in working salary as changes happen in units sold and thus in commitment edge. Organizations with a high extent of settled expenses in their cost structures have high working influence. Therefore, little changes in units sold reason expansive changes in operating income.

Objectives of the Study

- To understand the level of sales needed to achieve a desired profit
- To study the Cost Volume Profit analysis and its impact on Talenttar Global Softlabs.
- To find breakeven point for the services and identify the margin of safety and its significance and to analyze the degree of operating leverage.

Need For the Study

- The study is carried out to analyze the financial performance.
- The study helps company to identify growth opportunity.
- It can be helpful for the management to apply various financial tools such as Financial Leverage and Profit Volume Ratio also it will be helpful to management for decision making.

Scope of the Study

- This research study is performed by using the financial statement of Talenttar SoftLabs. This would be useful for company to take new strategy to compete in the market by adopting various controlling techniques in the process of manufacturing.
- It was conducted only on overall cost volume profit analysis and not on each and every variables. This study helps to forecast profit fairly and accurately as it is essential to know the relationship between profits and costs.
- It assists in evaluation of performance for the purpose of control and assists in formulating policies by showing the effect of different price structure on costs and profits also predetermines the overhead rates that are related to a selected volume of production.

Problem Definition

- To examine the relationships between charges in activity and change in total sales revenue, cost and profit.
- To determine how many units (institutions) of services must be sold to achieve BEP.
- To determine sales volume to reach the required to achieve the BEP point.

Limitation of Study

- Cost Volume Profit Analysis is a short run, marginal analysis.
- Lack of accuracy and precisions and it is more complex
- Volume Profit Analysis is performed in relevant range of operating activity and it is assumed that productivity

and efficiency of operations will remain constant. This assumptions may not be valid and it can be related to the Talenttar Global Softlabs.

Methodology

For achieving the specific objective of this study, researcher collected the related data both from secondary sources. Finding out various Break even analysis possibilities. Getting information from the company about the various expenses details. Referring various accounting books for costing method and Learning decision tree analysis using SPSS. Research design is the conceptual structure within which the research is conducted. A research is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine the relevance to the research purpose with economy in procedures. The study aims at narration of existing facts and figures regarding financial position of the company Measurement and analysis of data, the research design used for this study is analytical and descriptive research design.

Market Size and Growth Rate in India

Worldwide counseling industry incomes (counting HR, IT, technique, operations administration and business consultative administrations) will be about \$615 billion out of 2017, as indicated by Plunkett Research gauges. This speaks to sensible development from \$467 billion of every 2016. In the U.S., bookkeeping and related administrations, (for example, assess readiness) created an extra \$389.6 billion out of 2016, up from about \$123.0 billion the earlier year, as per the U.S. Agency of the Census. India has been comprehensively perceived for its quick paced improvement. The administration segment has been developing at a quick pace and now contributes over half to the GDP. Impelled by the expanding interest for consultancy administrations, both for household and outside firms, an investigation by ASSOCHAM pegs the counseling part in India to develop at a compound yearly development rate (CAGR) of 30%. In 2016, the counseling business in India purportedly remains at Rs 56,000 crore. In 2017, it was Rs 69,000 crore industry. As on 2017, it is assessed to be more than Rs 72,000 crore industry. Indian consultancy industry has biggest fixation in Delhi and Mumbai, trailed by Chennai and Kolkata. As per ASSOCHAM (The Associated Chambers of Commerce and Industry of India) previous president Venugopal Dhoot, the US, the UK, Japan, China, Saudi Arabia and Gulf countries recognize the ability of Indian consultancy firms, with request developing in the EU too. Indian counseling organizations have solid capacities in zones like structural building, telecom, control, metallurgy, substance and PC programming.

Literature Review

Adenji (2008) states that cost-volume- profit examination are foreordained costs, target costs or deliberately pre-arranged costs which administration attempts to accomplish with a view to setting up or achieving most extreme proficiency in the creation procedure. **Drury (2000)** characterizes cost-volume- profit examination as foreordained cost; they are taken a toll that ought to be damaged under productive working conditions. The cost-volume profit examination might be resolved on various bases. **(Glautier&Underdown, 2001)**. Cost-volume- profit

