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Cost-Volume-Profit Analysis as a Profit Planning Tool at Dormitory Business in Kubu Raya Regency

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Abstract

Purpose: This study aims to analyze the application of Cost–Volume–Profit (CVP) analysis as a profit planning tool at Aqofa's Dormitory in Kubu Raya Regency by examining the contribution margin, break-even point, margin of safety, and degree of operating leverage. This study addresses the limited application of CVP analysis in micro-scale dormitory businesses.

Research Methodology: This study employed a qualitative case study approach. Data were collected through in-depth interviews, observation, and documentation. Financial records and supporting documents provided by the business owner were analyzed to evaluate cost, occupancy, and profit relationships.

Results: The findings show that the dormitory achieved a contribution margin ratio of 95.83%, indicating strong capacity to cover fixed costs and generate profit. The break-even point was IDR 14,402,210, equivalent to two occupied rooms. The margin of safety reached 50%, while the degree of operating leverage was 2, indicating relatively stable profitability.

Conclusions: CVP analysis is an effective profit planning tool for micro-scale dormitory businesses as it helps evaluate cost structures, occupancy levels, and profit performance.

Limitations: This study focuses on a single dormitory business and one observation period, limiting generalizability.

Contributions: This study extends the application of CVP analysis in micro-scale service businesses and provides practical insights for dormitory owners in managing costs, pricing, and profit planning.

Keywords: *BEP, Contribution Margin, CVP, Dormitory, Margin*

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play an imporant role in supporting Indonesia's economic welfare. Although MSMEs generally operate on a relatively limited scale, they contribute significantly to economic growth through their ability to create employment opportunities and sustain economic activities within society (Rafa et al., 2023; Ardiansyah et al., 2024). MSMEs have also demonstrated relatively stable resilience in facing economic uncertainty, making them an important part of Indonesia's economy (Salsabillah et al., 2023). Over time, MSMEs have expanded beyond trade and manufacturing into the service sector, including room rental businesses or dormitories, which continue to develop alongside increasing urbanization and the demand for temporary accommodation (Ariwibowo & Indra, 2023; Kusumaningrum et al., 2020). This development shows

that service-based MSMEs also have an important role in providing accommodation services and generating income within local communities.

A room rental business, commonly referred to as a dormitory business, is a service business that provides rooms or accommodation for a specified period in exchange for payment, typically on a monthly basis (Jefriyanto et al., 2021). Dormitory businesses located in strategic areas near universities, schools, and workplaces have considerable potential to generate recurring monthly income. Aqofa's Dormitory is one example of a micro-scale service business that takes advantage of this opportunity in Kubu Raya Regency. By responding to the demand for temporary accommodation, the business has the potential to generate a stable source of income. However, as a service-based business, its profitability is not only determined by the number of rooms occupied but also by the ability to manage costs and generate sufficient revenue.

However, operating a dormitory business does not always produce the expected results. Although the occupancy rate at Aqofa's Dormitory is relatively stable and has even reached 100%, this condition does not necessarily reflect the level of profit generated by the business. A high occupancy rate only indicates that the available rooms are being utilized, but it does not show whether the revenue generated is sufficient to cover the costs incurred and generate the expected profit. This indicates that a high occupancy rate does not automatically guarantee optimal profit, highlighting the need for a better understanding of the relationship between revenue, costs, and profit in a dormitory business.

Therefore, dormitory business owners need proper planning, particularly in terms of cost management and profit planning. Cost management provides information that can help business owners control costs, evaluate pricing, and support decisions related to profitability. Profit planning is also important because it helps business owners determine the level of sales or occupancy required to achieve the desired profit. One approach that can be used to understand the relationship between costs, volume, and profit is Cost Volume Profit (CVP) analysis (Hesti et al., 2024; Luntungan & Tinangon, 2021; Sultoni & Lestari, 2024). CVP analysis helps business owners determine the break-even point, measure the margin of safety, and assess how changes in sales may affect profit through the degree of operating leverage (Hesti et al., 2024; Rohmah et al., 2025). In addition, CVP analysis can be used to evaluate whether the current rental price is sufficient to cover costs and generate the expected level of profit.

