CVP-ANALYSIS AS A FINANCIAL RESULTS MANAGEMENT TOOL

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Summary. The article deals with the method of managing profit – «CVR analysis». The features and main problems of using this method in practice have been pointed out. An improved approach of CVR analysis, namely the use of the management approach to cost sharing as an alternative to traditional, one has been offered.

Statement of the problem. An income, as an economic category, is the main motive body of market economy, provides interests of the state, owners, businessmen and personnel of enterprise, comes forward not only the stimulus of economic activity of enterprises but also basic source of development of their activity. In the conditions of market economy the role of income in an economic process grows continuously. Therefore one of actual tasks of contemporaneity is an effective management forming of income on an enterprise. This task can be realized, if an enterprise studies demand at the market, has clear price politics, applies the methods of planning, account, analysis, control and management production volumes, quality of products and expenses.

Knowledge of basic mechanisms of forming of income is a base for development of effective methods of management of enterprise and recommending the increase of forming efficiency, distributions arrived her maximizations.

Analysis of the last researches. Questions of financial management, namely managements widely enough discussed the financial results of enterprise in literature, therefore on separate problems it is possible to lean against authoritative opinion of the known home and foreign scientists-economists. However swingeing majority of scientific researches devoted general mechanism of activity of enterprise, to development of theoretical bases, and open question of adaptation of them to practical application require a further study.

Aim of the article. To investigate the method of management an income – «CVP-analysis». To define features and basic problems of the use of this method in practical activity. To ground the improved approach of CVP-analysis, namely the use of the administrative going near allocation of charges as an alternative traditional.

Justification of scientific results. As known, on the financial result of enterprise the row of factors among basic it is possible to distinguish from that has an influence: charges, price, volume and structure of the realized products. The simple and exact means of determination of intercommunication and interdependence between these factors is methodology of analysis of correlations of «expense – volume – income» (or CVP-analysis; «Cost – Volume – Profit»). This type of analysis is considered to one of the most effective facilities of planning and prognostication of activity of enterprise. He allows:

- to optimize proportions between variables and permanent charges;
- to optimize proportions between a price and volumes of realization of products;
- to minimize an enterprise risk;
- to estimate and forecast financial results;
- to find out backlogs and provide the sufficient supply of financial firmness;
- to ground recommendations on the improvement of work of enterprise.

Analysis of «CVP» in practice often enough name to the analyses of break-even point. Under a break-

even point understand such profit yield and such production that provides coverage of all charges of enterprise and receipt of a zero income volume. A break-even point in literature is also named «critical», or «equilibrium», or «dead», or «threshold of profitability» (BEP – «break – even point»).

For a calculation break-even points use three methods: graphic, equalization and margin profit. An obligatory condition for all methods is dividing of charges into variables and conditionally-permanent. As known, permanent charges do not depend on a production volume, and variables – change with the increase (by a decline) of volume of output and sale.

Graphic method provides for construction of chart of «expense – volume – income».

For determination of break-even point in international practice often enough apply the method of equalizations. According to this method for determination of break-even point there are formulas.

A margin profit is a difference between the profit yield of enterprise from realization of products (works, services) and sum of variable charges, id est it is a sum of permanent charges and income of enterprise.

It should be noted that the large number of factors has an influence on the changes of production and realization of products volumes, her prime price and income. These factors sometimes operate in opposite directions. Thus connection a production «volume is a profit yield from realization is a prime price – an income» in practical financially-economic activity far is not absolute.

The special difficulties at application of this method arise up at allocation of permanent charges in the conditions of producing of a few foods. Traditionally permanent charges distribute after the types of products proportionally to the volumes of realization. It is envisaged the same, that foods that are for sale better cover more permanent charges. Such approach does not allow objectively to estimate the necessary contribution of separate types of products to the general result.

The alternative of traditional approach is the administrative going near allocation of charges, that in a certain measure takes off limitation first. He envisages two stages of distribution:

1. Part of permanent charges that exactly can be distinguished and take on the concrete type of products is determined at first;

2. Other charges, that it is difficult to define, are prorated volumes of realization (by a traditional method).

To our opinion, administrative approach envisages more exact allocation of permanent charges in the conditions of producing of a few types of products and allows to determine the real size of threshold of profitability of separate types of products.

Thus, at the jumboizing of enterprise of value of threshold of profitability grows, that it is impossible to estimate in this case negatively.

On the different stages of work of enterprise the threshold of profitability is different, and the insignificant changes of profit yield from realization cause the substantial changes of income. In this connection, we consider that for successful work of enterprise, it is needed regularly to conduct the analysis of threshold of profitability and planning of income.

Conclusions. For realization of CVP-analysis use three methods: graphic, equalization and margin profit. An obligatory condition for all methods is dividing of charges into variables and conditionally-permanent. In this case, special difficulties that limit application of this method related exactly to allocation of permanent charges in the conditions of producing of a few types of products.

To our opinion, administrative going near allocation of permanent charges in CVP-analysis, provides more objective estimation of results of activity of enterprise and gives an opportunity effectively to plan, to forecast and manage charges and results. But it is necessary to notice that problem of more exact allocation of permanent charges something complicates calculations. Therefore during work with fact and planned sheets it is necessary constantly to balance between exactness and expediency of the got information, remembering about the cost of these works. Exactly these terms result in different efficiency from the use of model «CVP-analysis» on every separate enterprise.