Cost-Volume-Profit Analysis for Profit Planning and Control in Hospitality Industry: A Study of Aloft, Kathmandu, Thamel

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Abstract

This research examines the application of Cost-Volume-Profit (CVP) analysis in profit planning and control within the hospitality industry, with a focus on Aloft Kathmandu Thamel, a five-star hotel in Nepal. The study aims to evaluate how CVP analysis can enhance financial performance, especially in managing complex cost structures and fluctuating demand. Using secondary data from the hotel's financial reports from 2019 to 2023, the research assesses the efficiency and cost-effectiveness of CVP as a tool for decision-making. The study finds that in 2019/20, the hotel's sales performance was significantly below expectations, primarily due to external factors like the pandemic, but showed recovery in subsequent years. By 2022/23, the hotel surpassed its budgeted sales, indicating improved financial management. The contribution margin increased, and the break-even point (BEP) decreased over the study period, reflecting better cost control and operational efficiency. Statistical analysis reveals a strong correlation between budgeted and actual sales, highlighting accurate sales forecasting. The study concludes that Aloft Kathmandu Thamel's use of CVP analysis has played a key role in its financial recovery and stability, suggesting that continuous cost management and monitoring are essential for long-term profitability in the hospitality industry.

Keywords: *Cost-volume-profit analysis, Profit planning, Hospitality industry, Financial performance, Break-even point*

1. Introduction

Tourism and hospitality are two of Nepal's main industries. Tourism focuses on providing quality attractions and events to entice tourists. Hospitality Focuses on providing accommodations to visitors at hospitality-related industries, such as hotels, motels, resorts, restaurants, cruise ships, country clubs, casinos, catering and convention centers. The hospitality industry, particularly the five-star hotel segment, operates in a highly competitive and dynamic environment. Effective profit planning and control are essential for maintaining financial stability and achieving strategic objectives. Cost volume profit analysis offers a systematic approach to understanding the interplay between costs, sales volumes, and profits, enabling hotel managers to make informed financial decisions. Five-star hotels need to manage revenue streams from various sources, including room bookings, food and beverage services, spa treatments, events, and more. Effective profit planning helps in anticipating revenue fluctuations and planning for lean periods. By understanding the relationship between costs, volume, and profit, hotel managers can set room rates and service charges that maximize profitability. Dynamic pricing strategies can be developed to adjust prices based on demand fluctuations. Controlling operational costs, such as labour, maintenance, utilities, and marketing, is essential to maintain profitability. Uncontrolled costs can quickly erode profit margins, especially in a high-cost environment like a luxury hotel.

The study aims to highlight application of cost volume profit analysis as tool of profit planning and controlling in five-star hotel segment of Nepal. The study will assess and analyses how effectively the tool of cost volume profit analysis are used by the Aloft Kathmandu Thamel (Hotel) a unit of Chhaya Devi Complex has implementing for profit planning and controlling and provide recommendation to improve the profit planning and controlling mechanism of the hotel that can contribute in profitability and effectiveness of operation of hotel.

2. Statement of Problem

Despite the availability of advanced financial management tools, many five-star hotels struggle with effective profit planning and control due to complex cost structures and fluctuating demand. This thesis explores the extent to which cost volume profit analysis can address these challenges and improve financial performance in five-star hotels. Therefore, the problem this study aims to address is how efficiently profit planning and controlling is implemented in Aloft Kathmandu Thamel and identify the strength and weakness of their profit planning and controlling framework.

3. Objective of the Study

The main objective of the study is to investigate cost volume profit analysis as a tool of profit planning and control in terms of efficiency and cost effectiveness.

4. Review of Literature

Cost volume profit analysis examines the behaviour of total revenues, total costs and operating profit as changes occur in the output level, selling price, variable costs or fixed costs. (Bhimani, Horngren, Datar, & Rajan, 2015). Cost volume profit analysis is the analysis of three variables cost, volume and profit. Such an analysis explores the relationship existing amongst cost, revenue, activity levels and the resulting profit. It aims at measuring variances of cost with volume. On the profit planning of a business, cost volume profit relationship is the most significant factor. The cost volume profit analysis is an extension of marginal costing. It makes use of principle of marginal costing. It is an important tool of planning. It is quite useful in making short-run decision (The Institute of Chartered Accountants of India, 2004)

Costs: Cost is the expenses incurred by a business in its operations, particularly in the context of producing and selling goods or providing services. Costs are very important in any business, as they directly impact a company's profitability and help determine the break-even point, target profit levels, and other critical factors in decision-making.