Previous studies have shown that Cost Volume Profit (CVP) analysis can assist business owners in planning profit more effectively. Through this analysis, business owners can determine the sales target required to achieve the desired level of profit (Hidayat, 2024; Katemba et al., 2024; Leite et al., 2025; Pratiwi et al., 2023; Waradi & Soemaryono, 2025). These findings indicate that CVP analysis is not only useful from a theoretical perspective but can also be applied to support cost control, pricing decisions, and profit planning. However, previous studies have mainly focused on manufacturing, trading, and food businesses. Studies examining the application of CVP analysis in micro-scale dormitory businesses are still limited, particularly those that analyze the relationship between occupancy level, cost structure, and profit as a basis for profit planning. Therefore, the application of CVP analysis in dormitory businesses has not been discussed comprehensively, especially in the context of small-scale service businesses with limited room capacity.

In practice, many dormitory business owners still manage their businesses without applying clear calculations and structured profit planning. Financial records are generally used to monitor cash receipts and expenses, while the relationship between cost, occupancy level, and profit has not been analyzed comprehensively. This condition is also found at Aqofa's Dormitory, where all rooms are occupied but Cost Volume Profit analysis has never been applied to evaluate whether the current rental price and cost structure have generated optimal profit. This condition makes Aqofa's Dormitory an appropriate case for examining the application of Cost Volume Profit analysis as a profit planning tool. By analyzing the contribution margin, break-even point, margin of safety, and degree of operating leverage, the business can obtain a clearer understanding of its current financial condition and profit potential.

Based on the foregoing discussion, this study aims to analyze Cost Volume Profit (CVP) as a profit planning tool at Aqofa's Dormitory in Kubu Raya Regency. This study is expected to extend the application of Cost Volume Profit analysis to micro-scale dormitory businesses, which have received relatively limited attention compared to manufacturing and trading businesses. In addition, this study is expected to provide practical contributions for dormitory business owners by improving their understanding of the relationship between cost, volume, and profit, thereby supporting profit planning, cost management, and business decision-making.

2. Literature Review

2.1 Cost Accounting

Cost accounting is the process of recording, classifying, summarizing, and presenting the costs associated with the production and sale of products or services using specific methods, as well as interpreting such information(Suradi, Supriyanto, Indah, Damayanti, Umyana, Pertiwi, & Puspitasari, 2022). Cost accounting provides management with accounting tools that support planning and control activities, quality improvement, efficiency enhancement, and both routine and strategic decision-making (Ismanov, 2023; Susilowati, 2023).

Information generated through cost accounting is used to determine the amount of costs incurred and to assist management in controlling costs more efficiently(Usry & Hammer, 1996). In addition, cost accounting plays an important role in providing data required for pricing decisions, performance evaluation, and managerial decision-making (Ismanov, 2023; Susilowati, 2023). The information generated through cost accounting also serves as the basis for Cost Volume Profit (CVP) analysis because it enables business owners to identify cost behavior and evaluate the relationship between costs, sales volume, and profit. This information supports profit planning and managerial decision-making, particularly in micro-scale service businesses.

Previous studies have shown that cost accounting information can support management in controlling costs and making decisions related to business activities (Ismanov, 2023; Susilowati, 2023). However, the application of cost accounting information may differ depending on the characteristics of the business. Manufacturing businesses generally have more production-related costs, while service businesses such as dormitories have a simpler cost structure and are more closely related to the level of service activity. Therefore, cost accounting information needs to be analyzed according to the characteristics of the business so that it can provide relevant information for cost management and profit planning.

2.2 Cost and Their Classification

Accountants have defined cost as an exchange value, expenditure, or sacrifice made to obtain future benefits . In any business, cost is one of the main factors influencing the amount of profit earned. Costs can be classified into three categories based on their relationship to business activities, such as fixed costs, variable costs, and semi-variable costs (Machfoedz, 1996). The classification of costs is an important element in Cost Volume Profit analysis because it distinguishes costs that remain constant from those that change with business activity (Carter, 2009).

In a dormitory business, the classification of costs is important because the level of room occupancy can affect certain costs and the amount of revenue generated. Fixed costs are generally not affected by changes in occupancy within a certain range, while variable costs may increase or decrease according to the level of room occupancy(Mulyadi, 2015). Therefore, identifying and classifying costs appropriately allows business owners to understand the effect of occupancy changes on total costs and profit.