investigation is the orderly examination of the interrelationship between offering costs, sales and creation volume, cost, expenses and benefits and it clarifies cost-volume benefit examination to be a regularly utilized device furnishing administration with helpful data for basic leadership. As per **Hilton R.W (2002)** is a numerical portrayal of the financial aspects of creating an item. The connection between an items income and cost work communicated inside the cost-volume-benefit investigation are utilized to assess the money related ramifications of an extensive variety of key and operational choices. **Themejea, Okereafor, & Ogunbangbe (2015)** discovered that cost volume-benefit examination is considered to a substantial degree in the basic leadership procedure of assembling businesses and thus influence the different choices made by

assembling enterprises. **Georgiev (2014)** contemplated the Application of „Cost-Volume-Profit“ Analysis in the Hotel Industry in light of review information of high-positioning lodgings in the north-east locale of Bulgaria, inquire about outcomes show that examiners apply the CVP investigation to all parts of administration bookkeeping, which obviously discusses its criticalness for era of information on an administration.

Financial Tools of Analysis

1. Break Even Point
2. PV Ratio
3. Margin of Safety
4. Contribution

Table-1: Break Even Analysis Calculation

COST INCURRED FOR THE DEVELOPMENT OF SOFTWARE PALTFORM	RS
CODING	10000
HARDWARE INSTALLATION	25000
TESTING	15000
DATA CONVERSION	5000
THIRD PARTY DEVELOPMENT FEES	6000
TRAVEL COSTS RELATED TO DEVELOPMENT WORK	5000
PAYROLL COST FOR EMPLOYEES FOR DEVELOPING SOFTWARE	50000
LICENSE& MAINTAINENCE	50000
TOTAL EXPENCES INCURRED FOR SOFTWARE	166000
SALES PER INSITUION	200000
SALES VOLUME PER YEAR	50
TOTAL SALES AMOUNT	10000000
VARIABLE COST	RS
COMMISION PER UNIT	5000
CLOUD INFRA COST	10000
SOFTWARE DEVELOPMENT	50000
PHYSICAL INFRA	180000
OTHER MISCELLANOUS EXP	2000
SALARIES	600000
TOTAL VARIABLE COST	847000
FIXED COST	RS
ADMIN COST	2000
RENT	18000
MISCELLANEOUS FIXED COST	5000
UTILITY	30000
ADVERTISEMENT EXP	15000
SALES AND MARKETING EXP	30000
INTERNET SERVICES	10000
MAINTAINANCE OF THE BUILDING	25000
EQUIPMENT	50000
TRAVEL	10000
TOTAL FIXED COST	195000
NET PROFIT(PROFIT)	405000
BEP	11.51122

Table-2: Simple Break Even Analysis

SALES VOLUME ANALYSIS PER year												
UNITS SOLD PER PERIOD	0	5	10	11.5112	20	25	30	35	40	45	50	55
SALES PRICE PER UNIT	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000	200000
FC	195000	195000	195000	195000	195000	195000	195000	195000	195000	195000	195000	195000
VC	0	84700	169400	195000	338800	423500	508200	592900	677600	762300	847000	931700
TC	195000	279700	364400	390000	533800	618500	703200	787900	872600	957300	1042000	1126700
TOTAL SALES	0	1000000	2000000	2302244	4000000	5000000	6000000	7000000	8000000	9000000	10000000	11000000
NET POFIT	-195000	-110300	-25600	0.0668	143800	228500	313200	397900	482600	567300	652000	736700

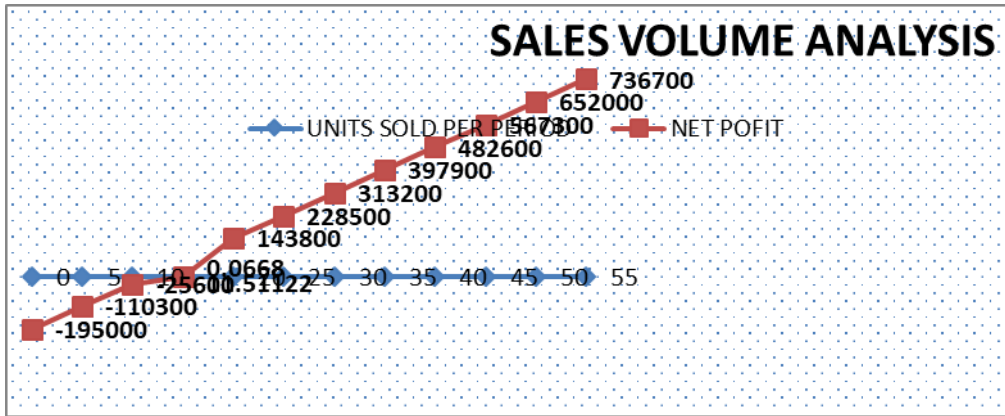


Chart-1: Sales Volume Analysis

Interpretation

The sales line will cut the total cost line at a point where the total costs are equal to total revenues and this point of intersection of two lines is known as breakeven point—the point of no profit no loss. The BEP is at 11.51 units at which the total income is equal to total expenditure.

