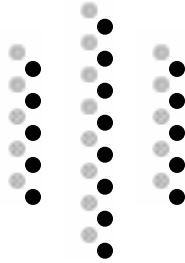


Profit Planning and control of J.Bs' Industry



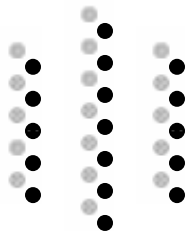
By

Birendra Kumar Jha

Exam Roll no. 140027

T.U. Registration No. 7-2-14-487-2005

R.R.M. Campus, Janakpur



A Thesis Submitted to

Office of the Dean

Faculty of Management

Tribhuvan University

In Partial Fulfillment of the requirement of the Degree of

Master of Business Studies (M.B.S.)

Janakpur Dham, Nepal

March, 2013

RECOMMENDATION

This is to certify that the thesis :

Submitted by :

Birendra Kumar Jha

Profit planning and control of J.Bs' Industry

Has been prepared as approved by this Department in the
prescribed format of Faculty of Management.

This thesis is forwarded for examination.

Braham Dev Sah

(Thesis Supervisor)

Signature:.....

Date:

Dr.Sailendra Labh Karn

(Chairman Research Committee)

Signature:.....

Date:

Yugeshwar Sah

(Assistant Campus Chief)

Signature:.....

Date:

Mr.Bishnu Dev Yadav

(Campus Chief)

Signature:.....

Date:

VIVA - VOCE SHEET

We have conducted the viva - voce examination of the thesis

Presented by

Birendra Kumar Jha

Entitled

Profit planning and control of J.Bs' Industry

And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for Master's Degree in Business Studies (M.B.S.)

Viva - voce Committee

Chairperson, Research Committee :

Member (Thesis supervisor) :

Member (External expert) :

Date :

DECLARATION

I hereby declare that the work reported in this thesis entitled "*Profit Planning and control of J.Bs' Industry*" Submitted to faculty of management, R.R.M. Campus, Janakpurdham, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement of the degree of Master of Business Studies (MBS) under the supervision of Mr. Braham Dev Sah, faculty of management, R.R.M. Campus, Janakpurdham.

.....

Birendra Kumar Jha

ACKNOWLEDGEMENT

In the completion of the present work, many persons have been of great help in one way or the other. Of course, it is my most sacred duty to acknowledge their help with pride and delight. First of all I would like to express my sincere gratitude to my thesis advisor Braham Dev Sah Faculty of Management, R.R.M. Campus, Janakpur, for his intelligible guidance and creative comments without which this thesis would not have been materialized.

I would like to extent my gratefulness to Mr. Bishnu Dev Yadav, Campus Chief and Mr. Yugeshwar Sah Assistant Campus Chief, Faculty of Management, R.R.M. Campus, Janakpur, for their help and encouragement. I would like to extent my obligations to all the teachers of the faculty of management, R.R.M. Campus, Janakpur for their help and co-operation.

I am highly obliged to General Manager of JB's Industry, Chief Finance Administration Department of JB's Industry and Account Assistant of J.Bs' Industry for providing the relevant data and information of JB's Industry directly to me on my request. My obligations are also to the T.U. and R.R.M. Campus library for providing available documents literature on the subject. I am also highly obliged to my family members and all friends for their help in completing this.

Last but not the least, I am also thank full to Mr. Pappu Kumar Sah for so ably typing the manuscript.

Birendra Kumar Jha

RRM campus Janakpur

Roll no. 140027

TABLE OF CONTENTS

Recommendation		
Viva-Voce Sheet		
Declaration		
Acknowledgement		
List of Table		
List of Diagram		
List of Graph		
List of Abbreviation		
	Page No	
Chapter-1		
Introduction		
1.1	General Background of the study	1
1.2	Brief Introduction of J.Bs' Industry	3
1.3	Statement of the Problem	5
1.4	Objectives of the Study	6
1.5	Significance of the study	7
1.7	Limitations of the Study	7
1.8	Organization of the Study	7
Chapter-2		
Review of Literature		
2.1	Profit	8
2.2	Planning	10
2.2.1	Types of Planning	12
2.2.1.1	Long Term Planning	12
2.2.1.2	Tactical or Short Tern Planning	12
2.2.1.3	Medium Term Planning	13
2.3	Forecasting	13
2.3.1	Planning VS foresting	14
2.4	Overview of Profit Planning	15
2.4.1	Process of Profit Planning	17
2.5	Profit Planning and Control	21
2.5.1	Fundamental Concept of Profit Planning and Control	23
2.5.2	Components of Profit Planning & Control Program	24