Previous studies applying CVP analysis have used cost classification to determine contribution margin, break-even point, and profit targets (Hesti et al., 2024; Rohmah et al., 2025). However, most of these studies were conducted in manufacturing, trading, and food businesses, where the characteristics of costs and business activities differ from those of dormitory businesses. In a dormitory business, room occupancy becomes an important activity measure because the number of

occupied rooms directly affects rental revenue. Therefore, cost classification in dormitory businesses needs to consider the relationship between occupancy, costs, and revenue.

This classification allows business owners to calculate contribution margin, break-even point, margin of safety, and degree of operating leverage, which are used to evaluate business performance and support profit planning. Thus, the classification of costs provides an important basis for applying CVP analysis to micro-scale dormitory businesses.

2.3 Cost-Volume-Profit Analysis

According to Hansen and Mowen (2011), Cost Volume Profit (CVP) analysis is a useful tool for planning and decision-making. This analysis helps business owners understand how changes in costs and activity levels may affect profit (Rohmah, Wicaksono, Muzakki, & Fahriani, 2025). In practice, CVP analysis involves several important concepts. One of these is contribution margin, which represents the difference between sales revenue and variable costs and indicates the ability of sales to cover fixed costs and generate profit. Another concept is the break-even point, which describes the condition in which a business earns neither profit nor loss because total revenue equals total costs. CVP analysis also includes the margin of safety, which indicates the level of sales security by showing how much sales can decline before the business incurs a loss. In addition, the degree of operating leverage is used to measure the extent to which profit changes in response to changes in sales volume (Hesti, Aswat, & Yunita, 2024).

Previous studies have shown that CVP analysis can assist business owners in planning profit more effectively. Through this analysis, business owners can determine the sales target required to achieve the desired level of profit (Hidayat, 2024; Katemba, Sabijono, & Mintalangi, 2024; Leite, Fernandes, & Fernandes, 2025; Pratiwi, Soraya, Anam, & Adiyanto, 2023; Waradi, & Soemaryono, 2025). These findings indicate that CVP analysis is not only useful from a theoretical perspective but can also be applied directly to support business sustainability, cost management, and profit planning.

However, the previous studies have mainly focused on manufacturing, trading, and food businesses (Hidayat, 2024; Katemba et al., 2024; Pratiwi et al., 2023; Waradi and Soemaryono, 2025). The characteristics of these businesses are different from dormitory businesses, particularly in terms of activity volume and cost structure. For micro-scale service businesses such as dormitories, occupancy level is closely related to sales volume because the number of occupied rooms determines the revenue generated. Therefore, the application of CVP analysis in dormitory businesses requires consideration of occupancy as the main activity measure.

For micro-scale service businesses such as dormitories, these components provide useful information for evaluating business performance and profit planning. Contribution margin indicates the amount of revenue available to cover fixed costs, the break-even point shows the minimum occupancy required to avoid losses, the margin of safety measures the level of business security, and the degree of operating leverage evaluates the effect of changes in occupancy on profit. Together, these components enable business owners to make more informed decisions regarding pricing, cost management, and profit planning. Therefore, the application of CVP analysis in a micro-scale dormitory business can extend previous research by applying the analysis to a service business with limited room capacity and an occupancy-based activity level.

2.4 Profit Planning

Profit planning is often referred to as a planning budget or operating plan and represents management's plan covering all future operational activities aimed at achieving organizational objectives. Profit planning is a structured strategy that projects both short-term and long-term financial impacts (Tahol et al., 2023). It also serves as a control tool by measuring and evaluating actual results against planned targets. When discrepancies arise between actual and planned outcomes, the company needs to take corrective actions to ensure that the established objectives can be achieved (Yanto, 2020).

To prepare an effective profit plan, business owners require financial information that reflects the relationship between costs, sales volume, and profit. Cost Volume Profit analysis provides this information by estimating the level of sales required to achieve the desired profit while maintaining an efficient cost structure(Astika, Sholihah, Retnowati, Fitria, Maulidia, & Sofiyah, 2024). Previous studies have shown that CVP analysis can be used to determine sales targets and support profit planning in various types of businesses (Hidayat, 2024; Katemba et al., 2024; Leite et al., 2025). However, these studies have mostly examined businesses outside the dormitory sector, so the application of CVP analysis for profit planning in micro-scale dormitory businesses remains limited.

