

PODILATO.EN

**INCOME-EXPENSE ANALYSIS,
PROFITABILITY &
BREAK-EVEN POINT
2023**

(Fictitious data)

TOTAL INCOME & EXPENSES 2023

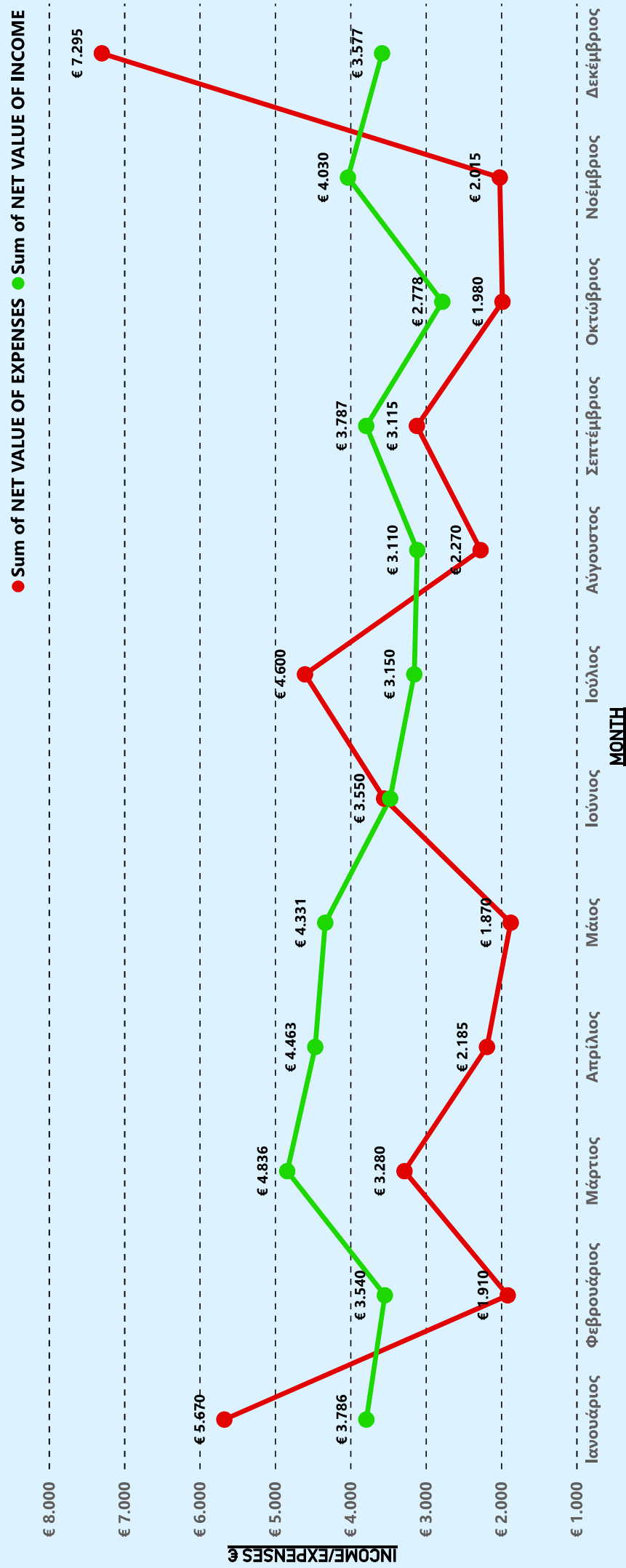


The above categories include all sources of income and expenses.

The company reports a total **profit of €5,118** before taxes for the year 2023.

Following up, an analysis of the profitability of each product and service offered by the business will be conducted.

REVENUE & EXPENSES THROUGHOUT THE YEAR



As shown above, January, July, and December exhibit the highest expenses for the business.

On the other hand, the most profitable month was March.

The fluctuation in the business's expenses appears irregular, with sporadic high outflows.

The revenues of the business demonstrate a smooth distribution throughout the period of 2023.

