FINANCIAL ANALYSIS OF THE SWEET BREAD BUSINESS
(Case Study: Shinta Bakery Sweet Bread Business in Sarimulya Village Rimbo Ilir District Tebo Regency)

Asminar1), Fajar Dedy Kuswanto 1), Asnawati Is1)

1Program Studi Agribisnis Fakultas Pertanian Universitas Muara Bungo Jambi 37228 Indonesia

*Corresponding author: asminarjabir@yahoo.com

To cite this article:

Received: November 07, 2023; Accepted: December 27, 2023; Published: April 01, 2024

ABSTRACT

Bread, lovely bread with various fillings and plain bread, is a popular food consumed by all ages, from toddlers to adults. This research aims to calculate the income of the Shinta Bakery Sweet Bread Business in Sarimulya Village, Rimbo Ilir District, Tebo Regency, and to analyze the financial aspects of the business. The research location was chosen purposively in Sarimulya Village, the only sweet bread provider in the area. The research used the case study method from December 25, 2019, to January 25, 2020. Data was analyzed quantitatively descriptively, with a focus on income analysis models and financial analysis. Analysis tools include a project analysis approach with calculations of Net Present Value (NPV), Internal Rate of Return (IRR), and Net Benefit-Cost Ratio (Net B/C Ratio). The research results show that the annual income of the Shinta Bakery Sweet Bread Business is IDR 171,788,600, with financial analysis showing a positive NPV at a loan interest rate of 10%, an IRR that is greater than the loan interest rate, and a Net B/C Ratio that is greater than one, indicating that this business is worthy of further development.

Keywords: financial analysis; IRR; Net B/C Ratio; NPV; sweet bread.

INTRODUCTION

Bread, a food product based on fermented wheat flour, is a conventional biotechnology widely consumed in Indonesia (Noviatanti Nabila et al., 2022). Indonesia has a rich culinary heritage, including traditional fermented foods, both plant and animal (Rizka et al., 2023). However, the specific mention of bread as a traditional form of fermented food is not included in the abstract. The abstract discusses the diversity of fermented foods in Indonesia, including milk-based fermented foods such as dangke (Fuji et al., 2021), the use of fermentation to increase the function and nutritional value of bread by incorporating spent beer grains (Emma et al., 2021), and use of starter cultures in bread production to improve baking properties and prevent microbial infections (Kakhramon et al., 2022). While bread is a typical food in Indonesia, the abstract does not provide specific information about its role as a traditional fermented food.

The lovely bread industry is limited to several areas, including Tebo Regency. Shinta Bakery is the only sweet bread business operator in Sarimulya Village, Rimbo Ilir District, Tebo Regency. The management and financial sustainability of sweet bread companies at the MSME scale present unique opportunities and challenges (Yap, 2023); (Nuhayati & Ahmad, 2023). Previous research has focused on macro-scale aspects of bread production and consumption. Still, there is a gap in the literature regarding the financial and management aspects of MSME-scale sweet bread businesses in certain areas. This research aims to fill this gap by conducting an in-depth analysis of financial literacy and the performance of MSMEs in the culinary sector (Lihawa et al., 2023); (Suryadi & Naning, 2023). The sustainability of sweet bread businesses is vital to supporting the local economy, and understanding the factors that contribute to their success is essential. By examining the impact of income, length of business, and age on the financial literacy...
of MSMEs in the culinary sector, this research will provide valuable insight into this business's management and financial aspects (Triyawan et al., 2023). In addition, this research will explore the influence of financial inclusion and financial literacy on the performance of MSMEs in the culinary sector, contributing to a better understanding of the factors that drive their success (Rahmi & Nurul, 2023).

This research aims to calculate the income of the Shinta Bakery sweet bread business in Sarimulya Village and to analyze the financial aspects in detail. This research will provide valuable insight into the effectiveness and economic sustainability of sweet bread businesses on an MSME scale and recommendations for further improvement and development.

This research will add to the literature in MSME business studies and the food industry and help stakeholders and entrepreneurs understand the sweet bread industry's financial dynamics and growth potential. Thus, this research has novel value in providing an in-depth analysis of the operations and finances of the lovely bread business in Tebo Regency, which has never been explored before.

MATERIALS AND METHODS

A study conducted at Shinta Bakery in Tebo Regency provides insight into the business activities of the only sweet bread business in the area (Hasnawi & Fajri, 2023). The research took place from December 25, 2019, to January 25, 2020, and used a survey method with case studies to understand Shinta Bakery's operational and financial capabilities (Basu & Miroshnik, 2021). The data used in this research includes primary data obtained through observation, interviews, surveys with bakery owners, and secondary data from the Tebo District Health Service and Shinta Bakery financial reports (Mikami et al., 2022). Because the focus is a single case study, this research has no population or sample (Mikami et al., 2022).