For dormitory businesses, profit planning is closely related to rental prices, room occupancy, and cost structure. Therefore, CVP analysis can be used as a practical tool to determine the minimum occupancy required to cover costs, evaluate the level of profit generated, and assess the effect of changes in occupancy on profitability(Istiana & Rolanda, 2025). This study extends previous research by applying CVP analysis to Aqofa's Dormitory and examining contribution margin, break-even point, margin of safety, and degree of operating leverage as tools for profit planning. The results are expected to provide a clearer understanding of the relationship between cost, occupancy, and profit in a micro-scale dormitory business.

3. Research Methodology

This study employed a qualitative approach using a case study method. The qualitative approach was used to gain an in-depth understanding of the dormitory business, particularly regarding its financial management and business characteristics. The case study method was selected because the research focused on a single object, namely Aqofa's Dormitory, allowing for a more detailed description of the business under investigation.

The study was conducted at Aqofa's Dormitory, located in Kubu Raya Regency, specifically at Arteri Supadio Street, Duta Bandara Permai Residential Area, Block C6 No. 21, RT 008 RW 014, Parit Baru Village, Sungai Raya District, Kubu Raya Regency, West Kalimantan. The subject of this study was the owner of Aqofa's Dormitory, who served as the primary source of information regarding business management. The object of the study was Aqofa's Dormitory, with a focus on analyzing cost, volume, and profit as the basis for profit planning.

Data were collected through in-depth interviews, observation, and documentation based on the existing business conditions. In-depth interviews were conducted directly with the owner of Aqofa's Dormitory to obtain detailed information regarding business operations, cost management, revenue, and profit planning. Observation was carried out to understand the operational activities of the dormitory, while documentation was used to collect financial records and other supporting documents related to the business.

The data analysis process was conducted systematically through several stages. First, the information obtained from interviews and observations was identified and grouped based on the main topics related to business operations, costs, revenue, occupancy, and profit planning. Second, the financial data obtained from documentation were reviewed and classified into fixed costs and variable costs based on their relationship with business activities. Third, the classified financial data were used to calculate the contribution margin, break-even point, margin of safety, and degree of operating leverage. Finally, the results of the CVP analysis were compared with the information obtained from interviews and observations to provide a more complete understanding of the financial condition of Aqofa's Dormitory and its profit planning.

Although this study employed a qualitative approach, the financial data obtained from documentation were analyzed using Cost Volume Profit (CVP) analysis. The CVP calculations were used as an analytical tool to evaluate the relationship between cost, volume, and profit within the case study rather than as a quantitative research method. Therefore, the qualitative approach and CVP analysis complement each other in explaining the financial condition of the business and supporting profit planning.

To ensure the credibility of the data, this study used triangulation by comparing information obtained from interviews, observations, and documentation. The information provided by the owner regarding costs, revenue, occupancy, and business operations was compared with the available financial records and the actual business conditions observed during the research. This process was used to ensure that the information used in the analysis was consistent and supported by more than one source of data. To support the analysis, several analytical tools were employed using the following formulas:

3.1 Contribution Margin

The contribution margin is the difference between sales and variable costs, indicating the portion of sales that can be used to cover fixed costs and generate profit (Hesti et al., 2024; Iswara et al., 2023). Contribution margin can be calculated using the following Formula 1, 2 and 3:

$$ContributionMargin(Rp) = Profit–VariableCost \tag{1}$$

$$ContributionMargin(Unit) = PriceperUnit–VariableCostperUnit \tag{2}$$

$$\text{Contribution Margin Ratio} = \frac{\text{Contribution Margin}}{\text{Sales Revenue}} \times 100\% \tag{3}$$

3.2 Break Even Point

The break-even point is the condition in which total revenue equals total costs, resulting in neither profit nor loss. It is used to determine the minimum level of sales required to cover all costs (Manuho et al., 2021). The Formula 4 and Formula 5 is as follows:

$$\text{BEP (Rp)} = \frac{\text{Fixed Cost}}{\text{Contribution Margin Ratio}} \tag{4}$$

$$\text{BEP (Unit)} = \frac{\text{Break-Even Point (Rp)}}{\text{Price per Unit}} \tag{5}$$