REVENUE



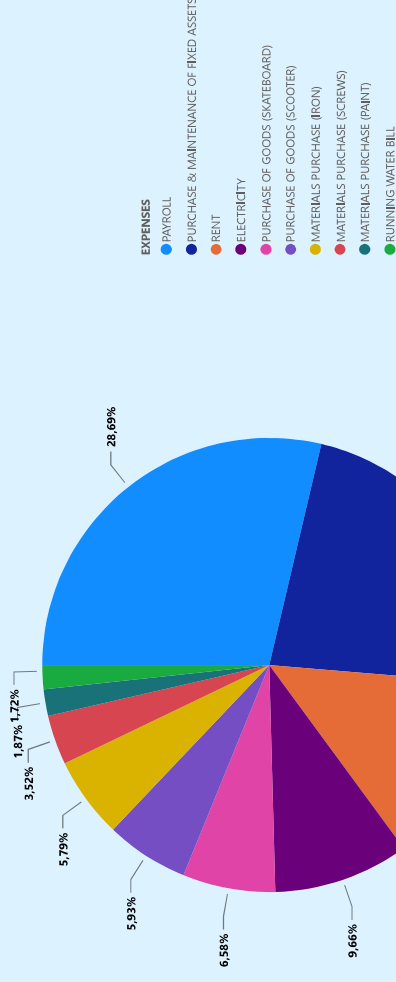
The above distribution reflects exclusively the revenues of each category.

The sales of MOUNTAIN bikes were the highest, with skateboards and scooters following closely in the top positions.

BMX bikes, bike repairs, and BASIC bikes follow, while repairs for scooters and skateboards generated the lowest revenues.

Following up, we will delve into the cost analysis of each product/service to clearly and distinctly assess their individual contributions to the final outcome.

EXPENSES

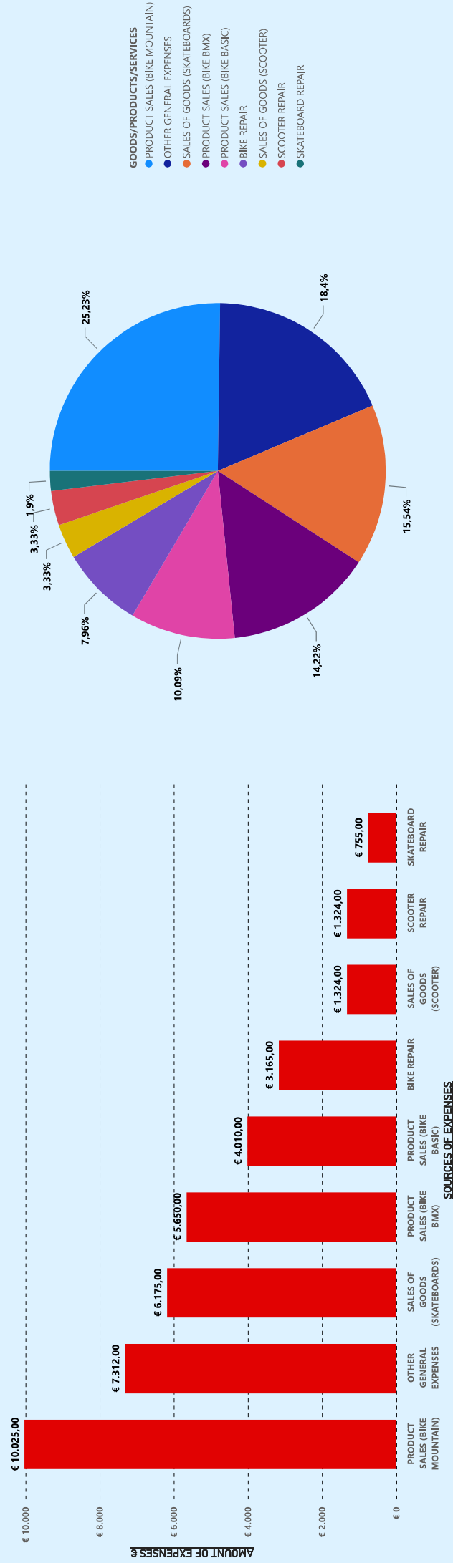


Payroll covers the majority of the company's expenses, followed by the purchase & maintenance of fixed assets.