Quantitative descriptive data analysis, focusing on income analysis and financial feasibility, can be carried out using various analytical tools. Analysis of income, production costs, and total revenue can be calculated to determine total profit. Financial feasibility analysis can be assessed using net present value (NPV), benefit-cost ratio (BCR), and internal rate of return (IRR). Decision criteria for financial feasibility include NPV > 0, BCR > 1, and IRR > cost of capital. This criterion shows that the business is considered financially viable. The formulas and analytical methods used in income analysis and financial feasibility studies are generally adapted from previous research. This comprehensive approach can provide insight into the sustainability and economic viability of a business, taking into account aspects of costs, revenues, and potential profits (Hasnawi & Fajri, 2023); (Nurdialy & Widodo, 2023); (Casban et al., 2023); Primary, 2023)

RESULTS AND DISCUSSION

Sweet Bread Business Management System Shinta Bakeries

The management system at Shinta Bakery involves a workforce of 5 people and an additional one person for extra labor. The production department consists of 4 people, each with different roles and skills. One person operates the toaster (oven), one operates the rolling machine, and two managers are responsible for filling the bread dough. The distribution department uses cars for the distribution process. Family members provide additional labor to help with production and distribution (Basu & Miroshnik, 2021)

Day Work For power: The production department works on Mondays, Fridays, and Sundays to have a day off on Saturdays. Meanwhile, part distribution works Monday through Saturday for power work; the holiday is on Sunday. Average workers originate from family And neighbors, whose average education level is flat junior high school graduates. Production workers have a day off on Saturday, while distribution workers have a day off on Sunday. The average worker has a high school education and comes from a family and neighborhood (Mikami et al., 2022)

The salary earned by workers in the dough processing production section is IDR. 1,200,000 per month (Pratondo Utomo & Hanum, 2022). Workers who operate roasting machines earn a salary of IDR 1,100,000 per month (Wang & Geo, 2020). Workers in the production section who manage the dough filling section also receive a salary of IDR 1,100,000 per month (Anderson, 2020). Workers in the distribution section earn an IDR salary. 800,000 per month (Adeleke, 2020). Additional workers are paid an IDR wage of 400,000 per month, paid weekly (Xiao Yun et al., 2020).
Process Production Business Bread Sweet Shinta Bakery

The process of making sweet bread involves several stages and manufacturing processes. First, the materials must be halal-certified and of good quality (Nalinisofia & Millaty, 2020). It is important to weigh ingredients thoroughly and precisely, avoiding roots (Zhao & Kweon, 2021). The water content in the dough must be controlled carefully to prevent the bread from becoming thick or soft (Fangesthi & Indrawati, 2021). Stirring the dry ingredients before adding water and butter helps optimize hydration (Kim, 2020). Mixing time must be adjusted based on the protein content in the flour (Lee, 2020). After initial fermentation, the dough should be divided and rounded to form a hard layer on the surface, which helps retain the gas produced. Following these steps ensures the right texture and quality of sweet bread.

The second fermentation stage in bread making softens the gluten in the dough and helps speed up subsequent fermentation. The dough should be covered with plastic to prevent drying out. This process usually takes about 10 to 15 minutes. Degassing the dough involves pressing the dough to remove trapped gas and ensure even distribution of the bread fibers. Shaping the dough is the next step and sweet bread can be filled with various fillings, but excessive oil and water should be avoided to prevent the bread from opening. Final fermentation is carried out in a warm environment with a temperature of around 35-40 degrees Celsius and a stable humidity of 80-85%. A hygrometer or room thermometer can be used for convenience (Zeng et al., 2023).

Baking bread requires careful consideration of temperature and duration. The oven temperature must be appropriate for the type of bread being baked. For white bread, 200 degrees Celsius is recommended, while sweet bread is baked at 180 degrees Celsius (Zhao & Kweon, 2021). Baking duration depends on various factors, such as the oven, pan material, and type of bread. For white bread, baking time ranges from 25-40 minutes, while sweet bread can be baked in just 5-15 minutes, depending on size (Gerardo-Rodriguez, 2021). After baking, it is essential to carefully remove the bread from the oven and let it cool at room temperature on a cooling rack for 45-90 minutes (Li & Li, 2019). Finally, when packaging bread, it is essential to do so in a clean room with proper ventilation and air circulation to prevent mold formation (Byxoeiev et al., 2020).

Income Analysis
1. Usage Factor Production

Cost production covers all costs related to function. Production is all costs incurred in processing raw materials into products that are finished and ready to be sold. These costs consist of investment costs and operational costs. Cost investment is the cost issued for the initial needs (start-up cost) of building a business. Cost: This investment includes building cooperatives, a warehouse, installation machining, means, infrastructure, and other support. Investment is also possibly interpreted as planting capital in a relatively long activity in various business fields (Kasmir, 2003). Cost shrinkage is the allocation amount that can be depreciated from Siatu assets during the age of the benefits. Shrinkage assets start when the asset is at one location and condition, which is desired so that the asset is ready to be used following desire and meaning management (Kasmir, 2003).

