

Title: [Financial Planning and Cost Management at Randhawa Gas Services](#)

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Abstract:

Financial planning is inevitable for all businesses irrespective of their size. The case provides an opportunity for financial performance planning through break-even analysis and relevant cost decision making. Case is about a small gas distributor who is keen to plan for financial performance of his business. The case can be used to comprehend the importance of behaviour of costs and its implication on cost-volume-profit relationship. The case requires the user to compute break-even levels in single product as well as multi product scenario. The case also gives an opportunity to the instructor to discuss and illustrate the effect of changes in elements of cost with the change in the external business environment. The case involves use of cost information in short-run decision making as well. The decision situation raises the concept of sunk cost. The decision situations also dig a way for discussing non-financial factors affecting the business decisions. The case can be used at post graduate level in cost / management accounting and control system sources. The case also requires the concept of operating leverage and its effect of break-even levels and profits to be discussed.

Topics: Financial performance planning; Break even analysis; Short-run cost-based decision making

Settings: Gas distribution, Small, April-June 2009

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