Contribution=S-V

=10000000-847000

=RS 9153000.

Contribution per unit=9153000/195000

=46.9384units

BEP Value =33.527*200000

BEP Value =RS 6705400

Contribution Breakeven Analysis

Graph

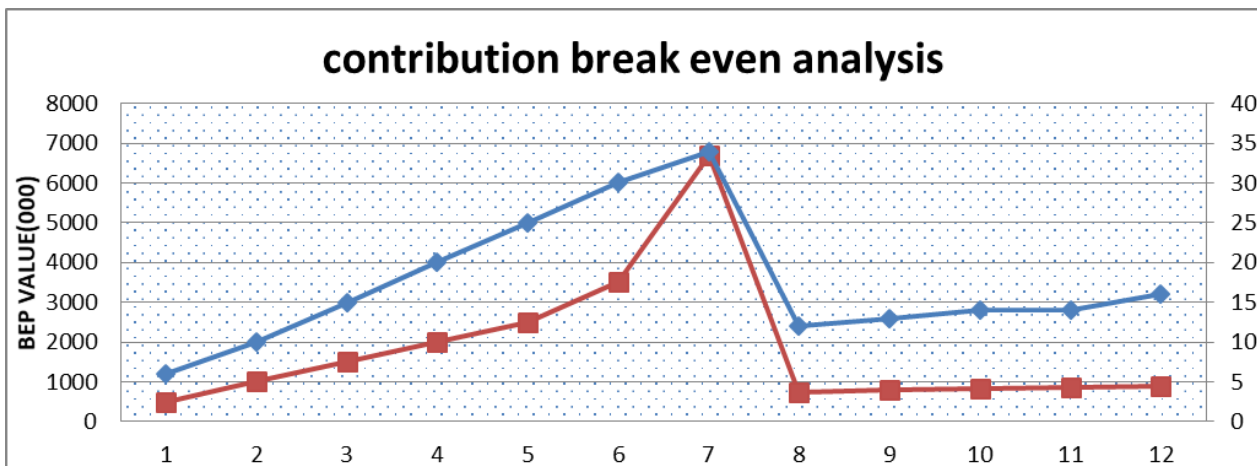


Chart -2: Contribution Breakeven Analysis

Interpretation

This chart shows contribution earned by, the firm at different levels of activity. It clearly shows that the company will attain their contribution at 46.9384th units.

Profit Break Even Analysis

Volume of sales = 10000000Rs
 Variable cost = 847000Rs
 Fixed cost = 273000Rs.

$$\text{Sales BEP} = \frac{\text{fixed cost} \times \text{sales}}{\text{Sales} - \text{variable cost}}$$

$$= \frac{195000 \times 10000000}{(10000000 - 847000)}$$

$$= \text{Rs}213044.9033$$

Interpretation

Companies can use profit-volume charts to establish sales goals, to analyze whether a potential project is likely to be profitable and to see the maximum potential profit or loss

of a given project, as well as where the [breakeven point](#) lies. The sales BEP of the project is at RS.213044.9033 (i.e.) the maximum potential profit that the company can attain from the project.

Ratios

Profit Volume Ratio

$$\text{Profit volume ratio} = \frac{\text{contribution}}{\text{Sales}} \times 100$$

$$= \frac{9153000}{10000000} \times 100$$

$$\text{p/vratio} = 91.53\%$$

Interpretation

Profit-volume ratio indicates the relationship between contribution and sales and is usually expressed in percentage. The ratio shows the amount of contribution per rupee of sales. Since, in the short-term, fixed cost does not change, the profit-volume ratio also measures the rate of

change of profit due to change in the volume of sales. The profitability of the service provided is around 91.53%.

