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1. What are some of the start-up costs that the business had?

Baking supplies, packing supplies, rent, without a place to work and materials to work with the business wouldn’t exist.

1. When looking at the projected sales (which is what the Budget for Sales Revenue predicts), how should the owner adjust it for the next quarter? Explain your answer.

One quarter is never enough to make adjustments to a well thought out plan. The sales increase is so slight that it could be due to an extra Saturday in the quarter.

1. Based on sales, what products do customers want? How accurately did the owner predict what products would appeal to customers?

The owner predicted cakes and breads well. Pastries and beverages were way off.

1. If you were going to spend more on marketing, which product would you emphasize and why?

If I was going to spend more on marketing I would break down the net profit on cakes and breads, and focus on the one that had a higher margin.

1. Give three examples of fixed expenses.

Rent, telephone, and insurance.

1. Should the budget for office supplies and repairs be reduced for the next quarter? Explain your answer.

I don’t think anything should be adjusted with one quarter’s worth of numbers.

1. In a brief paragraph, explain what this profit and loss statement says about Tasty Cakes. Keeping in mind the background information provided, how does the future look?

Tasty cakes looks like a nice hobby but likely isn’t a viable business at this point. When rent is a third of wages and salaries in the food production business and such a high percent of total sales, it’s hard to know where the business will end up. With rent of $2100/month sales should be much higher.