Variable costs change with the level of production or sales, while fixed costs remain constant regardless of changes in volume.

Volume: It refers to the level of activity or output of a business, usually measured in terms of units produced or units sold. It represents the quantity of goods or services a company manufactures or provides within a given time frame. The volume is a crucial factor because it directly affects a business's costs, revenues, and ultimately its profitability.

Profit: Profit is the difference between total revenue and total costs. It can be positive (when revenue exceeds costs) or negative (when costs exceed revenue). Profit is a key metric that Cost–volume–profit analysis helps to understand and optimize.

Cost volume profit: Analysis is a crucial financial tool used to understand the relationship between costs, sales volume, and profits. It helps businesses make informed decisions by analysing how changes in these factors impact profitability.

Cost-Volume-Profit Relationship

The cost volume profit relationship is a fundamental concept in managerial accounting that explores how changes in costs, volume, and selling prices impact a company's profitability. It helps managers understand the dynamics between these factors and make informed decisions to maximize profits. Profit is influenced by various internal and external factors, including sales volume, selling prices, costs, demand, and competition. While all these factors matter, sales volume is often considered the most crucial due to its frequent and rapid changes, which are often beyond management's control. Costs don't always vary in direct proportion to profits, making volume a key driver of cost changes. Cost-volume-profit analysis, an extension of marginal costing, helps businesses understand the relationship between costs, volume, and profit. It's an essential tool for short-term planning and decision-making, especially when changes in activity levels are minor. Cost-volume-profit analysis is a valuable tool for managers, aiding in profit planning, cost control, and decision-making. It helps determine the break-even point in terms of units or sales value and calculate the margin of safety, providing insights into the company's financial stability. Cost volume profit analysis allows management to estimate profits or losses at various levels of output, find the most profitable combination of costs and volume, and assess the potential effects of decisions such as changes in selling price or the adoption of new production methods to reduce direct labor costs and increase output. Additionally, it assists in determining the optimum selling price, identifying the sales volume required to achieve the firm's profit goals, and evaluating the profitability of different products. Furthermore, it enables the calculation of a new break-even point when fixed or variable costs change, ensuring managers can adapt strategies effectively to maintain profitability.

Profit Planning and Control

Profit plan is a financial and narrative expression of the expected results from the planning decisions. It is called the profit plan (or the budget) because it explicitly states the goals in terms of time expectations and expected financial results (return on investment, profit, and cost) for each major segments of the entity. Typical profit plans establish the content and format of the internal–control reports with respect to operations, inputs, outputs and financial position developed by the entity for monthly performance reporting to the various levels of management (Welsch, et al., 2000). Controlling means evaluating the firm's activities against the plan and deciding what should be done if the plan is not being followed. It is a process of ensuring that actual activities confirm to plan activities. Control helps in correction. Therefore, planning and controlling are the major functions of management (Lynch &Williamson, 1999). Profit planning and control are crucial components of financial management in businesses. They encompass setting financial goals, devising strategies to achieve them, and monitoring performance to ensure goals are met. Profit planning includes goal setting, budgeting, and forecasting. Goal setting involves establishing specific, measurable, achievable, relevant, and time-bound financial objectives, such as revenue, expenses, profits, market share, or return on investment.

5. Research Methodology

Research methodology refers to the systematic plan and approach used to conduct research. It includes the overall strategy, the methods and techniques for data collection and analysis, and the rationale behind the chosen methods. Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. Research in common parlance refers to a search for knowledge. Once can also define research as a scientific and systematic search for pertinent information on a specific topic. In fact, research is an art of scientific investigation (Kothari, 2004). A 5-star hotel is a luxurious property that offers a high level of service, including premium amenities and lavish accommodations. 5-star hotels are known for being some of the most glamorous hospitality locations in the world. Currently there are 19 five-star hotels are operating in Nepal out this these 11 are operating in Kathmandu. The Aloft Kathmandu Thamel, is selected for sample of the study using convenient sampling technique to collect the data and information for the study. The Aloft Kathmandu Thamel one of the brand hotels of Marriot international operating in Nepal since 2019 is selected randomly for the sake of convenience of the study. Since the selected sample as Aloft Kathmandu Thamel has been running since 2019, the latest 4 year's data has been taken 2019 to 2023 as a sample for the comparative analysis. So, the study is based on the sample data. The study is mainly base on the secondary data. The required data will be extracted from the annual financial reports of Aloft Kathmandu Thamel. The supplementary data and information will be acquired from the various sources like Brochures, Booklets, published reports, information from HAN, official website of the hotel.