Break Even Sales Ratio

$$\begin{aligned} \text{Break even sales} &= \frac{\text{fixed cost}}{\text{p/v ratio}} \\ &= \frac{195000}{.9153\%} \\ \text{Break even sales} &= \text{Rs } 213044.9033. \end{aligned}$$

Interpretation

Break-even analysis is useful in the determination of the level of production or in a targeted desired sales mix. Break-even analysis looks at the level of fixed costs relative to the profit earned by each additional unit produced and sold.

Margin of Safety

$$\begin{aligned} \text{Margin of safety ratio} &= \frac{\text{margin of safety}}{\text{Sales}} * 100 \\ \text{Margin of safety} &= \text{sales- break even sales} \\ &= 10000000-213044.9033 \\ &= \text{Rs.}9786955.097 \\ \text{Margin of safety} &= \frac{9786955.097}{10000000} * 100 \\ \text{Margin of safety} &= 97.86\% \end{aligned}$$

Interpretation

Margin of safety, therefore, tells us the amount of sales that can be dropped before losses begin to be incurred. With a high margin of safety business have low risk of not breaking even and with a low margin of safety business have high risk of not breaking even. Sales amount Rs.9786955.097 is the amount that can be dropped before losses begin to be incurred. The current level of sales and with the company's current prices and cost structure, a reduction in sales of 97.86%

Contribution per Unit

$$\begin{aligned} \text{Contribution per unit} &= \frac{\text{Fixed cost}}{\text{Sales- variable cost}} \\ &= 195000 / (100,00,000-847000) \\ &= 0.02130449 \\ \text{Contribution per unit} &= 2.130449\text{units} \end{aligned}$$

Contribution margin ratio

$$\begin{aligned} \text{Contribution margin ratio per unit} &= \frac{\text{sales} - \text{variable cost}}{\text{No of units}} \\ &= (10000000-847000)/50 \\ &= 183060 \\ \text{Contribution margin ratio} &= \frac{\text{sales- variable costs}}{\text{Sales}} \\ &= (10000000-847000)/ 10000000 \\ &= 0.9153 \\ \text{Contribution margin ratio} &= 91.53\% \end{aligned}$$

Interpretation

The contribution margin ratio is also useful for determining the profits that will arise from various sales levels. The contribution margin ratio takes the concept of the contribution margin per unit produced and calculates it as a percentage of the sales price per unit. This shows what percentage of sales is made up of the contribution margin. Around 91.53% sales can be made.

Target income sales in units

$$\begin{aligned} \text{Target income sales} &= \text{fixed cost} + \frac{\text{target sales}}{\text{Contribution margin ratio}} \\ &= (195000 + 10000000) / 91.53\% \\ &= \text{Rs.}111384.2456 \end{aligned}$$

Interpretation

Target income sales is the amount/units of sales needed to cover the variable costs, fixed costs and the target income in a given accounting period. Target income is the net income which a company wants to achieve during the period. 111384.2456 Rs. is the net income which a company wants to achieve during the period of one year.

Decision Tree Analysis Using Spss

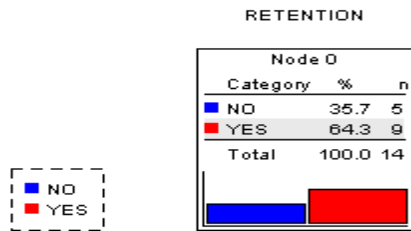
Model Summary

Specifications	Growing Method	CHAID
	Dependent Variable	RETENTION
Independent Variables	INSITUATION, LEVEL, YEARS, SERVICES, EDUCATION	
	Validation	None
Results	Maximum Tree Depth	3
	Minimum Cases in Parent Node	100
	Minimum Cases in Child Node	50
Independent Variables Included	No Independent Variable Included	
	Number of Nodes	1
	Number of Terminal Nodes	1
	Depth	0

Misclassification Costs

Observed	Predicted	
	NO	YES
NO	.000	1.000
YES	1.000	.000

Dependent Variable: RETENTION



Tree Table

Node	NO		YES		Total		Predicted Category
	N	Percent	N	Percent	N	Percent	
0	5	35.7%	9	64.3%	14	100.0%	YES

Growing Method: CHAID
Dependent Variable: RETENTION

Target Category:

Gains for Nodes

Node	Node		Gain		Response	Index
	N	Percent	N	Percent		
0	14	100.0%	9	100.0%	64.3%	100.0%