3.3 Margin of Safety

Margin of safety is the difference between actual sales and break-even sales, indicating the level of business security against a decline in sales. This measure is used to determine how much sales can decrease before the business incurs a loss. A higher margin of safety indicates a lower risk of loss (Oktavia et al., 2024). The margin of safety can be calculated using the following Formula 6 and Formula 7:

$$\text{MoS (Rp)} = \text{Total Sales} - \text{BEP Sales} \tag{6}$$

$$\text{MoS (\%)} = \frac{\text{MoS (Rp)}}{\text{Total Sales}} \times 100\% \tag{7}$$

3.4 Operating Leverage

Operating leverage is a concept that explains the use of fixed costs in business operations to generate revenue sufficient to cover all costs and improve profitability. It is used to measure the sensitivity of operating profit to changes in sales, thereby indicating the extent to which changes in sales affect profit. A high level of operating leverage indicates a relatively large proportion of fixed costs within the business, which may increase profit potential but also involves greater risk. Operating leverage is measured using the Degree of Operating Leverage (DOL), which represents the percentage change in operating profit resulting from a change in sales (Asraf & Desda, 2020). DOL can be calculated using the following Formula 8:

$$\text{DOL} = \frac{\text{Contribution Margin}}{\text{Net Profit}} \tag{8}$$

4. Results and Discussions

4.1 Business Description

This dormitory business was established in 2023 and is located on Arteri Supadio Street, Duta Bandara Permai Residential Area, Block C6 No. 21, RT 008 RW 014, Parit Baru Village, Sungai Raya District, Kubu Raya Regency, West Kalimantan. Based on the interview results, the construction of the dormitory began in early June 2023 and was completed in mid-October 2023. The owner explained:

"This dormitory was built in early June 2023 and completed around mid-October 2023. In November, I started promoting it on Facebook and eventually began attracting tenants. Thankfully, all four rooms were occupied right away."

The location of the dormitory is considered strategic because it is close to various public facilities, including educational institutions, workplaces, and shopping centers such as Nahdlatul Ulama University, Sekolah Tinggi Bahasa, Panca Bhakti University, Tanjungpura University, Gaia Mall, Indogrosir, and Supadio Airport. This was explained by the owner during the interview:

"Besides having vacant land here, I believed it would be a good opportunity to build a dormitory business because the location is strategic. It is close to universities, schools, workplaces, and Supadio Airport is also relatively nearby."

The dormitory building was constructed on a 10 × 15 meters plot of land owned by the proprietor, which was purchased in 2013 for IDR 45,000,000. The construction was entirely financed using personal funds, as stated by the owner:

"I purchased the land in 2013 for IDR 45 million. At that time, I already planned to use it as an investment in the future. The construction was fully funded with my own money, without any loans."

The dormitory has a total capacity of four rooms. The relatively limited number of rooms was adjusted to the owner's financial capability at the time of construction. As stated during the interview:

"I only built four rooms because that was what I could afford at the time. I thought it would be better to start as soon as possible rather than wait and face higher material prices in the future, even though I could only afford four rooms."

The facilities provided in each room include a bed, wardrobe, private bathroom, private kitchenette, desk, and chair. In addition, shared WiFi access is available for all tenants. The owner stated:

"I tried to provide complete facilities in each room, such as a bed, wardrobe, bathroom, and even a small kitchen, so that tenants would feel comfortable during their stay. I also provide WiFi to make them feel more at home."

Considering the relatively complete facilities and strategic location, the dormitory charges an affordable rental fee of IDR 600,000 per month. According to the owner:

"I charge IDR 600,000 per month. I intentionally set an affordable price so the rooms would be rented quickly."

The dormitory is managed directly by Mr. M as the owner and assisted by Mrs. N, his wife. Since their residence is located near the dormitory, they can easily monitor its daily operations. The owner explained:

"My house is not far from the dormitory, so it is easier for me to monitor its condition and take care of any needs that arise."

The management activities include tenant administration, facility maintenance, and handling various operational issues. Meanwhile, Mrs. N is responsible for communicating with the tenants. As explained during the interview:

"If the tenants have any needs or problems, they usually contact my wife. She is also the one who reminds them about rental payments at the beginning of each month."