6. Results and Discussion

The main purpose of this research paper is to examine cost volume profit analysis as a tool to measure the effectiveness of profit planning, present practices of cost volume profit analysis and identify the area where cost volume profit analysis could be applied to strengthen hotel industries.

For this reason, Aloft Kathmandu Thamel has been selected randomly for the study and data analysis purpose.

Table 1: Budgeted & Actual Sales of Aloft Kathmandu Thamel

Fiscal Year	Budgeted		Actual		Variance	
	Sales (in Rs.)	Change	Sales (in Rs.)	Change		
2019-20	300.00 million		248.07 million		-20.93%	U
2020-21	140.00 million	-53.33%	131.69 million	-46.91%	-6.31%	U
2021-22	435.00 million	210.71%	430.74 million	227.08%	-0.99%	F
2022-23	700.00 million	60.92%	709.85 million	64.80%	1.39%	F
Mean	393.75 million		380.09 million			
S.D	237.11 million		251.95 million			
C.V.	60.22%		66.29%			
R	0.9959					
P.E.	0.0028					

Table 1 compares the budgeted sales and actual sales for a hotel over four fiscal years (2019/20 to 2022/23), with each year's percentage change and the variance between budgeted and actual sales labelled as either favourable (F) or unfavourable (U). Key statistical metrics like the mean, standard deviation (S.D.), coefficient of variation (C.V.), the correlation coefficient (r) between budgeted and actual sales, and the probable error (P.E.) are also provided to evaluate the reliability of the data. In the year 2019/20 the budgeted sales were Rs.300 million but the hotel could achieve the revenue of Rs. 248.07 million only. The actual sales were 20.93% lower than the budgeted amount, marking this as unfavourable (U). This large deviation suggests that the hotel was unable to meet its targets, possibly due to unforeseen circumstances, such as reduced demand or external market shocks (like the pandemic). In 2020/21, the hotel management has decreased it sales budget by 53.33% from 2019/20 it might be due to outbreak of COVID-19 in this period. Out of Rs.140 million expected sales the hotel could achieve actual sales of 131.69 million which was 46.91% lower than previous year. The actual sales were 6.31% lower than budgeted, also unfavourable (U), though the gap was narrower compared to the previous year. In year 2021/22, the hotel has increased its budgeted sales to Rs.435million with 210.71% hike compared to previous fiscal year and could achieve 430.74 million which was 227.08% more than previous year. The actual sales were only 0.99% lower, marking this as favourable (F). In year 2022/23, the hotel increased its budgeted sales to Rs. 700.00

million by increasing 60.92% from previous year and able to achieve Actual Sales of Rs. 709.85 million which is 64.80% more than of actual sales of previous year.

Considering the statistical data, the mean budgeted sales over the four years is Rs. 393.75 million, while the mean actual sales is slightly lower at Rs. 380.09 million, showing that actual sales on average slightly underperformed relative to expectations. The S.D. of budgeted sales is Rs. 237.11 million, while the S.D. of actual sales is Rs. 251.95 million, indicating that actual sales have shown more variability than budgeted sales, reflecting challenges in accurately predicting demand. The C.V. for budgeted sales (60.22%) and actual sales (66.29%) indicate high variability and uncertainty in both budgeted and actual figures, with actual sales showing slightly more variation. This suggests that external factors or unpredictable market conditions might have affected sales forecasts and outcomes. The correlation coefficient (r = 0.9959) indicates a near-perfect positive correlation between budgeted and actual sales. This suggests that despite some variances, the hotel's sales forecasts have been closely aligned with actual sales outcomes over time. The P.E. of 0.0028 indicates an extremely low chance of error in the correlation, reinforcing that the relationship between budgeted and actual sales is statistically significant and reliable.

