Cost-Volume-Profit Relationship: Enhancing Decision Making Efficiency at all Levels of Management

September 14-15, 2021

Programme Co-ordinator: Prof. Paresh J. Bhatt

About the Programme

It may be mentioned that profit/surplus depends on a large number of factors, the most important of which are the cost of sale and the volume of sales effected. Both these factors are interdependent—volume of sales depends upon the volume of production, which in turn is related to costs. Cost again is based on the factors, namely, (i) volume of production; (ii) product mix; (iii) internal efficiency; (iv) methods of production; and (v) size of batches, size of plant, etc. These factors heavily influence variable and fixed cost in total as also per unit of product, service or project.

It is observed that in marginal costing, variable costs vary directly with the production and sales volume, whereas fixed costs remain unchanged at least within a certain range of output. This cost behaviour when related to sales income/revenue shows the "Cost-Volume-Profit" relationship which is the net effect that the change in cost, price and volume has, on profit/ surplus. Management constantly strives to relate these elements so as to optimize profits.

Apart from profit planning, the concept of cost-volume-profit (CVP) is relevant to all decision making areas and brings in a clear vision to management for deciding on utilization of capacity, enhancement of efficiency, infusing additional funds for capital investment, entering into new markets, penetrating into export markets, reducing product rates, handling HR issues, effective budgeting and so on.

Objectives

Objectives include creating awareness in functional personnel about the behaviour of cost under situation of Break-Even and Margin of Safety for a firm. Also, to make them efficient in decision making with the help of contribution analysis.

Benefits of the Programme

It is likely that the participants start thinking in terms of contribution of products, fixed cost as the cost of capacity which needs to be utilized optimally to make products sustainable.

Contents

- Direct and indirect cost
- Variable, semi-variable and fixed cost
- Marginal cost
- Contribution analysis
- Profit-volume ratio
- Margin of safety
- Cost-Volume-Profit relationship
- Sensitivity analysis based on marginal costing
- Decision making on various requirements of the organization based on CVP

No. of Resource Persons

For this programme, there will be one faculty for discussions in all sessions listed as above.

Pedagogy

- Classroom discussion on concepts
- Explanation through power-point slides
- Explanation through numerical sums solved by faculty
- Practice through numerical questions given to participants for solution in the sessions
- Explaining difficulties in question solving through solutions offered by faculty
- Sharing solutions in printed form and soft copy with participants for their reference and practice in future

Numerical exercises will be based on contribution analysis and decision making situations.

Who Should Attend

This programme is aimed at discussing and practising management accounting concept which is very relevant for middle level and senior level management people.

Programme Fee

This is a 2-day online programme and the programme fee is INR 11,328/- (inclusive of 18% GST) per person. The fee should be paid in advance through NEFT/RTGS.

Delivery in Virtual Mode

The sessions will be scheduled on an online platform. Participants are required to have access to a personal computer/laptop with stable internet connection and a webcam to access the sessions.

Deadline for Confirmation of Participation: August 31, 2021

Contact Details

Oliver Macwan, Deputy Manager (Executive Training)
Institute of Rural Management Anand
Post Box No. 60, Anand 388001, Gujarat
Phone: (02692) 221841 • Mobile: 09974072693 • Email: mdp@irma.ac.in