MITTAL SCHOOL OF BUSINESS

Course Code: ACCM 507	**Course Title: Financial Reporting, Statements & Analysis**
Course Instructor: Shilpha Chaudhary	**Academic Task No.:** 02
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Declaration:

I declare that this Assignment is my individual work. I have not copied it from any other student's work or from any other source except where due acknowledgement is made explicitly in the text, nor has any part been written for me by any other person.

Student's Signature:

Evaluator's comments (For Instructor's use only)

Evaluator's Signature and Date: _____

Marks obtained _____ Max. marks _____

General Observations	Suggestions for improvements	Best part of assignment

Peer rating:

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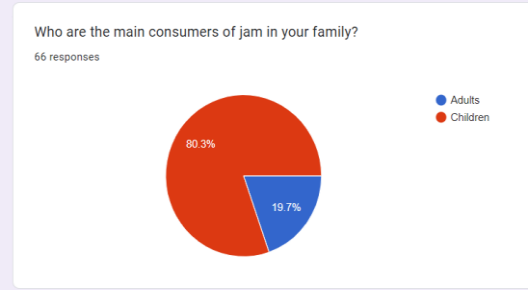
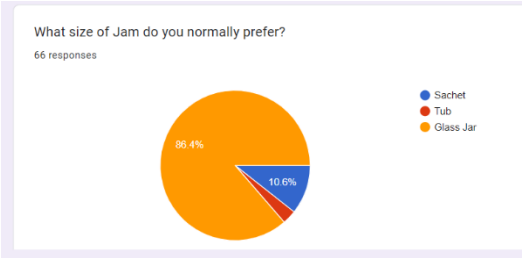
Market Survey Research

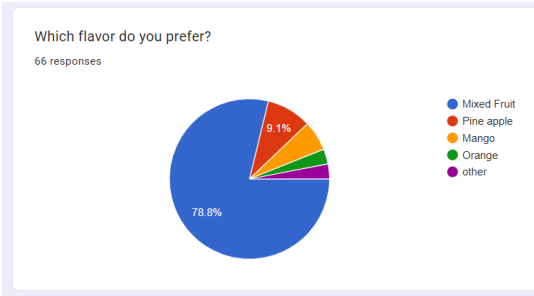
- According to the survey it can be seen that the main consumers of jam are children i.e., 80% of the consumers are children.



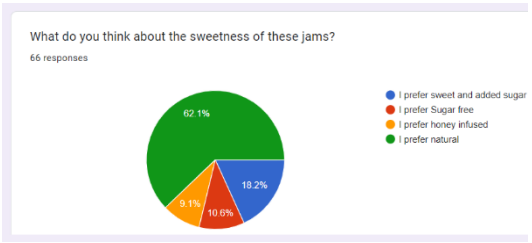
- More than 86% consumers prefer jam in glass jar more than any other packaging.



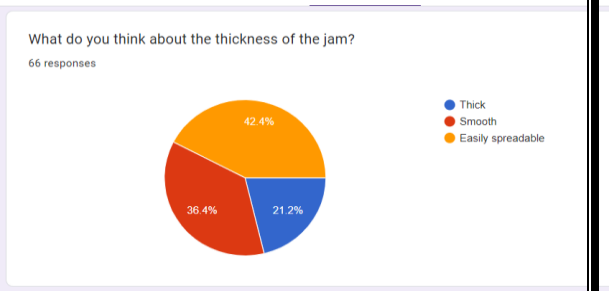
- 78.8% Consumers like Mixed Fruit flavor of jam in comparison to other flavors. Second most liked flavor is pine apple (9.1%) followed by mango, orange and other flavors.