Despite a sales downturn in first two years, actual performance closely aligned with budgeted expectations, indicating realistic forecasting in response to economic conditions. The slight variance suggests a well-anticipated recovery, with accurate forecasting likely driven by market recovery, increased demand, effective marketing, or operational improvements in last year.

The multiple bar diagram for the budgeted and actual sales is presented below:

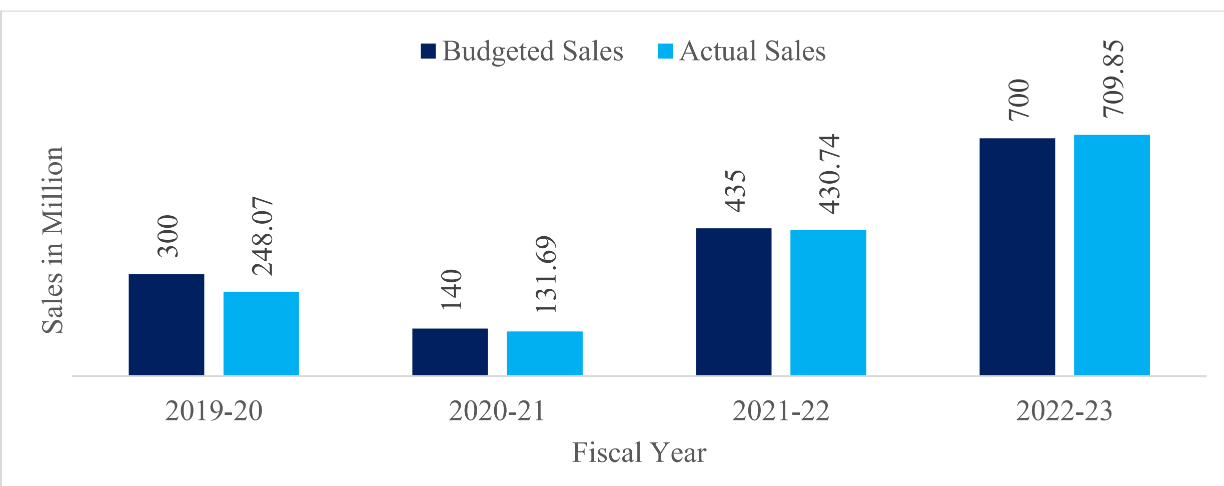

Figure 1: Budgeted & Actual Sales of Aloft Kathmandu Thamel

Figure 1 shows that there is high variance (unfavorable) in FY 2019/20 to 2020/21 and low variance (favourable) in FY 2021/22 and 2022/23. The hotel is not able to meet its target in first two years till 2020/21. But the company is able to achieve its target in 2022/23.

Analysis of Fixed Costs

Fixed cost remains constant up to the certain level or the maximum level. It does not vary with level of output. The per unit fixed cost may vary with level of output (i.e. increase with decrease in level of output & decrease with increase in level of output). Fixed cost in total may vary in different fiscal years due to the other than level of output like inflation, tax rate increase in price of different factors used etc. Fixed costs incurred by Aloft Kathmandu Thamel under different headings are presented in detail as below:

Table 2: Computation of Fixed Cost of Aloft Kathmandu Thamel (Amount in Million)

Particulars	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Heat Power & Light Expenses	30.96	23.90	27.18	34.39
Electricity Expenses	30.96	23.90	27.18	34.39
Sales & Marketing Expenses	9.34	1.53	4.55	8.26
Photography Expenses	0.27	0.22	0.20	0.38
Videography Expenses	0.83	0.64	0.11	0.00
Advertisement Expenses	0.75	0.09	1.53	3.36
PR/Marketing	2.72	0.59	1.49	0.91
Trade Fair Expenses	0.31	0.00	1.21	3.60
Orchestra Expenses	0.71	0.00	0.00	0.00
Travel Expenses	3.77	0.00	0.00	0.00
AMC & Repair and Maintenance	8.21	8.13	0.00	0.00
AMCs	5.58	5.24	0.00	0.00
Repair & Maintenance	2.63	2.89	0.00	0.00
Operating Expenses	0.00	0.00	35.71	53.34
SPA - Outsourced	0.00	0.00	0.86	2.03
Registration Expenses & Permit	0.00	0.00	1.71	7.18
Water and Water Treatment expenses	0.00	0.00	0.00	0.06
Management Fees	0.00	0.00	16.58	19.32
Cable TV Expenses	0.00	0.00	0.85	0.42