Growing Method: CHAID
Dependent Variable: RETENTION

Risk

Estimate	Std. Error
.357	.128

Growing Method: CHAID
Dependent Variable: RETENTION

Classification

Observed	Predicted		
	NO	YES	Percent Correct
NO	0	5	.0%
YES	0	9	100.0%
Overall Percentage	.0%	100.0%	64.3%

Growing Method: CHAID
Dependent Variable: RETENTION

Decision Tree Using Excel

Table-3: Decision tree payoff table

PAYOFF TABLE			
ALTERNATIVE	STATE OF NATURE		
	HIGH	MEDIUM	LOW
HIGH	50	20	10
MEDIUM	35	15	5
LOW	15	5	2
PROBABILITIES	0.3	0.4	0.3

Table-4: Probabilities for Favorable and Unfavorable Conditions

PROBABILITIES FOR FAVOURABLE AND UNFAVOURABLE CONDITIONS		
P(F)=0.40	P(H F)=0.45	P(H U)=0.20
P(U)=0.60	P(M F)=0.40	P(M U)=0.40
	P(L F)=0.15	P(L U)=0.40

Decision Tree Analysis

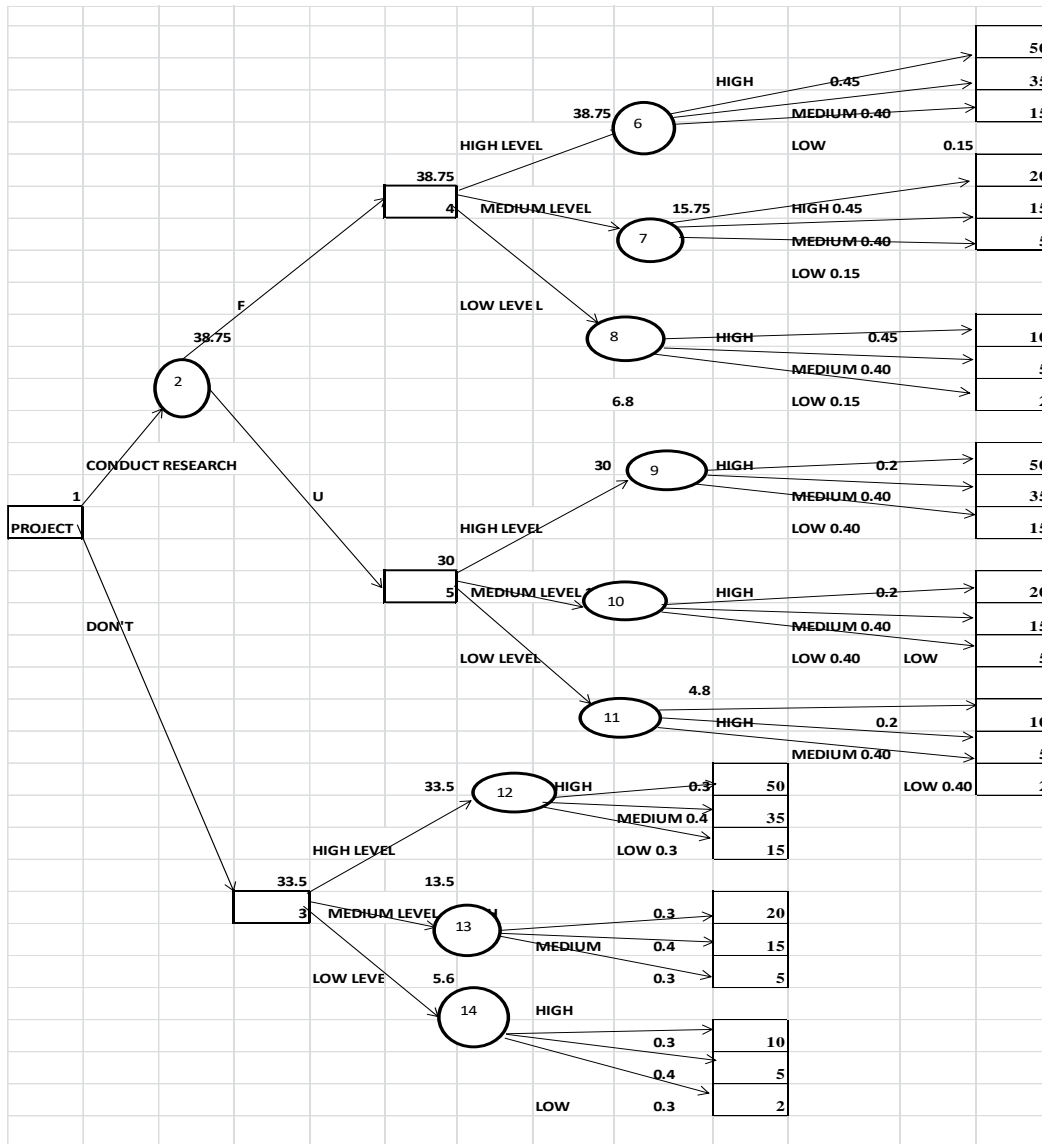


Table-5: Node Calculation

NODE CALCULATION		
NODE	CALCULATION	ANSWER
6	$(0.45*50)+(0.40*35)+(0.15*15)$	38.75
7	$(0.45*20)+(0.40*15)+(0.15*5)$	15.75
8	$(0.45*10)+(5*0.40)+(0.15*2)$	6.8
9	$(0.20*50)+(35*0.40)+(0.40*15)$	30
10	$(0.20*20)+(0.40*15)+(0.40*5)$	12
11	$(0.20*10)+(0.40*5)+(0.40*2)$	4.8
12	$(0.3*50)+(0.4*35)+(0.3*15)$	33.5
13	$(0.3*20)+(0.4*15)+(0.3*5)$	13.5
14	$(0.3*10)+(5*0.4)+(0.3*2)$	5.6

Table-6: Final Decision Node Calculation

Final Decision			
Node	Nodes	Calculation	Answer
2	4,5	Greater(4,5)	38.75
3	12,13,14	(greater 12,13,14)	33.5

Table-7: Sub-Node Calculations

Node	Nodes	Calculation	Answer
4	6,7,8	Greater(6,7,8)	38.75
5	9,10,11	Greater(9,10,11)	30
3	12,13,14	Greater (12,13,14)	33.5

Interpretation

On comparing node 2 and node 3: Node 2 is greater than Node 3, where Node 2 indicates to conduct the project research and node 3 indicates not to conduct research and directly proceed selling of services. From the result it clearly shows that it is better to conduct research and proceed the project. It is observed that path of Node 2-Favorable condition is found to be greater. In favorable condition the high level