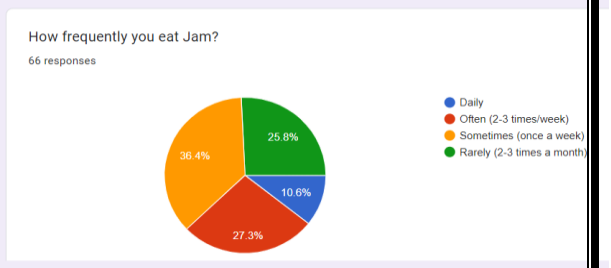
- 62.1% of the consumers prefer their jam to be natural with real flavors. 18.2% of them like sweet with sugar added in their jam. Other 10.6% like it to be sugar free while the remaining 9.1% like honey infused sweetness rather than sugar.



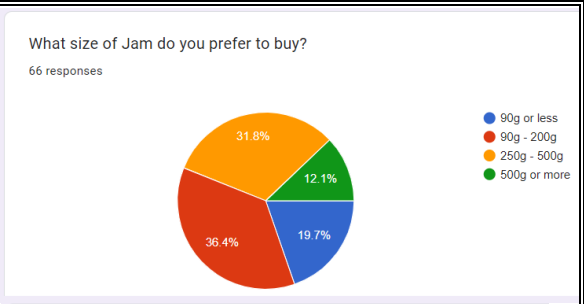
- Most consumers (42.4%) want jam to be easily spreadable while 21.2% consumers want it thick. Other 35.4% consumers want jam to be of smooth consistency.



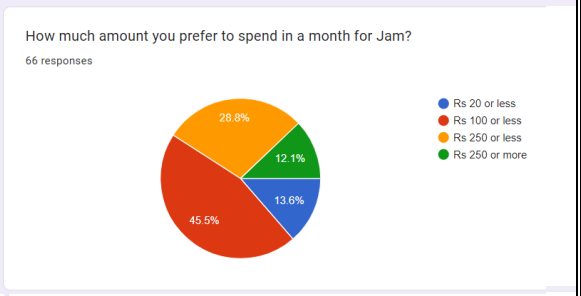
- Maximum frequency of consuming jam is sometimes i.e.,
once a week followed by 2-3 times a week, then 2-3 times a month. There are 10% daily consumers of jam.



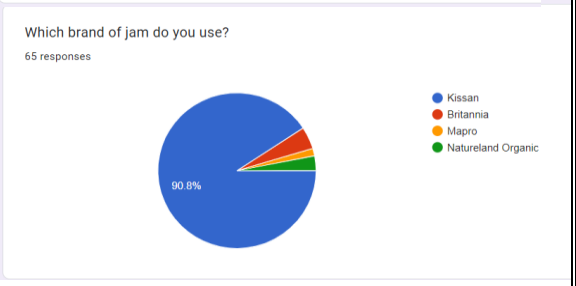
- Most selling (36.4%) size of the jam is 90g-200g. Followed by 250g-500g jar (31.8%) and 90g or less (19.7%). While 19.7% consumers buy 500g or more.



- 45.5% of the consumers would spend Rs 100 or less in a month for jam. 28.8% would spend 250 or less. 13.6% would spend Rs 20 or less and rest 12.1% would spend Rs 250 or more.



- On the competitor's side, Kissan stands to be greatest competitor as it is consumed by 90.8% of the consumers acquiring the maximum market. Other competitors are Britannia followed by Natureland Organic and Mapro.



Competitor Analysis

Particulars	KISSAN		NATURELAND ORGANIC		MAPRO	
	Quantity	Price	Quantity	Price	Quantity	Price
Mixed fruit jam	90 g	Rs. 20	-	-	-	-
	250 g	Rs. 80	250 g	Rs.190	-	-
	500 g	Rs.170	-	-	500 g	Rs.150
Pineapple jam	-	-	-	-	-	-
	-	-	250 g	Rs.210	250 g	Rs.72
	500 g	Rs.180	-	-	500 g	Rs.144

- Kissan: - Kissan is a brand of Hindustan uniliver limited and its jams will be the major competitor for companies producing jams. Kissan adopted a low-price strategy for its jams to make them affordable and attracting consumers through assuring them value of money. Their main target is common masses. They introduced their jams as consistent with the basic affordable price and

different flavors while mixed fruit and pineapple being the most consumed jam in their product mix despite the competitions. It helped them to create their brand image as a household product.