Repair and Maintenance	0.00	0.00	11.32	16.26
Cleaning Expenses	0.00	0.00	1.26	1.82
Vehicle Running Expenses	0.00	0.00	1.78	4.43
Waste Management	0.00	0.00	0.79	0.92
Pest Control	0.00	0.00	0.56	0.90
Employee benefit expenses	128.07	48.56	101.02	131.39
Salary & Wages	95.78	36.16	83.65	104.42
Sales & Wages -Outsourced Staff	19.14	7.94	10.19	7.77
Dashain Bonus	4.35	1.63	3.72	6.53
Staff Insurance Expenses	0.83	0.23	1.09	1.98
Other Staff Related Expenses	7.97	2.61	2.37	10.69
Administrative Expenses	52.11	46.23	28.21	39.96
Administrative Expenses	52.11	46.23	0.00	0.00
Audit Fee	0.00	0.00	0.24	0.16
Internet & Communication Expenses	0.00	0.00	3.14	2.80
Meeting Allowance	0.00	0.00	0.76	1.14
Membership/Subscription Charges	0.00	0.00	0.10	0.13
Printing & Stationery	0.00	0.00	0.00	4.55
Insurance Expenses	0.00	0.00	6.37	7.70
Professional Fee	0.00	0.00	1.34	1.05
Uniform Expenses	0.00	0.00	2.40	0.88
Accommodation Expenses	0.00	0.00	0.68	0.05
Pooja Expenses	0.00	0.00	0.06	0.27
CSR Expenses	0.00	0.00	0.00	2.80
Security Charges	0.00	0.00	3.37	5.37
Rental Charges	0.00	0.00	0.41	4.84
Interest as per NFRS 16	0.00	0.00	0.50	2.31
Vehicle Hire	0.00	0.00	6.71	2.29
Office Expenses	0.00	0.00	0.61	0.87
Refreshment Expenses	0.00	0.00	0.00	0.18
Donation Expenses	0.00	0.00	0.04	0.31
Orchestra Expenses	0.00	0.00	0.35	0.39
Rounding Adjustment	0.00	0.00	0.00	0.13

Travel Expenses	0.00	0.00	0.89	1.46
Advertisement Expenses	0.00	0.00	0.23	0.29
Finance Costs	149.33	123.00	198.88	207.37
Bank Charges	0.00	0.00	3.92	6.63
Interest Expenses	149.33	123.00	194.97	200.74
Depreciation, Amortization & Impairment of Assets	122.50	95.75	95.49	104.43
Total Expenditure	500.51	347.09	491.03	579.14
Increase/Decrease		-30.65%	41.47%	17.94%

Table 2 shows the fixed costs incurred by Aloft Kathmandu Thamel. In compare to 2019/20 the fixed cost decreased by 30.65% in 2020/21. It was increase by 41.47% and 17.94% in 2021/22 and 2022/23 respectively. The year of 2019 and 2021 it was year of COVID-19 pandemic which was beyond control of managers of the hotel. During the COVID-19 period, revenue of hotel was down by 46.91% and Fixed expenses also decreased by 30.65%. When the hotel took its own rhythm, after pandemic the Fixed expenses increased by 41.47% during 2021/22 when sales jumped by 227.08%. Similarly, to support increase in sale by 64.8%, the Fixed cost increased by 17.94% only during the period of 2022/23. It concluded that the hotel is using efficient planning to control the fixed costs even during the pandemic period.

