

SALES BUDGETING OF UNILIVER LIMITED AND ITS IMPACT ON PROFITABILITY

By

Niranjan Devkota

Central Department of Management

Campus Roll No. : 238/064

T.U. Regd. No.: 7-2-242-214-2004

Symbol No. of 2nd Year Exam : 280589

A Thesis Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

In partial fulfillment of the requirement for the degree of

Master of Business Studies (MBS)

Kathmandu, Nepal

December 2013

RECOMMENDATION

This is to certify that the thesis:

Submitted by

NIRANJAN DEVKOTA

Entitled

**SALES BUDGETING OF UNILIVER LIMITED AT IS IMPACT ON
PROFITABILITY**

has been prepared as approved by this Department in the prescribed
format of the Faculty of Management. This thesis is forwarded for
examination.

.....

Achyut Gyawali
Thesis Supervisor

.....

Prof. Dr. Sunity Shrestha
Chairperson
Research Committees

.....

Prof. Dr. Balkrishna Shrestha
Head
Central Department of
Management

Date:

VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented
by

NIRANJAN DEVKOTA

Entitled

**SALES BUDGETING OF UNILIVER LIMITED AT IS IMPACT ON
PROFITABILITY**

And found the thesis to be the original work of the student written according to the prescribed format. We recommend this thesis to be accepted as partial fulfillment of the requirements for Master of Business Studies (M.B.S.)

Viva-Voce Committee:

Chairman, Research Committee:

Member (Thesis Supervisor):

Member (External Expert):

Member (Head of Department):

Date:

DECLARATION

I hereby declare that the work reported in this thesis entitled "**SALES BUDGETING OF UNILIVER LIMITED AND ITS IMPACT ON PROFITABILITY**" submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Achyut Gyawali** of Central Department of Management, T.U.

.....

Niranjan Devkota

T.U. Regd. No.: 7-2-242-214-2004

Campus Roll No. : 238/064

ACKNOWLEDGEMENT

Though management accounting is a new evolving phenomenon of sales budgeting concept in modern business world, whatever the tools and techniques have been developed, are accepted as the inevitable management instruments for effective, efficient and rational decision-making. Realizing this fact, an attempt has been made in this thesis to shed light on the present practice of sales budgeting of uniliver limited.

Firstly, I would like to express my warm gratitude to my thesis supervisors Achyut Gyawali of Central Department of Management, T.U. for their valuable guidance as well as Co-operation in completing this thesis work. I am also grateful to the campus administration and staffs of Central library, T.U. for their co-operation.

I am thankful to the managers, department chief, respective authorities and staffs of all uniliver limited which are taken as sample for this thesis work for providing me all the necessary data and information for my study.

Lastly, I am equally grateful to all the authors, whose books, reports and thesis have been consulted during my thesis preparation period.

Niranjan Devkota

T.U. Regd. No.: 7-2-242-214-2004

Campus Roll No. : 238/064

TABLE OF CONTENTS

Page No

VIVA-VOCE SHEET
RECOMMENDATION
DECLARATION
ACKNOWLEDGEMENTS
TABLE OF CONTENT
LIST OF TABLE
LIST OF FIGURE

CHAPTER -I : INTRODUCTION	1-11
1.1 Background of the Study	1
1.2 Statement of the Problems	7
1.3 Objectives of the Study	9
1.4 Significance of the Study	9
1.5 Limitations of Study	10
1.6 Focus of Study	10
1.7 Organization of Study	11
CHAPTER II : REVIEW OF LITERATURE	12-26
2.1 Development of Budgeting	12
2.2 Objective of Budgeting	13
2.3 Characteristics of Good Budgeting	13
2.4 Budgetary Control	14
2.5 Limitation of Budgeting	14
2.6 Profit Planning and Control Process	15
2.7 Components of Comprehensive Sales Planning	16

2.8	Purposes of Sales Plan	17
2.9	Step of Developing a Comprehensive Sales Plan	17
2.10	Sales Planning vs Sales Forecasting	18
2.11	Setting inventory Policy	19
2.12	Production Plan or Budget	19
2.13	Material Purchase Budget	20
2.14	Labor Budget	21
2.15	Cash Budget	21
2.16	Review of the previous Related Research Works	22
CHAPTER III : RESEARCH METHODOLOGY		27-29
3.1	Introduction	27
3.2	Research Design	27
3.3	Nature and Sources of Data	28
3.4	Period Covered	28
3.5	Research Variables	28
3.6	Research Tools Used	28
3.7	Research Procedure	29
3.8	Research Question	29
CHAPTER IV : DATA PRESENTATION AND ANALYSIS		30-55
4.1	Sales Budget of UNL	30
4.2	Difference between Budget Sales and Actual Sales	31
4.2.1	Statistical Tools Used	33
4.2.2	Sales Budget of UNL by Territory	39

4.2.3 Sales Budget of UNL by Product	41
4.3 Comparison of Actual Sales with Operating Profit/(Loss) of the UNL	42
4.3.1 Statistical Tools Used	43
4.4 Relation between Actual Sales and Net Profit	45
4.5 Production Plan of UNL	46
4.5.1 Comparison between Actual Sales And Actual Production	46
4.6 Identification of Cost Variability	48
4.7 Cost Volume Profit Analysis	49
4.8 Profit and Loss Account Trend of UNL	51
4.9 Income Statement	52
4.10 Cash Flow Statement of UNL	52
4.10.1 Comparison of Actual Sales with Operating Cash Flow	53
4.11 Analysis of Primary Data	54
4.12 Major Findings of this Study	55
CHAPTER V: SUMMARY, CONCLUSION & RECOMMENDATIONS	56-58
5.1 Summary	56
5.2 Conclusion	57
5.3 Recommendation	58
Bibliography	

LIST OF TABLE

	Page No.
Table No. 2.1 Components of Comprehensive Sales Plan	16
Table No. 4.1 Sales Budget and Achievement	31
Table No. 4.2 Statistical Calculation of Budgeted And Actual Sales	33
Table No. 4.3 Summary of Arithmetic Mean, Standard Deviation, Coefficient of Variation, Correlation, Probable Error of Budgeted Sales and Actual Sales	35
Table No. 4.4 Calculation of Trend	37
Table No. 4.5 Actual Sales by territories	39
Table No. 4.6 Actual sales by Products	41
Table No. 4.7 Sales and Operating Profit /Loss	42
Table No.4.8 Calculation of Correlation Coefficient of Actual Sales with Operating Profit Loss	43
Table No. 4.9 Relation between Actual Sales and Net Profit	45
Table No. 4.10 Comparison between Actual Sales And Actual Production	46
Table No. 4.11 Summary of mean, standard deviation, coefficient of variation of Actual Production and actual sales	48
Table No. 4.12 Cost Classification of UNL	49
Table No. 4.13 Profit or Loss Trend in UNL	51
Table No 4.14 Sales and Operating Cash Flow	53

LIST OF FIGURE

	Page No.
Figure No. 4.1 Bar graph of actual Sales and Budgeted Sales	32
Figure No. 4.2 Statement of territorial Sales	40
Figure No. 4.3 Statement of Actual Sales and Actual Production	47
Figure No. 4.4 Trends of Profitability	52