The current price they are offering are –

- 15 g Sachet- Rs.
- 90 g Tub- Rs. 20
- 250 g bottle Rs.80
- 500 g Bottle-Rs. 170

Consumers mostly prefer 90 to 250 g tub or bottle of jam to buy as Kissan's major target is mothers of small children of middle-class families for whom price plays an important role in buying decisions of a product. So, as it is the market leader in jam segmentation other competitors try to match the products prices to keep costs low for customers.

- Natureland Organics: - Natureland organics focuses on making organic and healthy jams and offering to consumers at an affordable price which is quite higher than kissan in comparison.
- Mapro: - Mapro is also a leading manufacturer of jams and its price is a little lower in comparison to Kissan and they also produce vegan and jams contain real fruit pulp to target specific consumers.

Product Specification: Food product description – Jam is made by organic mixed fruits, and honey instead of sugar.

Ingredient statement – Ingredients include, organic mixed fruits pulp (banana pulp, papaya pulp, mango pulp, pineapple pulp, orange, apple juice), honey, Citric acid, Preservatives.

Nutritional information – Servings – 500 gm

Calorie – 250 Kcal

Carbohydrate – 81.20 gm

Protein – 0.80 gm

Sugar – 0.00 gm

Fat – 0.00 gm

Regulatory claims – Natural flavors, no sugar, natural colors.

Suggestive storage- store in a cool, dry place.

Procedure for making mixed fruit jam:

1. Inspection

The first step of jam production is the selection of ripe fruits. These fruits are handpicked and categorized based on their color, smell and appearance. Rotten or damaged fruits are removed.

2. Washing

selected fruits are now washed with water containing 200 ppm of chlorine. Properties like pH and temperature are maintained. Water is not forced instead of Dump and spray washers are used in industries to prevent fruits from getting damaged.

3. Peeling

For small quantity manufacturing to the food manufacturers, fruits are peeled using hands. And for large manufacturing, a machine with blades is used for the purpose. Some fruits need not be peeled in such cased pulping is done.

4. Pulping

Seeds and core part are removed by pulping. There are various kind of machines available in the market for different fruits. These machines contain blades that can be adjusted to the needed size and quantity of material to be pulped.

5. Addition of Honey

Honey is added to the prepared fruit pulp in the required quantity using the suggestion of recipe development services. Water can be added to lower the concentration. Harder jam is made by

adding more pectin and sticky jam is made by adding more sugar says the recipe development consultants.

6. Boiling

One of the most critical steps in jam making is boiling, which has to be done with more patience. The prepared mixture kept on the flame. After a few mins, the sugar starts to dissolve the room is filled with a fruity smell and a network like pectin. During this process, A foamy scum can be seen forming over the layer that can be skimmed with a spoon while the mixture is cooling or butter can be added at this point to break the surface tension.

7. Addition of citric acid

The required amount of citric acid is added while boiling. To ensure the proper setting of jam temperature of heating is maintained at 105 C or 68-70%TSS. To check the background of the jam sheet test is conducted. Sheet test is conducted by taking a small portion of jam and cooked a little

then it is allowed to drop from the spoon if the jam drops or flakes the jam is prepared perfectly if not the jam is boiled for some more time.

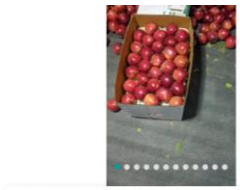
8. Filling into bottles

Bottles are sterilized before the hot jam is poured into it, cooling of these hot bottles is done by putting it into the water bath. Paraffin wax or other waxes are used for waxing after which metal caps are vacuum capped to the bottle.

9. Storage

Bottled jam is now ready to be stored, and these are kept in a cool and dry place and protected from direct sunlight. Bottled jams have a shelf life of at least 12 months. The food development industry must check this properly.