4.2 Income Statement

An income statement is a financial report that describes a company's operating results over a certain period (Kasmir, 2018). Based on the interview with the dormitory owner, information was obtained that Aqofa's Dormitory has prepared an income statement, although it is still maintained in a simple form. As stated by the owner during the interview:

"Yes, I prepare an income statement, but it is very simple. I make it to estimate how much profit the business generates."

The documentation obtained by the researcher shows that financial records are maintained manually in the form of simple notes. The documentation includes monthly cash receipts from tenants as well as records of revenue and expenses, which are then compiled into an income statement.

The record of monthly rent payments received from tenants is presented in Figure 1 below:

Figure 1. Rent payments

The income statement prepared by the dormitory owner is presented in Figure 2 below:

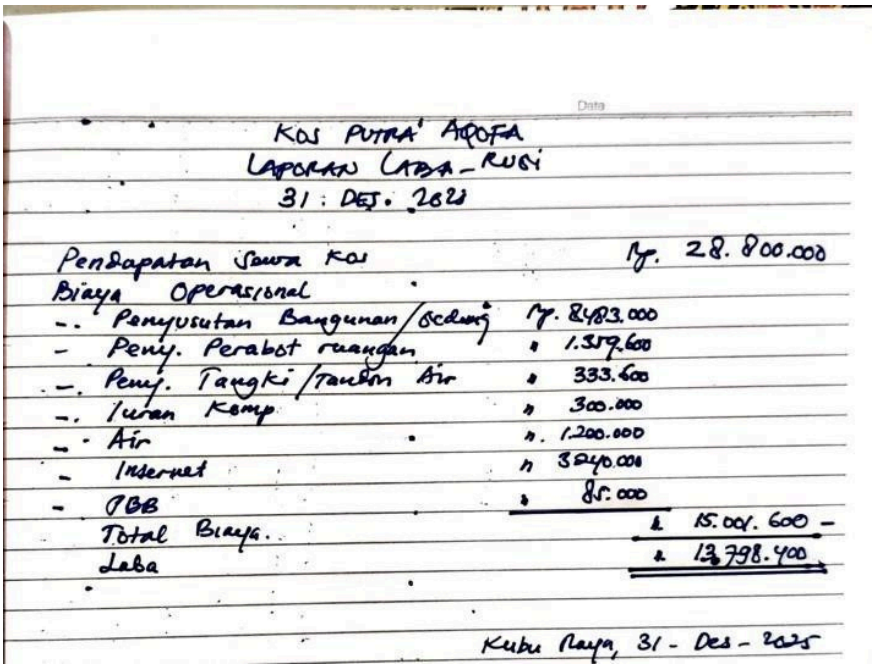

Figure 2. Income statement

Based on the income statement documentation obtained from the business owner, the researcher reorganized the data into a table to facilitate the analysis process. The resulting income statement is presented in Table 1 below:

Table 1. Aqofa's dormitory income statement

Aqofa Dormitory Income Statement For the Period Ended December 31, 2025 (in IDR)	
Revenue	
Rental income	28,800,000
Operating Expenses	
Building Depreciation	8,483,400
Depreciation of Room Furniture	1,359,600
Depreciation of Water Tanks	333,600
Complex Fees	300,00
Water	1,200,000
Internet	3,240,000
Property Tax	85,000
Total Cost	15,001,600
Profit	13,798,400

Based on the income statement for the period ended December 31th, 2025, the dormitory business generated revenue of IDR 28,800,000 from renting out four rooms at a rate of IDR 600.000 per month. Total expenses incurred during the period amounted to IDR 15.001.600, consisting of asset depreciation expenses, operating expenses such as water and internet, and other expenses including residential area fees and property tax. At the end of the period, the dormitory business earned a profit of IDR 13.798.400. Based on the income statement presented in Table 1, the fixed costs incurred by the dormitory business were identified and classified. The details of fixed costs are presented in Table 2 below:

Table 2. Fixed cost

No	Cost Description	Amount (IDR/Year)
1	Building Depreciation	8,483,400
2	Furniture Depreciation	1,359,600
3	Water Tank Depreciation	333,600
4	Residential Area Fee	300,000
5	Internet Expense	3,240,000
6	Property Tax	85,000
Total Fixed Costs		13,801,600

