Unit 11 Cost Volume Profit Analysis

Content Area: **Business**
Course(s): **Accounting 2A**
Time Period: **Semester 2**
Length: **3 weeks**
Status: **Published**

Standards

NJ 2009 CCCS: Standard 9 21st Life and Career: 9.4 CTE:F Finance Career Cluster Pathway Accounting

9.4.12.F.(1).1 Access and evaluate financial information to assist business decision-making.

Ethics and Legal Responsibilities: Legal responsibilities, professional ethics, and codes of conduct affect management practices, business performance, and regulatory compliance, as well as the confidence of customers, business partners, and investors.

9.4.12.F.(1).2 Describe laws and regulations affecting business operations and transactions in order to ensure compliance with industry requirements.

Employability and Career Development: Employability skills and career and entrepreneurship opportunities build the capacity for successful careers in a global economy.

9.4.12.F.(1).3 Apply career planning concepts, tools, and strategies to explore, plan, obtain, and develop a career in this pathway.

Technical Skills: Technical knowledge and skills play a role in all careers within the cluster and pathway.

9.4.12.F.(1).4 Use accounting tools, strategies, and systems to plan the use and management of financial resources.

Enduring Understanding

The changes in selling price and the volume of sales will result in a changes in profits.

Cost-volume-profit analysis is a tool that is used by managers to plan the effect of those changes on the profits of a business.

Essential Questions

How do costs behave when there is a change in volume?

What is contributrion margin, and how is it used to compute operating income?

How is CVP analysis used?

Knowledge and Skills

- Determine how changes in volume affect costs
- Calculate operating income using contribution margin and contribution margin ratio
- Use CVP analysis for profit and planning
- Calculate break even point
- Use CVP analysis to perform sensitivity analysis
- Use CVP analysis to calculate margin of safety, operating leverage, and mutliproduct breakeven point

Transfer Goals

One rule often cannot apply to a multitude of situations.

Attention to detail avoids mistakes.

Resources

Horngren's Financial and Managerial Accounting
Albert.io
Accountingcoach.com