These are all the proof for raw materials cost taken from IndiaMart.



Himachali A Grade Kinnaur Apple, Packaging Type: Carton, Kinaaur
₹ 70 / Kg

A Grade Yellow Natural Banana
₹ 50 / Dozen
by: JSK Agro World, Jalgaon

A Grade Fresh Nagpur Orange, Packaging Size: 22kg, Packaging Type: Crate
₹ 30 / Kg
by: Maa Tara Fruits Company, Shimla

Sweet Organic Frozen Strawberries, Packaging Size: 250 G, Packaging Type: Packet
₹ 170 / Kg
by: Elmech Power Controls, Nashik

A Grade Natural Fresh Pineapple
₹ 23 / Kg
by: Maa Tara Fruits Company, Shimla

A Grade Aloo Bukhara Fruits, Packaging Type: Carton, Packaging Size: 5 Kg
₹ 150 / Kg
by: Arbc Group, Delhi

A Grade Fresh Papaya
Price on Request
by: Sarfraj International, New Delhi

Alpha Glass Transparent 500 ML Jar, For Kitchen Storage
₹ 16 / Piece
by: Alpha Glass, Firozabad

Apex International Pure Natural Honey, Packaging Size: 30kg Drums, Grade Standard: Food Grade
₹ 160 / Kilogram
by: Apex International, Jaipur

COST SHEET(unit= 1000)(150gm)

Particulars	Total Cost	per Unit Cost
DIRECT RAW MATERIAL		
Apple @70 /kg	3500	23.33
Banana @ 50/dozen	2500	16.66
Orange @ 30/kg	1500	10
Pineapple @ 23/kg	1150	7.66
Papaya @ 16/kg	800	5
Mango @ 80/kg	4000	26.66
Honey @ 160/kg	800	5.33
Glass Bottle Jar @ 15/jar	15000	100
Total cost of Raw materials	32925	32.9
DIRECT LABOR	18000	18
PRIME COST	50925	19.317
FACTORY OVERHEADS		

Supervisor cost	6000	6
Factory Rent	8000	8
Electricity	7500	7.5
Factory Manager's Salary	20000	20
WORK COST	92425	92.425
OFFICE OVERHEADS		
Office rent	4000	4
Office salaries	15000	15
Telephone and postage	9500	9.5
OFFICE COST	120925	120.925
Advertisement	10000	10
Salesman salaries	25000	25
TOTAL COST	155925	155.925

Technique to rectify cost:

Variance Analysis

Definition: In budgeting or management accounting, variance analysis is the examination of differences between actual behaviour and predicted or planned behaviour. Basically, this is about how the discrepancy between real and planned behaviour shows how business performance is being influenced.

Description: Variance analysis can be broken down into 2 steps:

1. Figuring out and logging each unique deviation

2. Recognizing the origin of each variation

Variances may occur for any of the following reasons:

1. A change in market conditions, such as a shortage of raw materials that causes suppliers to raise prices, has made traditional budgeting procedures unsustainable.

2. The budgeting rules used could be overly utopian, as in the case of incorrectly assuming the production of a machine.

3. Service delivery could not be up to par, for example, planning might have assumed an eight-hour workday but real ground circumstances would only permit six hours per day.

4. In other circumstances, there cannot be a foundation for planning, such as when the results of creative activities cannot be accurately benchmarked.

Standard costing:

Standard costing is the practice of substituting an expected cost for an actual cost in the accounting records. Subsequently, variances are recorded to show the difference between the expected and actual costs. This approach represents a simplified alternative to cost layering systems, such as the FIFO and LIFO methods, where large amounts of historical cost information must be maintained for inventory items held in stock.

Standard costing involves the creation of estimated (i.e., standard) costs for some or all activities within a company. The core reason for using standard costs is that there are a number of applications where it is too time-consuming to collect actual costs, so standard costs are used as a close approximation to actual costs. This results in significant accounting efficiencies.