Analysis of Variable Costs

Variable costs are based on activity. Thus, the variable costs should be zero with no activity level. They are changed directly with change in activity level in a responsibility center. Therefore, variable costs will be proportionately changed with the change in output level. Variable costs are controllable costs. So, management has to give priority to control variable cost. Variable costs incurred by Aloft Kathmandu Thamel under different headings are presented in detail as below:

Table 3: Computation of Variable Cost of Aloft Kathmandu Thamel

Particulars	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Heat Power & Light Expenses	4.02	0.90	3.40	8.04
Generator Fuel	4.02	0.90	3.40	8.04
Sales & Marketing Expenses	0.00	0.00	0.37	2.76
Commission Expenses	0.00	0.00	0.37	2.76
Operating Expenses	81.16	33.86	101.79	121.43
Room Sales Expenses	19.39	5.67	22.88	14.74
Food and Beverages Sales Expenses	61.14	28.19	78.34	105.78
Other Sales Expenses	0.62	0.00	0.00	0.00
Banquet Hire Charges	0.00	0.00	0.57	0.91
Employee benefit expenses	0.00	10.16	33.16	26.11
Service Charge Expenses	0.00	10.16	33.16	26.11
Administrative Expenses	0.00	0.00	0.17	1.85
Decoration Expenses	0.00	0.00	0.00	1.05
Carriage/Freight Expenses	0.00	0.00	0.11	0.07
Guest Vehicle Expenses	0.00	0.00	0.06	0.73
Total Expenditure	85.17	44.92	138.89	160.19
Increase/Decrease	-	-47.26%	209.20%	15.34%

Table 3 outlines the variable expenditure of the hotel across four fiscal years (2019/20 to 2022/23) under various categories, such as heat, power & light expenses, generator fuel, operating expenses, and others. The final row gives the total expenditure for each year, and the percentage change shows how spending fluctuated year-over-year. In year 2019/20 the hotel had moderate variable expenses of Rs. 85.17 million, with the largest components being operating expenses (81.16) and room sales expenses (19.39). There were no notable expenses in employee benefits, administrative, or sales & marketing areas. In year 2020/21 Total Expenditure was Rs. 44.92 million (47.26% decrease from the previous year). This sharp decline reflects the pandemic's impact, with reductions across almost all categories. Key expenses such as operating expenses (33.86) and room sales expenses (5.67) dropped significantly. However, employee benefits and service charge expenses appeared for the first time, totaling Rs. 10.16 million each, likely due to labour and staff retention during the downturn. In the year 2021/22, total variable expenditure was Rs. 138.89 million with significant increase of 209.20% from 2020/21. This substantial increase in variable expenses corresponds with the recovery phase, as business activities resumed. Operating expenses (101.79), food & beverage sales expenses (78.34), and room sales expenses (22.88) rose sharply, reflecting the reopening of services. Sales & marketing, commission, and banquet hire charges were introduced, signaling efforts to regain business. Employee benefit and service charge expenses also increased to Rs. 33.16 million each. In 2022/23, hotel incurred variable expenses of Rs. 160.19 million with rise of 15.34% compared to previous year. Variable expenses continued to rise, though at a slower rate. The largest increase came from food & beverage sales expenses (105.78), indicating strong F&B activity. Sales & marketing expenses and commission expenses (Rs. 2.76 million each) reflect continued efforts to grow the business. Decoration, administrative, and guest vehicle expenses also increased, suggesting investments in guest experience. However, room sales expenses dropped to Rs. 14.74 million, showing a shift in focus or reduced emphasis on room-related spending.

Table 4: Calculation of Break-even Sales of Aloft Kathmandu Thamel

Particulars	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Sale Revenue (million)	248.07	131.69	430.74	709.85
Less: Variable Cost (million)	85.17	44.92	138.89	160.19
Contribution Margin (million)	162.90	86.77	291.85	549.66
C/M Ration (P/V Ratio)	0.66	0.66	0.68	0.77
V/C Ratio (C/V Ratio)	0.34	0.34	0.32	0.23
Fixed Costs (million)	500.51	347.09	491.03	579.14
Non-Operating Expenses (million)	0.00	0.00	2.98	0.97
Non-Operating Income (million)	11.93	13.98	45.14	36.85
BEP (million)	744.04	505.56	662.49	701.58
Increase/Decrease	0	-32%	31%	6%
Mean (million)	653.42			
S.D (million)	104.05			
C.V	16%			

