

Financial Feasibility and Profitability Analysis of a Small Café Business

Campus Corner Café, Tathawade, Pune

Financial and Cost Accounting Group Mini Project

First month: November 2026. Currency: INR.

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Problem, objectives and methodology

Assess whether a student café can cover costs and fund operations.

Use one canonical dataset with 130 simulated transactions.

Trace transaction IDs through journal, ledger and trial balance.

Reconcile product cost sheets with accrual profit and cash flow.

Separate hypothetical assumptions from external reference evidence.

Business profile and sales assumptions

Product	Price / unit	Variable / unit	Net units / day	Monthly sales
Tea	15	6	80	31,200
Coffee	30	12	45	35,100
Vegetable sandwich	60	28	30	46,800
Total			155	1,13,100

2 employees. Students, faculty and nearby residents. 26 operating days.

Unit arithmetic corrects supplied variable cost by INR 1,560 to INR 48,360.

Startup investment and financing

Use of funds	INR	Treatment
Deposit, equipment and furniture	1,10,000	Assets
Opening inventory	12,000	Current asset
Setup and initial marketing	13,000	First-month expenses
Working capital reserve	35,000	Cash before extra rent prepayment
Total initial funding	1,70,000	Owner 1,20,000 and loan 50,000

Owner: 70.59%. Loan: 29.41%. Assumed annual interest: 12%.

INR 15,000 December rent prepayment uses the reserve. Monthly principal: INR 1,000.

Accounting cycle and posting controls

Stage	Model evidence
130 transactions	Stable IDs TX001 to TX130, including daily sales and adjustments
Journal and ledger	Equal debits and credits with account and transaction traceability
Adjustments	Rent prepaid 15,000, utilities accrued 1,000, depreciation 2,000
Rectification	TX010 expenses 5,000 marketing initially capitalized
Statements	Net profit 6,240 and cash/bank 39,746 reconcile

Trial balance debit = credit = INR 2,89,630. Cash book and Tally import records accompany the workbook.

Financial statements and feasibility

Statement / indicator	INR or ratio
Net sales / production cost of sales	1,13,100 / 82,360
Production gross profit / contribution	30,740 / 64,740
Recurring operating profit / first-month net profit	19,740 / 6,240
Assets = liabilities + equity	1,77,600 = 53,360 + 1,24,240
Current ratio / quick ratio	1.30 / 0.80

First-month profit deducts setup 13,000 and interest 500 from recurring profit.

Simple cash-proxy payback: 8.00 months. Taxes, risk and discounting are excluded.

Product costing and cost behaviour

Product	Full cost / unit	Price / unit	Profit / unit	Contribution / unit
Tea	17.17	15	-2.17	9
Coffee	23.17	30	6.83	18
Vegetable Sandwich	39.17	60	20.83	32

Cost sheets include material, labour, packaging and allocated production, administration and selling overheads.

Fixed INR 45,000 allocates by units. Recurring product profit totals INR 19,740.

Ingredients and packaging vary by volume. Salaries and rent are fixed. Utilities are mixed.

Marginal costing and CVP

Measure	Base case
Unit mix, tea : coffee : sandwich	16 : 9 : 6
Weighted unit contribution / P/V ratio	16.06 / 57.24%
Break-even sales / equivalent units	78,614.46 / 2,801.2
Margin of safety	INR 34,485.54 / 30.49%
Sales for INR 25,000 recurring target profit	INR 1,22,289.16

10% lower volume: profit INR 13,266. 10% higher variable cost: INR 14,904.

CVP assumes constant mix, unchanged capacity and fixed cost within the relevant range.

Budgets, cash flow and working capital

Measure	November simulated	December budget
Sales	1,13,100	1,13,100
Variable cost / recurring fixed	48,360 / 45,000	48,360 / 45,000
Net profit	6,240	19,250
Closing cash and bank	39,746	48,870
Working capital	16,240	Planning assumptions apply

November flows: operating (17,254), investing (1,10,000), financing 1,67,000.

Cash closes at INR 39,746. December uses prepaid rent and collects opening receivables.

Dashboard data and application status

Dashboard fields use simulated dates, product names and transaction IDs.

Verified cards: sales 1,13,100, expenses 1,06,860, net profit 6,240.

Net margin 5.52%. Contribution 64,740. Cash and bank 39,746.

Real Sheets and report connected. Required cards verified.

Chart bindings and filters verified. Native dashboard PDF included.

[Open the real Looker Studio report](#)

Recommendations and conclusion

Test tea at INR 18: unchanged volume adds INR 6,240 monthly revenue.

Add 5 sandwiches per day: contribution rises by INR 4,160 per month.

Reduce ingredient and packaging spend 3%: save INR 1,450.80 monthly.

Test 5% higher prices: recurring profit rises to INR 25,395.

Collect INR 2,854 receivables and retain a cash reserve for rent.

Feasible under the assumed mix. Demand, capacity and tax effects need validation.

References, limitations and viva plan

Source hierarchy

Primary source: faculty Miniproject problem statements, Option 3. User brief supplies hypothetical commercial inputs. Official Tata, Amul, FSSAI, Google and Tally references support context.

Limitations

Simulated activity, allocated overhead, constant sales mix and no tax model. Real report cards, chart bindings and filters verified. Native PDF renders all charts.

Equal speaking plan: Member 1 slides 1–4, Member 2 slides 5–8, Member 3 slides 9–12. See viva materials for 20 questions and calculation explanations.