Store rent and electricity costs come follow up, with purchases of goods and raw materials as well.

Water consumption seems to have been the lowest expense for 2023.

DISTRIBUTED EXPENSES



Having allocated the expenses, it appears that the manufacturing and sales process of MOUNTAIN bikes incur the highest expenses for the business.

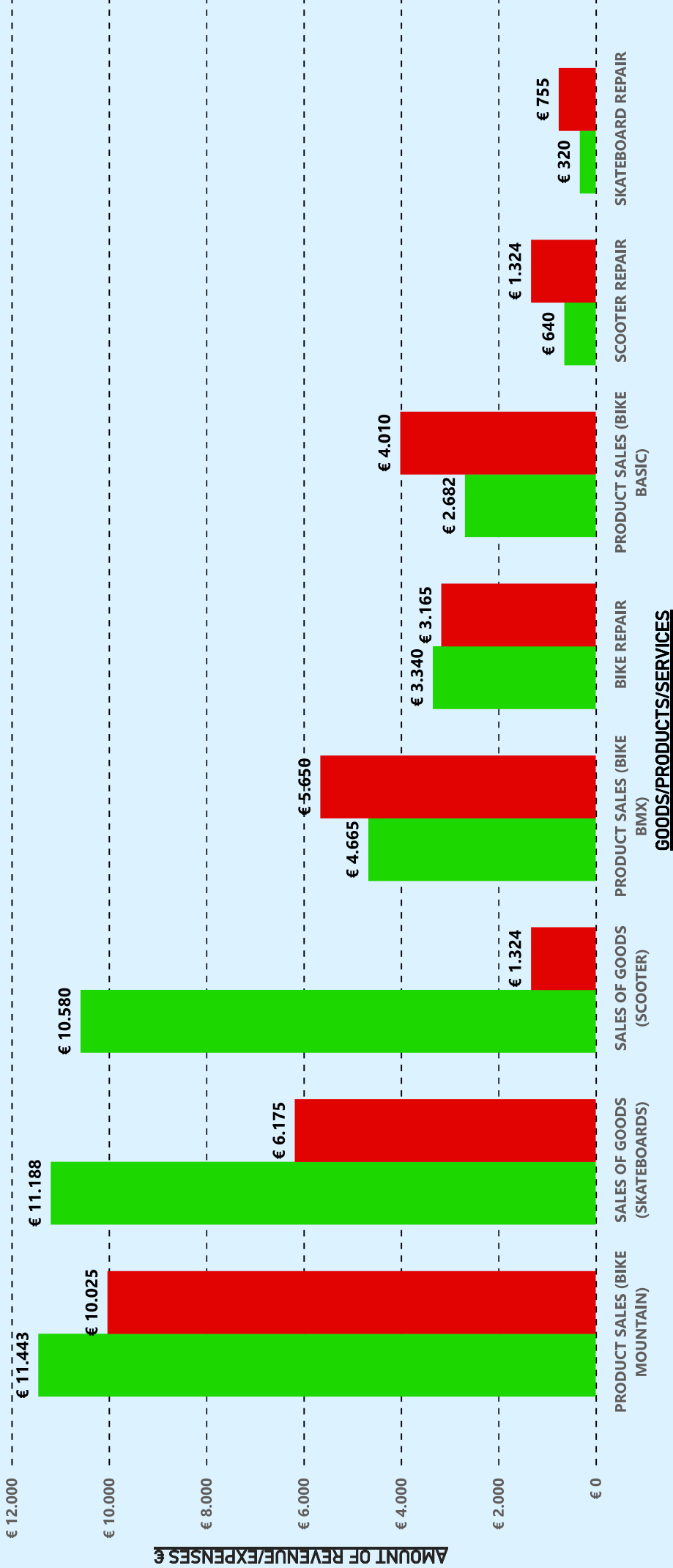
The administrative expenses take the second place, followed by skateboards and BMX bikes. Slightly lower expenses are associated with BASIC bikes and bikes repair services.

Selling scooters, repairing them, as well as skateboard repairs show the lowest expenses.