Based on Table 2, total fixed costs amounted to IDR 13,801,600 per year. The largest fixed cost was building depreciation amounting to IDR 8,483,400, followed by internet expense of IDR 3,240,000. These costs are incurred regardless of changes in the number of tenants, indicating that the dormitory business is characterized by a cost structure dominated by fixed costs. This is because most operating costs are related to long-term assets and supporting facilities, including the building, furniture, internet services, and property tax, which remain relatively constant throughout the year. In contrast, variable costs are limited to water consumption and only change slightly as occupancy increases. Consequently, most rental income can be used to cover fixed costs and generate profit. In addition to fixed costs, the business also incurs variable costs. The classification of variable costs is presented in Table 3 below:

Table 3. Variable cost

No	Cost Description	Amount (IDR/Year)
1	Water Expenses	1,200,000
Total Variable Cost		1,200,000

Based on Table 3, the only variable cost incurred by the business is water expense amounting to IDR 1.200.000 per year. This cost is classified as a variable cost because its amount depends on water consumption by tenants. Compared to fixed costs, the amount of variable costs is relatively small. This condition indicates that an increase in the number of tenants does not significantly increase total costs, allowing most of the revenue to be used to cover fixed costs and generate profit.

4.3 Cost Volume Profit Analysis

Contribution margin indicates the amount of revenue remaining after covering variable costs, which can then be used to cover fixed costs and generate profit.

Total Contribution Margin (IDR)
Revenue − Variable Costs
= IDR 28,800,000 − IDR 1,200,000 = IDR 27,600,000

Contribution Margin per Unit
Price per Unit − Variable Cost per Unit
= IDR 7,200,000 − IDR 300,000 = IDR 6,900,000

Contribution Margin Ratio
(Contribution Margin ÷ Revenue) × 100%
= (IDR 27,600.000 ÷ IDR 28,800.000) × 100% = 95.83%

A contribution margin of IDR 27,600,000 with a contribution margin ratio of 95.83% indicates that for every IDR 100 of rental revenue earned, IDR 95.83 is available to cover fixed costs and generate profit, while only IDR 4.17 is used to cover variable costs. This reflects the cost structure of the dormitory business, where variable costs are limited to water expenses and most operating costs

remain fixed. As a result, increases in rental income do not substantially increase total costs, allowing a larger proportion of revenue to contribute directly to profit.

The high contribution margin indicates that the current rental price is sufficient to cover operating costs while maintaining profitability. This condition provides greater flexibility for the business in planning future profits because most additional rental income can be converted into profit after fixed costs have been covered.

The break-even point is the level at which a business neither earns a profit nor incurs a loss (total revenue equals total costs).

Break Even Point (IDR)
Fixed Costs ÷ Contribution Margin Ratio
= IDR 13,801,600 ÷ 95.83% = IDR 14,402,210

Break Even Point (Unit)
Break-Even Point (IDR) ÷ Price per Unit
= IDR 14,402,210 ÷ IDR 7,200,000 = 2.00 units

The break-even point of the business is IDR 14,402,210 per year, equivalent to approximately two occupied rooms out of the four available rooms. This indicates that the business is able to cover all operating costs before reaching full occupancy, suggesting that the current rental price is sufficient to support business operations.

Reaching the break-even point with only half of the available rooms occupied also provides operational flexibility. Even if occupancy declines, the business can continue operating without immediately incurring losses, indicating that the current cost structure supports business sustainability.

Margin of safety indicates the extent to which sales can decline before the business begins to incur losses.

Margin of Safety (IDR)
Total Sales − Break-Even Point (IDR)
= IDR 28,800,000 − IDR 14,402,210 = IDR 14,397,790

Margin of Safety (%)
(Margin of Safety (IDR) ÷ Total Sales) × 100%
= (IDR 14,397,790 ÷ IDR 28,800,000) × 100% = 50%

A margin of safety of 50%, or IDR 14,397,790, indicates that business revenue can decline by up to half of its current level before reaching the break-even point. This demonstrates that the business has sufficient capacity to withstand a decrease in occupancy while continuing to cover its operating costs.