institution is found to be greater than other level of institution. This decision tree clearly shows that high level institution demand is higher and favorable than other level of institutions and it is found that the company will gain higher profit for high level institution when compared to other level of institutions.

Table-8: Flexible Cost

FLEXIBLE BUDGET	
VARIABLE COST	RS
Commission per unit	5000
Cloud infra cost	10000
Software development	50000
Physical infra	180000
Other miscellaneous exp	2000

Salaries	600000
Total variable cost	847000
FIXED COST	RS
Admin cost	2000
Rent	18000
Miscellaneous fixed cost	5000
Utility	30000

Advertisement exp	15000
Sales and marketing exp	30000
Internet services	10000
Maintainance of the building	25000
Equipment	50000
Travel	10000
TOTAL FIXED COST	195000

Table-9: Flexible Budget calculations

PERCENTAGE	50%		75%		100%	
UNITS	25		37.5		50	
COST	PER UNIT	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL
VARIABLE COST						
COMMISSION PER UNIT	100	2500	100	3750	100	5000
CLOUD INFRA COST	200	5000	200	7500	200	10000
SOFTWARE DEVELOPMENT	1000	25000	1000	37500	1000	50000
PHYSICAL INFRA	3600	1800	3600	135000	3600	180000
OTHER MISCELLANOUS EXP	40	1000	40	1500	40	2000
SALARIES	12000	300000	12000	450000	12000	600000
TOTAL VARIABLE COST	16940	335300	16940	635250	16940	847000
FIXED COST						
ADMIN COST	80	2000	533.33333	20000	400	20000
RENT	720	18000	1600	60000	1200	60000
MISCELLANEOUS FIXED COST	200	5000	213.33333	8000	160	8000
UTILITY	1200	30000	1066.6667	40000	800	40000
ADVERTISEMENT EXP	600	15000	400	15000	300	15000
SALES AND MARKETING EXP	1200	30000	800	30000	600	30000
INTERNET SERVICES	400	10000	266.66667	10000	200	10000
MAINTAINANCE OF THE BUILDING	1000	25000	666.66667	25000	500	25000
EQUIPMENT	2000	50000	1333.3333	50000	1000	50000
TRAVEL	400	10000	400	15000	300	15000
TOTAL FIXED COST	7800	195000	7280	273000	5460	273000
TOTAL COST	24740	530300	24220	908250	22400	1120000