Considering the revenues from the previous section and the expenses from this one, we will now proceed to examine the contribution of each product and service to the profits.

REVENUE & EXPENSES

● Sum of REVENUE ● Sum of TOTAL EXPENSES



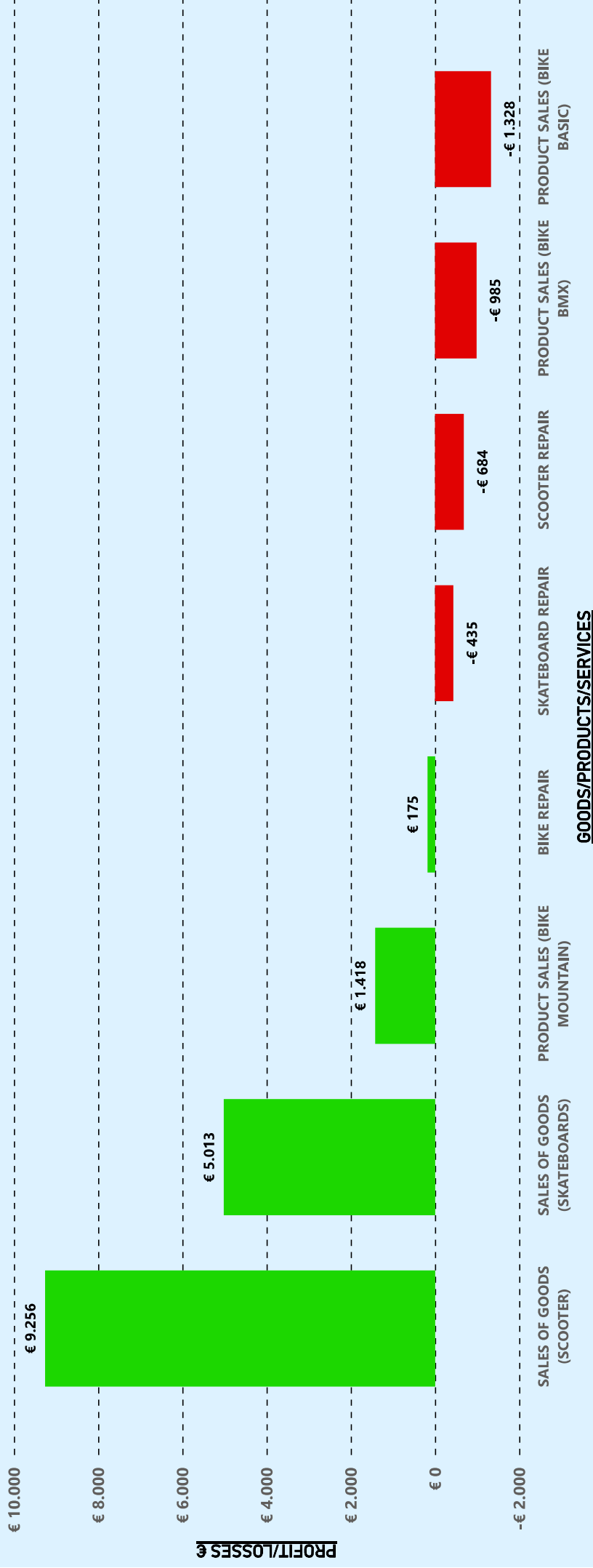
The profitable products are now clearly distinguishable.

The cost allocation process revealed sources of both profit and loss. Specifically, MOUNTAIN bikes, scooters, skateboards, and bike repairs generate revenues higher than their respective costs, resulting in profits.

On the other hand, BMX bikes, scooter repairs, and skateboard repairs incur more expenses than revenues, causing losses for the business.

Based on cost allocation, the selling price of each product/service, and the quantity sold during 2023, we can now identify the Break-Even Point for each revenue source.