An operational cost is issued at a scale to meet production inputs and process production so that the operation factory walks fluently. This fee consists of fixed costs variable and is assumed to be constant yearly. Cost Fixed costs are fixed in amount and do not depend on the production size. At the same time, the cost variable is cost, which is inconsistent. This means the cost that is issued depends on the amount of output produced. Variable costs arise because process and usage input production consist of wages and purchase material standards.

2. Cost Still

Cost is still a cost, which can be big or small. It depends on production, and there is no experience change due to the change in the amount of results obtained from the owner's business. Cost still covers the cost of shrinkage equipment, and cost tax is still issued, although production stopped.

On depreciation calculation tools This is done using the tool depreciation formula method line straight, that is, mark beginning minus mark end shared with mark economic tool times age use tool, Where on use method This calculation assumes that at age economical, specific tool considered Already No own remainder. The determination of economic age is based on tool durability and use. In business, Shinta Bakery sweet bread, as for costs still used in the industry, is served in Table 2.

Fixed costs in the Shinta Bakery sweet bread business for each year are IDR 92,727,400. This includes electricity costs, labor costs, and equipment depreciation costs. The most significant fixed cost is the labor cost for dough processing, amounting to IDR 28,800,000 per year (31.06%).
The most negligible fixed costs are equipment maintenance costs, IDR 400,000 per year (0.43%) of the total fixed costs (Kristrianto et al., 2023).

Table 2. Cost still on business bread sweet Shinta Bakeries per year in 2019.

<table>
<thead>
<tr>
<th>Cost Still</th>
<th>Total Cost (IDR)</th>
<th>Percentage (%) Per Year (IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay Electricity</td>
<td>7,800,000</td>
<td>8.42</td>
</tr>
<tr>
<td>Power Work oven</td>
<td>13,200,000</td>
<td>14.23</td>
</tr>
<tr>
<td>Dough processing workers</td>
<td>28,800,000</td>
<td>31.06</td>
</tr>
<tr>
<td>Packaging labor</td>
<td>13,200,000</td>
<td>14.24</td>
</tr>
<tr>
<td>Power Work distribution</td>
<td>9,600,000</td>
<td>10.35</td>
</tr>
<tr>
<td>Power Work help</td>
<td>4,800,000</td>
<td>5.18</td>
</tr>
<tr>
<td>Cost Shrinkage Tool</td>
<td>11,607,400</td>
<td>12.51</td>
</tr>
<tr>
<td>Cost Maintenance Vehicle</td>
<td>630,000</td>
<td>0.68</td>
</tr>
<tr>
<td>Car &amp; Motorbike Tax Fees</td>
<td>1,250,000</td>
<td>1.35</td>
</tr>
<tr>
<td>Equipment Maintenance Costs</td>
<td>400,000</td>
<td>0.43</td>
</tr>
<tr>
<td>Pay Barcode</td>
<td>1,440,000</td>
<td>1.55</td>
</tr>
<tr>
<td>Amount Cost Still</td>
<td>92,727,400</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Results Study 2019.

3. Variable Costs

The cost variable is the cost issued by the business owner, which is the amount influenced by big or small production. This means that the higher the production scale, the higher it will be, and the business owner must cover the increased cost variable during the production period. This includes the component cost variable for business bread sweets: the cost of ingredients for making bread, transportation, etc. The cost variable business bread sweet Shinta Bakeries can be seen in Table 3.

Table 3. Cost variable on business bread sweet Shinta Bakeries per year in 2019.

<table>
<thead>
<tr>
<th>Cost Variable</th>
<th>Total Per Year (IDR)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Raw</td>
<td>488,824,000</td>
<td>80.63</td>
</tr>
<tr>
<td>Material Burn</td>
<td>33,600,000</td>
<td>5.54</td>
</tr>
<tr>
<td>Plastic</td>
<td>33,600,000</td>
<td>5.54</td>
</tr>
<tr>
<td>Print Brand</td>
<td>6,300,000</td>
<td>1.04</td>
</tr>
<tr>
<td>BBM</td>
<td>43,960,000</td>
<td>7.25</td>
</tr>
<tr>
<td>Amount</td>
<td>606,284,000</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Results Study 2019.

The variable cost of producing sweet bread in the Shinta Bakery sweet bread business in one year of production is IDR 606,284,000. The most significant variable cost incurred is purchasing raw materials, namely IDR 488,824,000 (80.63%) (Kristrianto et al., 2023). The most negligible cost in producing sweet bread in one year is brand printing costs, IDR 6,300,000 (1.04%) of the total variable costs (Pratama, 2023).

