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| **Get Started** |
| CandyMonkey, a local confectionery brand in Raipur, is launching a new chocolate product called the Mini Pack. This chocolate is expected to appeal to both children and families seeking delightful chocolate treats. The company has conducted a market study and has generated reliable sales forecasts. They have already developed samples and know the proportion of different raw materials that will be used. You have been provided with the following information by the company and have been asked to conduct a break-even analysis for CandyMonkey’s new product. This involves estimating the sales required to cover all costs, taking into account sales forecasts, variable costs, and fixed costs. They plan to launch this product on January 1st, 2024. |
| **Details** |
| CandyMonkey will initially produce Mini Packs weighing 100 grams. Other details are provided below: |
| **Pricing** |
| The selling price of chocolates is provided below: |
| Mini Pack- Rs. 140 |
| **Sales Quantity and Growth** |
| The sales of the Mini Pack in the first 3 months are expected to be 1300 units per month, followed by a 10% month on month growth from the 4th month onwards . |
| **Raw Material Details** |
| To produce these candy packs, the raw materials are required as follows: |
| Cocoa- 40%  Sugar- 45% Fruit and Nut- 5% Others- 10% |
| The price of raw material per kg in Rs. is provided as below: |
| Cocoa- 1000  Sugar- 50 Fruit and Nut- 1200 Others- 150 |
| **Labor and Packing Costs** |
| The labor and packing costs per unit of the Mini Pack are Rs. 10. |
| **Fixed Costs** |
| Factory Expenses which includes rent and other administration expenses are 95000. Rent is Rs. 60000 and administration cost is Rs. 35000. |
| The marketing cost is budgeted at Rs. 50,000 for the first 3 months, after which it will increase by 10% each month. |
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| **Objective** |
| Develop a financial model for first twelve months to conduct the break-even analysis for CandyMonkey’s Mini Pack chocolates. Use the given sales forecasts, variable costs, and fixed costs, and explore how different factors could affect profitability. |