

Paradise bites report

[Finance](#)



Paradise Bites Report of Paradise Bites Report “ Paradise Bites Inc” was established as a public limited company with the aim to conduct the business of manufacturing and distributing Chocolates. The company is in a preliminary stage. Its marketing manager has made the feasibility report for the product demand and finance manager has compiled the two-year future forecast keeping in view the market demand for the product (Wildavsky, 1986).

The company has introduced three new flavors of chocolates initially under its brand name. The finance manager is of the view that although the overall market demand is currently low due to the recessionary phase (Blythe, 2005), the uniqueness of the flavors and marketing strategy will still boost up the demand for chocolates to the extent that the company will start generating profits in its first year of operations.

The policy of the company allowed the credit sales of 25% that was given for the period of one month. The supplies of raw material were made 35% on credit of one month and 65% in cash. All the manufacturing overheads and administrative expenses were paid in the month in which they were incurred (Donovan, 2005).

The company has started its operation in three markets that includes Spain, Greece, and UK. The market demand in Spain and Greece is expected to remain low, which will affect the overall profits of the company. Also, finance manager was of the view that liquid resources shall not be used more than 50%, and half resources shall be kept in reserve till the recessionary period is over. The initial budgets show that Coffee, Vanilla, and Coconut flavors generate the gross margin of 60%, 50%, and 60% respectively.

To keep the cost of inventory low, the finance manager has decided to use <https://assignbuster.com/paradise-bites-report/>

the just in time inventory system. Therefore, the very insignificant amount of inventory forecasted to be kept as the ending inventory with the intention to be used in disruption of supplies, if any (Lancaster & Massingham, 2010).

Conclusion

The products offered by the company are expected to attract the target market to a large extent due to their unique flavors and hygienic quality. Paradise Bites should make the marketing strategy in an efficient way to increase its market share and to achieve the goal of making profits in its first year of operations.

The primary risk and challenge faced by the company is the recessionary phase in the European Economy. Rapid movements and a downward trend in foreign exchange rates are the risks that the company should address while formulating its financial strategy.

References

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