Table-10: Fixed Budget Calculation

FIXED BUDGET		
PARTICULARS	PER UNIT	RS
DIRECT MATERIAL		
CODING	200	10000
HARDWARE INSTALLATION	500	25000
CLOUD INFRA COST	200	10000
DIRECT EXPENSES		
SOFTWARE DEVELOPMENT	1000	50000
LICENSE& MAINTAINENCE	1000	50000
DIRECT WAGES		
PAYROLL COST FOR EMPLOYEES FOR DEVELOPING SOFTWARE	1000	50000
PRIME COST	3900	195000
FIXED WORK EXPENSES		
TESTING	300	15000

DATA CONVERSION	100	5000
THIRD PARTY DEVELOPMENT FEES	120	6000
VARIABLE WORK EXPENSES		
TRAVEL COSTS RELATED TO DEVELOPMENT WORK	100	5000
WORK COST	4520	226000
OTHER GENERAL EXPENSES		
ADMIN COST	40	2000
RENT	360	18000
MISCELLANEOUS FIXED COST	100	5000
UTILITY	600	30000
ADVERTISEMENT EXP	300	15000
SALES AND MARKETING EXP	600	30000
INTERNET SERVICES	200	10000
MAINTAINANCE OF THE BUILDING	500	25000
EQUIPMENT	1000	50000
TRAVEL	200	10000
PHYSICAL INFRA	3600	180000
OTHER MISCELLANOUS EXP	40	2000
SALARIES	12000	600000
TOTAL COST	24060	1203000
PROFIT	8020	401000
SALES	32080	1604000

*Let profit be 25% of the sales

Findings

The BEP is at 16.1157 at which the total income is equal to total expenditure. In contribution breakeven analysis the company will attain their contribution at 33.527th units. In profit breakeven analysis the sales BEP of the project is at 2, 98,262.8686Rs (i.e) the maximum potential profit that the company can attain from the project. In Profit-volume ratio the profitability of the service provided is around 91.53%. Sales amount 97701737.135Rs is the amount that can be dropped before losses begin to be incurred. The current level of sales and with the company's current prices and cost structure, a reduction in sales of 97.01%. The contribution margin ratio is also useful for determining the profits that will arise from various sales levels. From Target Income Sales Ratio 11223642.52Rs. Is the net income which a company wants to achieve during the period one year? Decision tree analysis on comparing node 2 and node 3: Node2 is greater than Node 3, **where** Node 2 indicates to conduct the project research and node 3 indicates not to conduct research and directly proceed selling of services. From the result it clearly shows that it is better to conduct research and proceed the project. If we clearly observe the path of Node 2- Favorable condition is found to be greater. In favorable condition the high level institution is found to be greater than other level of institution. It clearly shows that high level institution demand is higher and favorable than other level of institutions and it is found that the company will gain higher profit for high level institution when compared to other level of institutions.

Suggestions

The performance of the company can be maximized through careful measures of cost control. The company can reduce their costs, thereby the sales get increase due to their quality and also the performance will be improved in future. Cost control will enhance the operating efficiency of the company and it has to take some precautions to prevent the sickness, with a high margin of safety business have low risk of not breaking even and with a low margin of safety business have high risk of not breaking even. The company must try to provide more services at reduced cost in order to achieve BEP earlier also it should make high

sales with reduced cost to improve profit and it has to concentrate the medium and low level institution which has greater in near future. The fixed costs need to be reduced and cost control techniques can be adopted which will increase the earnings. The company must concentrate in cost of sales to manage BEP also improves turnover in the way of sales at reasonable price

Conclusion

The study makes evident that the overall performance of the company with regard to profitability is high but still, the performance of the company can be maximized through careful measures of cost control which will enhance the operating efficiency of the company. The company can reduce their costs, thereby the sales get increase due to their quality and also the performance will be improved in future. The financial statements shows a sign of sickness in future, the company has to undergo an improvements in several areas of management in the near future, the company has to take some precautions to prevent the sickness, and if the company applies recommendations of this study towards its management, the company will be back on to a higher profitable position within short time. The internship of this company had given me the great knowledge about the business. It helped me to know how all concepts of management are used effectively. The company gave me the opportunity to know how effectively the businesses were taken over.

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