NET INCOME

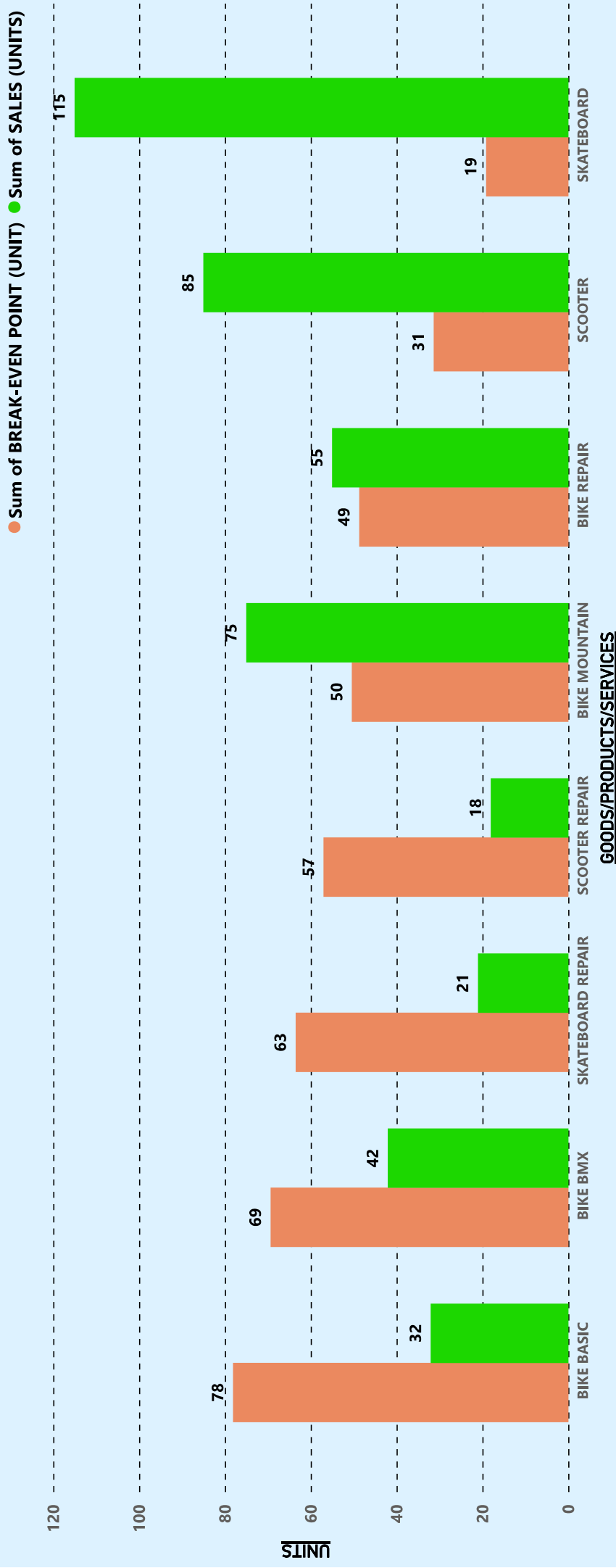


Selling scooters, skateboards, MOUNTAIN bikes, as well as bike repairs are profitable activities for the business.

On the other hand, scooter repairs, skateboard repairs, selling BMX bikes, and selling BASIC bikes resulted in losses for the business.

Considering the latter activities, the total amount of Units Sold was low and fell below the Break-Even Point, as illustrated in the following slide.

BREAK-EVEN POINT & SALES (UNITS)



The Break-Even Point indicates the quantity of units that need to be sold to cover the production and selling expenses.

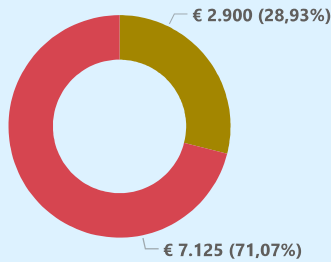
Sales (units) below the Break-Even Point, as seen with BMX bikes, BASIC bikes, scooter repairs, and skateboard repairs, do not cover their expenses and result in losses.

Sales (units) that surpass it, such as the sales of scooters, skateboards, MOUNTAIN bikes, and bicycle repairs, start generating profits.

