

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.

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.

Packet Size (in gms)				
Item	Packet (in gms)	Price (in Rs. per unit)		
Mini Pack (100g)	100	140		
Material Details of each Packet				
Item	Price/kg in Rs.	Material %		
Cocoa	1000	40%		
Sugar	50	45%		
Fruit n Nut	1200	5%		
Others	150	10%		
Sales Quantity and Growth		1st Month (in units)	Month on Month Growth %	
Mini Pack (100g)	1300	10%	from 4th month onwards	
Labour and Packing Cost		1 unit		
Mini Pack (100g)	10	Rs. per pack		
Factory Expenses (in Rs.)				
Factory Rent	60000			
Administration Cost	35000			
Marketing Cost (in Rs.)		1st Month	Month on Month Growth %	
Marketing Cost	50000	10%	from 4th month onwards	

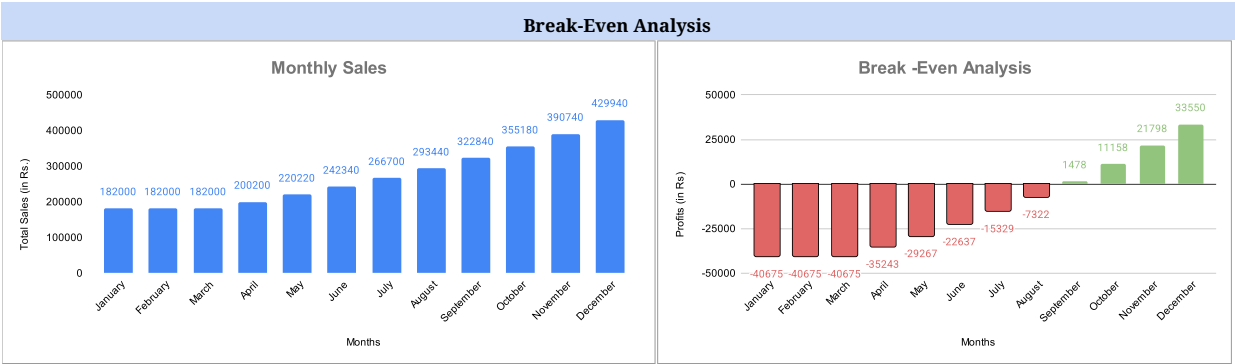
Sales (in units)	January	February	March	April	May	June	July	August	September	October	November	December
Mini pack	1300	1300	1300	1430	1573	1731	1905	2096	2306	2537	2791	3071
Units Sales Price (in Rs.)	January	February	March	April	May	June	July	August	September	October	November	December
Mini Pack	140	140	140	140	140	140	140	140	140	140	140	140

Per Units Material Consumption (in gms)	January	February	March	April	May	June	July	August	September	October	November	December
Cocoa	40	40	40	40	40	40	40	40	40	40	40	40
Sugar	45	45	45	45	45	45	45	45	45	45	45	45
Fruit n Nut	5	5	5	5	5	5	5	5	5	5	5	5
Others	10	10	10	10	10	10	10	10	10	10	10	10
Sales Quantity (in units)												
Mini Pack	1300	1300	1300	1430	1573	1731	1905	2096	2306	2537	2791	3071
Raw Material Consumed (in Kg)												
Cocoa	52	52	52	57.2	62.92	69.24	76.2	83.84	92.24	101.48	111.64	122.84
Sugar	58.5	58.5	58.5	64.35	70.785	77.895	85.725	94.32	103.77	114.165	125.595	138.195
Fruit n Nut	6.5	6.5	6.5	7.15	7.865	8.655	9.525	10.48	11.53	12.685	13.955	15.355
Others	13	13	13	14.3	15.73	17.31	19.05	20.96	23.06	25.37	27.91	30.71

Cost (in Rs.)	January	February	March	April	May	June	July	August	September	October	November	December
Mini pack												
Cocoa	52000	52000	52000	57200	62920	69240	76200	83840	92240	101480	111640	122840
Sugar	2925	2925	2925	3217.5	3539.25	3894.75	4286.25	4716	5188.5	5708.25	6279.75	6909.75
Fruit n Nut	7800	7800	7800	8580	9438	10386	11430	12576	13836	15222	16746	18426
Others	1950	1950	1950	2145	2359.5	2596.5	2857.5	3144	3459	3805.5	4186.5	4606.5
Total Cost	64675	64675	64675	71142.5	78256.75	86117.25	94773.75	104276	114723.5	126215.75	138852.25	152782.25
Cost of Material (per unit)	49.75	49.75	49.75	49.75	49.75	49.75	49.75	49.75	49.75	49.75	49.75	49.75

Amount (in Rs)	January	February	March	April	May	June	July	August	September	October	November	December
Sales												
Mini Pack	182000	182000	182000	200200	220220	242340	266700	293440	322840	355180	390740	429940
Total Sales	182000	182000	182000	200200	220220	242340	266700	293440	322840	355180	390740	429940
Variable Cost												
Material Cost	64675	64675	64675	71142.5	78256.75	86117.25	94773.75	104276	114723.5	126215.75	138852.25	152782.25
Labour Cost	13000	13000	13000	14300	15730	17310	19050	20960	23060	25370	27910	30710
Total Variable Cost	77675	77675	77675	85442.5	93986.75	103427.25	113823.75	125236	137783.5	151585.75	166762.25	183492.25
Contribution(Sales - Variable Cost)	104325	104325	104325	114757.5	126233.25	138912.75	152876.25	168204	185056.5	203594.25	223977.75	246447.75
Contribution per Unit	80.25	80.25	80.25	80.25	80.25	80.25	80.25	80.25	80.25	80.25	80.25	80.25

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Total Sales	182000	182000	182000	200200	220220	242340	266700	293440	322840	355180	390740	429940
Contribution	104325	104325	104325	114757.5	126233.25	138912.75	152876.25	168204	185056.5	203594.25	223977.75	246447.75
Fixed Expenses												
Factory Rent	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000	60000
Administration Cost	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000
Marketing Cost	50000	50000	50000	55000	60500	66550	73205	80526	88578	97436	107179	117897
Total Fixed Expenses	145000	145000	145000	150000	155500	161550	168205	175525.5	183578.05	192435.855	202179.4405	212897.3846
Profits	-40675	-40675	-40675	-35243	-29267	-22637	-15329	-7322	1478	11158	21798	33550





Report for Management

- 1 **Sales:** Sales and increasing from 4th month onwards which is resulting in increased total contribution per month from the newly launched product Mini Pack.
- 2 **Break-Even Point:** Company will be able to achieve the break-even point in the month of September and then profits will continue to rise till the month of December as per data provided for forecast.