Although occupancy levels may change over time due to tenant turnover or changing demand, the current margin of safety indicates that the business has adequate flexibility to maintain its operations before reaching a loss position. Operating leverage measures the sensitivity of profit to changes in sales volume.

Operating Leverage
Contribution Margin ÷ Net Profit
= IDR 27,600,000 ÷ IDR 13,798,400 = 2.0

The Degree of Operating Leverage (DOL) of 2.0 indicates that every change in revenue will result in a proportional change in profit. This suggests that profit is not highly sensitive to fluctuations in occupancy because the business operates with relatively stable revenue and operating costs.

The result also indicates that the current cost structure allows the business to maintain relatively stable profitability under normal operating conditions, making Cost Volume Profit analysis useful for evaluating future profit planning.

5. Conclusion

5.1 Conclusions

Based on the results of the analysis, it can be concluded that the application of Cost Volume Profit (CVP) analysis at Aqofa's Dormitory provides a clear understanding of the relationship between cost, volume, and profit, making it an effective tool for profit planning and managerial decision-making. The findings indicate that the business operates under favorable conditions, as reflected by its high contribution margin, its position above the break-even point, and its margin of safety of 50%, indicating its ability to withstand potential declines in occupancy. In addition, the degree of operating leverage of 2 indicates that changes in revenue can have a greater effect on profit because the business has a relatively high proportion of fixed costs.

From a theoretical perspective, this study contributes to management accounting literature by extending the application of Cost Volume Profit analysis to a micro-scale service business, particularly a dormitory business. While previous applications of CVP analysis have commonly focused on manufacturing, trading, and food businesses, this study shows that CVP analysis can also be applied to service businesses by using room occupancy as the relevant measure of business volume. The findings also show that cost classification and CVP analysis can provide useful information for understanding the relationship between occupancy, cost structure, and profit in a micro-scale service business.

From a practical perspective, the findings suggest that CVP analysis can support managerial decisions related to rental pricing, cost management, and future profit planning. The owner can use the break-even point as a minimum occupancy target, the margin of safety to evaluate the ability of the business to withstand a decline in occupancy, and the degree of operating leverage to assess the effect of changes in revenue on profit. In addition, the cost structure identified in this study can help the owner focus on controlling fixed costs and evaluating the feasibility of future business expansion. Therefore, CVP analysis can serve not only as a tool for evaluating current business performance but also as a basis for profit planning and decision-making in micro-scale dormitory businesses.

5.2 Research Limitations

This study has several limitations. First, the research was conducted on only one research object, namely Aqofa's Dormitory in Kubu Raya Regency, and therefore the findings may not fully represent the conditions of other dormitory businesses in different regions. Second, the data used in this study were limited to a single period and thus may not reflect changes in business conditions over a longer period. Third, the study focused solely on the relationship between cost, volume, and profit based on the data available from the business owner. Therefore, other factors that may influence business profitability were not examined in this study.

5.3 Suggestions and Directions for Future Research

Based on the findings of this study, the owner of Aqofa's Dormitory is encouraged to use Cost Volume Profit analysis as a basis for managerial decision-making, particularly in evaluating rental prices, planning profit targets, and managing operating costs. Given that the occupancy rate has reached 100% and the business operates above its break-even point, periodic evaluations of rental prices can be carried out to ensure that prices remain aligned with operating costs and market conditions. In addition, the owner should continue to improve cost efficiency by monitoring fixed operating costs and maintaining existing facilities to prevent unnecessary expenses while preserving service quality. Future studies are recommended to include more than one research object so that the findings can provide a broader understanding of the application of Cost Volume Profit analysis in dormitory businesses and other service businesses. Since this study was conducted on a single research object, future research may compare several dormitory businesses with different business characteristics or employ different research methods to obtain more comprehensive findings. In addition, a longer

observation period and the inclusion of other variables related to business profitability are recommended to provide a broader understanding of profit planning in service businesses.

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Author Contributions
QRHS was responsible for conceptualization, data collection, investigation, data analysis, and preparation of the original manuscript. SI contributed to conceptualization, research supervision, validation, manuscript review, provided methodological and writing guidance, recommended revisions and improvements throughout the research process, and gave final approval of the manuscript. SR contributed to manuscript review and validation of the manuscript. All authors have read and approved the final version of the manuscript.

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