Table 4 shows the break-even sales of Aloft Kathmandu Thamel during four years' period from FY 2019/20 to 2022/23. The contribution margin increased significantly from Rs. 162.90 million in 2019/20 to Rs. 549.66 million in 2022/23, reflecting improved financial performance and better management of costs. The contribution margin ratio improved from 0.66 to 0.77 over the years, indicating that a higher percentage of sales revenue is available to cover fixed costs and contribute to profit. The V/C Ratio decreased from 0.34 to 0.23, showing a lower percentage of sales revenue consumed by variable costs, which is favourable. Fixed Costs increased from Rs 500.51 million in 2019/20 to Rs. 579.14 million in 2022/23. This indicates rising operational costs that need to be covered by increasing sales revenue. The BEP decreased from Rs.744.04 million in 2019/20 to Rs.701.58 million in 2022/23. This reduction signifies that less sales revenue is required to break even, due to improvements in contribution margin and reduced variable cost ratio. The BEP decreased significantly in 2020/21 by 32%, reflecting a sharp reduction in the sales needed to cover costs, likely due to lower fixed costs or improved cost management. In 2021/22 and 2022/23, BEP increased by 31% and 6%, respectively, indicating rising fixed costs or variable costs relative to revenue.

The hotel has mean BEP of Rs. 653.42 million, which provides an average target for sales revenue required to break even. The standard deviation of Rs. 104.05 million suggests variability in the BEP figures over the years. Coefficient of variation of 16% indicates moderate variability in BEP, reflecting some fluctuations in the sales revenue required to cover costs.

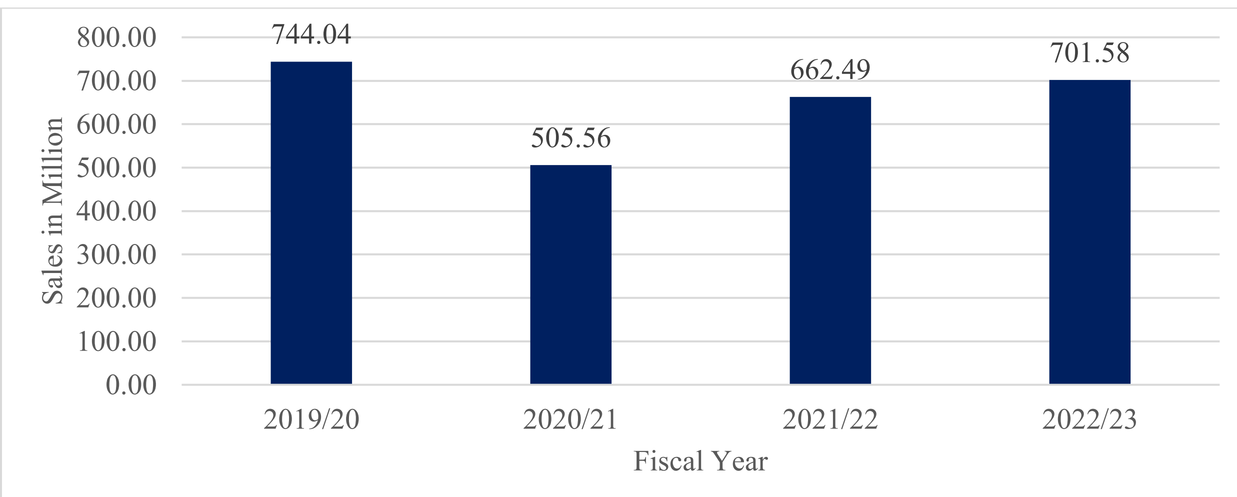

Figure 2: Comparative Presentation of Break-even Sales of Aloft Kathmandu Thamel

Figure 2 shows that BEP is significantly decreased in 2020/21 and significantly increased in 2021/22. It is slightly increased in 2022/23.Overall, the business's ability to finally exceed the break-even point in 2022/23 after several challenging years is a positive sign of financial recovery and improved operational efficiency.

7. Conclusion

The study concluded that the hotel, Aloft Kathmandu Thamel has demonstrated resilience and recovery, particularly after challenging years, and shows healthy financial growth and increased operational efficiency. Continuous management of fixed costs and monitoring of cost structures will be essential for long-term stability. Furthermore, the hotel effectively employs Cost-Volume-Profit analysis, utilizing key components like contribution margin and break-even analysis to guide financial decisions and enhance profit planning and control.

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