FIXED & VARIABLE EXPENSES

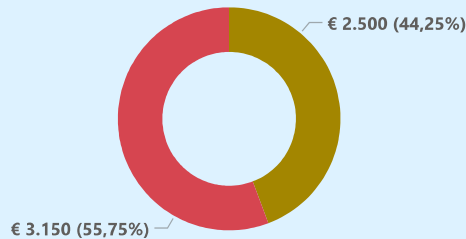
MOUNTAIN Bikes

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



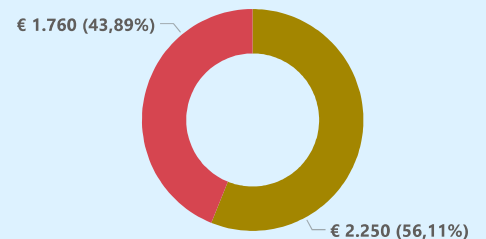
BMX Bikes

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



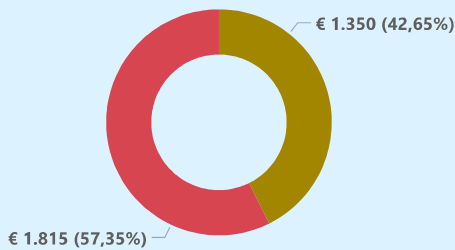
BASIC Bikes

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



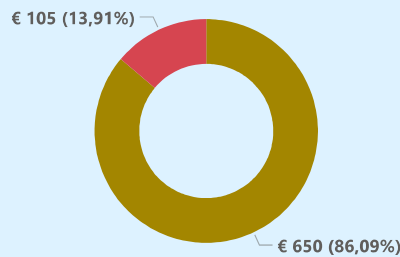
Bike Repairs

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



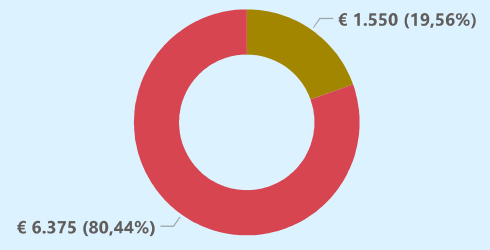
Skateboard Repairs

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



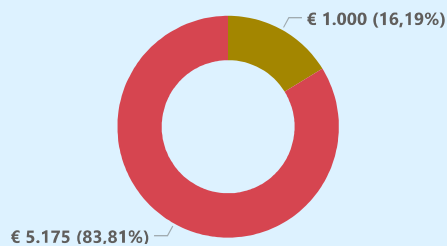
Scooter Repairs

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



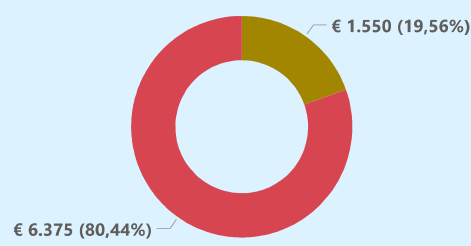
Skateboards

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



Scooters

● Sum of FIXED COSTS ● Sum of VARIABLE EXPENSES (TOTAL)



The above graphs depict the ratio of fixed and total variable expenses for each product/service sold by the company.

As evident, in the case of Mountain Bikes, Scooters, Skateboards, and Bike Repairs, the majority of expenses are variable.

For all other products and services, fixed costs dominate over variable costs, with a notable example being the 86% to 14% ratio found in Skateboard Repairs.

CONCLUSION/SUGGESTIONS

Considering all the data, in order to increase its profits, the company needs to focus on the following aspects:

- Focus on Profitable Products:** It's essential for the company to concentrate its efforts on promoting the profitable products such as Mountain bikes, scooters, and skateboards. These products have demonstrated their ability to significantly contribute to the company's profits.
- Improvement in Bike Repairs:** Bike repairs have shown low revenues but are marginally profitable. The company can direct its attention towards promoting this service to enhance future revenues.
- Reassessment of Unprofitable Sales:** Sales of BMX bikes, BASIC bikes, as well as scooter and skateboard repairs have been found to incur losses. This situation calls for a strategic restructuring of the company. The company could completely remove these activities, or reconsider its promoting procedures.

This scenario is based on fictional data and only serves educational and tool-practise purposes.