

COMMUNICATING IN PRACTICE

C2

BTN 21-4 Several important assumptions underlie CVP analysis. Assumptions often help simplify and focus our analysis of sales and costs. A common application of CVP analysis is as a tool to forecast sales, costs, and income.

Required

Assume that you are actively searching for a job. Prepare a half-page report identifying (1) three assumptions relating to your expected revenue (salary) and (2) three assumptions relating to your expected costs for the first year of your new job. Be prepared to discuss your assumptions in class.