



BIE Homework Sheet

Year: 11

Project: Breakeven

Date issued: week 9

Date Due in:

Fudge Limited manufactures speciality boxes of fudge. Each box contains a variety of different sweets which are then specially gift wrapped.

The company incurs these costs:

Wages paid at £4 for each box
 Office salaries totalling £50,000
 Rent rates and other costs totalling £5,000

The boxes of fudge are made from:

Ingredients £2 per box
 Gift boxes £1 per box
 Gift ribbon £1 per metre (it takes 0.5 metres to wrap a box)

The boxes of chocolates are sold for £15.50 each

How many boxes need to be manufactured and sold in order for the company to break even?

Unfortunately the credit crunch is taking its beginning to affect the company as sales of the speciality fudges have declined. The company decides to try and cut costs so that the break even point can be reached quicker.

It proposes to:

- Buy ingredients in bulk which will bring the cost per box down to £1.50
- Do away with the gift ribbon
- Increase the productivity rate of employees so that it only costs £3 per box in wages

Taking the above measures into account how many boxes now will have to be made and sold for the company to break even?

All Homework must be handed in on the date requested.
 If you hand in homework late or it is of an unacceptable standard you will be given a p6.