ABSTRACT

Cost Volume Profit Analysis deals with the relationship among sales revenue, total expenses and sales volume. Cost volume profit analysis looks at how total expenses vary with changes in sales volume, and puts together expenses and revenue variation for the various volume sold, to see how profit varies with the changes in sales volume. The writer used this analysis as a tool for profit planning.

To begin the analysis, the first thing must be realized is that we do not directly consider total expenses as one unit since total expenses are consisted of fixed and variable ex penses. By separating the total expenses into fixed and variable expenses, formulas can be developed to estimate total expenses at various level of sales volume. The writer used Regression Analysis using the Method of Least Squares to sepa rate total expenses into fixed and variable expenses.

From calculation using least square, fixed and variable expenses can be summarize :

Fixed expenses = Rp 32,038,311,690

Variable expenses div 1 = Rp 31,381

div 2 = Rp 33,282

div 3 = Rp 29,640

Break even sales is Rp 177,729,432,000 or 4,701,837 unit with sales mix composition 1 div 1, 1 div 2 and 2 div 3. Break even sales will change if the composition of the sales mix change. The more product of division 1 included in sales mix the lower the break even sales volume.