2.5.3	Advantage of Profit Planning	26
2.5.4	Purpose of Profit Planning and Control	27
2.5.5	Limitation of Profit Planning and Control	28
2.5.6	Application of Profit Planning and Control	29
2.5.7	Budgeting, as Tools of Profit Planning	30
2.5.8	Development of Profit Plan	31
2.6	Sales Forecasting	32
2.6.1	Sales Plan/ Budget	32
2.6.2	Sales Planning and Forecasting	33
2.6.3	Components of Sales Plan	34
2.6.4	Strategic and Tactical Sales Plan	34
	2.6.4.1 Strategic Sales Plan	34
	2.6.4.2 Tactical Sales Plan	34
2.6.5	Developing the Sales Plan	35
2.7	Inventory Budget	35
2.8	Production Budget / Plan	36
2.8.1	Development of Production Budget	36
2.8.2	Responsibility for Production Planning	36
2.8.3	Pre- requisites required of Production Plan	37
2.8.4	Production Policies	37
2.9.	Material Budget	38
2.9.1	Objective of Material Budgets	39
2.9.2	Material and Parts Inventory Policy	39
2.10	Direct Labour Budget	40
2.10.1	Approach as used in Developing Direct Labour Budget	40
2.10.2	Objectives of Direct Budget	41
2.10.3	Components of direct labour budget	41
2.11	Manufacturing Overhead budget	42
2.12	Selling and Distribution Expenses budget	43
2.13	Administrative expenses budget	44
2.14	Flexible Expenses budget	44
2.14.1	Purpose or function of flexible Expenses Budget	45
2.14.2	Use of flexible Expenses Budget	45
2.14.3	Steps for preparing flexible Budget	45

2.15	Planning for Non-Manufacturing Concern	47
2.16	Other Sub-Budgets are required for Completion of Profit Plan	48
2.17	Brief Review of Previews Research	48
2.18	Research gap	56

Chapter -3

Research Methodology

3.1	Research design	57
3.2	Period covered	58
3.3	Nature of data Collection	58
3.4	Tools used for data Analysis	58
3.5	Research Variable	60
3.6	Population and Samples	60

Chapter -4

Data Presentation and Analysis

4.1	Long term Sales Plan of J.Bs' Industries	61
4.2	Production plan of J.Bs' Industries	66
4.3	Material purchase budget and Inventory Policy	71
4.4	Man Power Planning of J.Bs' Industries	74
4.5	Cash Budget of J.Bs' Industry	76
4.6	Capital Budget of J.Bs' Industry	79
4.11	Flexible Budget	80

Chapter-5

Summary, Conclusion and Recommendation

5.1	Summary	84
5.2	Conclusion	86
5.3	Recommendation	87

Bibliography

Appendix

List of Table

Table no.	Title	Page no.
1	Sales Target and Achievements	61
2	Fitting Straight Line Trend	65
3	Production Target and Achievements	66
4	Actual sales & Actual Production	69
5	Opening stock, Purchase, Consumption and Closing Sock of Raw Materials	72
6	Opening Stock, Purchase, Consumption and Closing Sock of Sub-raw Materials	73
7	Manpower Plan	75
8	Cash flow statements	76
9	Flexible Budget	81

List of Diagram

Table no	Title	Page no.
1	Budgeted sales and Actual sales	62
2	Production target and Actual Achievement	68

List of graph

1	Actual Sales and Actual Production	70
---	------------------------------------	----

LIST OF ABBREVIATION

A/C	:	Account
Amo ⁿ	:	Amortization
AM	:	Arithmetic Mean
BEP	:	Break Even Point
B.S.	:	Bikram Sambat
CEO	:	Chief Executive Officer
C.V.	:	Coefficient of Variation
CVP	:	Cost Volume Profit
CM	:	Contribution Margin
CMPU	:	Contribution Margin per Unit
Dep ⁿ	:	Depreciation
F/Y	:	Fiscal Year
HR	:	Human Resource
Ltd.	:	Limited
MOS	:	Margin of safety
Pvt.	:	Private
PPC	:	Profit Planning & Control
P/V	:	Profit Volume
r	:	Correlation
Rs	:	Rupees
SPPU	:	Sales Price per Unit
S.D.	:	Standard Deviation
T.U.	:	Tribhuvan University
VCPU	:	Variable Cost Per Unit