4. Cost Total

Total cost is the cost obtained from the fixed costs and cost variables results, which issued the business Shinta Bakery sweet bread, as the total costs incurred by the sweet bakery business Shinta Bakeries Village Sarimulya Rimbo Ilir District Tebo Regency can be seen in Table 4.

Table 4. Total cost production of business bread sweet Shinta Bakery Per year 2019.

<table>
<thead>
<tr>
<th>Type Cost</th>
<th>Mark (IDR)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Still</td>
<td>92,727,400</td>
<td>13.26</td>
</tr>
<tr>
<td>Cost Variable</td>
<td>606,284,000</td>
<td>86.74</td>
</tr>
<tr>
<td>Total cost</td>
<td>699,011,400</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Results 2019 Research.

In one year, the total production costs in the Shinta Bakery sweet bread business reached IDR 699,011,400, with the largest variable costs amounting to IDR 606,284,000 (86.74%) of the total costs. The smallest cost of producing sweet bread in one month is fixed costs, amounting to IDR 92,727,400 (13.26%) of the total costs. The more fixed and variable costs incurred, the higher the
total costs. This is in line with the opinion that total costs are the sum of fixed and variable costs (Kristrianto et al., 2023).

5. Revenue

Revenue is all over results obtained from the production process during one period, which can be seen from the amount of product sold. Revenue received by business owners is used to cover the total cost that has been issued. Revenue from the Shinta Bakery sweet bread business in the village Sarimulya Subdistrict Rimbo Ilir Tebo Regency was obtained from bread sales. When the bread production goes to shops, supermarkets, and other parties, it earns a certain amount of money as a product is sold. Big or small money obtained depends on the product amount and the mark for sale. The items sold will be highly valued when the request exceeds the offer. The amount of product for purchase multiplied by the price offered is the amount accepted as a change product business. For sale, it is named revenue.

Revenue is the amount produced multiplied by the price per unit. In the study, this product is produced from sweet bread. As for the types of sweet bread at the moment, study: For price, coconut is priced at IDR 5,000, chocolate cheese bread is priced at IDR 6000, cream bread IDR 7000, and pita bread IDR 10,000. In bread marketing sweet in business, sweet Shinta Bakery uses car transportation to shops for consumer goods. To get an analysis of the appropriateness of finances from Business Bread Sweet Shinta, this bakery needed benefits or receipts within one year on Business Bread Sweet Shinta Bakeries. Revenue every year can be seen in Table 5.

<table>
<thead>
<tr>
<th>Description</th>
<th>Production</th>
<th>Price Sell (IDR)</th>
<th>Revenue (IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bread Coconut</td>
<td>16,800</td>
<td>5,000</td>
<td>84,000,000</td>
</tr>
<tr>
<td>Chocolate Cheese</td>
<td>28,000</td>
<td>6,000</td>
<td>168,000,000</td>
</tr>
<tr>
<td>Cream</td>
<td>8,400</td>
<td>7,000</td>
<td>58,800,000</td>
</tr>
<tr>
<td>Bread Pia</td>
<td>56,000</td>
<td>10,000</td>
<td>560,000,000</td>
</tr>
<tr>
<td><strong>Total Revenue (IDR)</strong></td>
<td></td>
<td></td>
<td><strong>870,800,000</strong></td>
</tr>
</tbody>
</table>

Shinta Bakery produces four types of sweet bread: coconut bread, chocolate cheese, cream, and pita bread. The highest selling price is IDR 10,000 per pack for pita bread, while the lowest is IDR 5,000 per pack for coconut bread. The highest production volume is for pita bread, with 56,000 packs produced yearly. The total income generated from these four types of bread is IDR 870,800,000 per year (Buchel et al., 2023).

6. Income

Income or profit is the objective of every type of business. Profit can be achieved if the business’s revenue is more significant than the expenses. The taller the difference, the more profits can be obtained. Economic business can also be interpreted as being worthy of maintenance or next. If the situation goes backward, businesses suffer financial losses. It is already not worth continuing.

The income of the Shinta Bakery sweet bread business in Sarimulya Village, Rimbo Ilir Regency, as of 2019, was IDR 171,788,600. The average monthly income is IDR 14,315,716. Production costs per year are IDR 699,011,400. The income from the sweet bread business is IDR 171,788,600 per year, and the average monthly income is IDR 14,315,716. High income shows that the Shinta Bakery sweet bread business in Sarimulya Village, Rimbo Ilir Regency, can potentially increase production and market share (Peddyreddy, 2023).

Analysis Financial Business Bread Sweet Shinta Bakeries

Financial analysis of the sweet bread business Shinta Bakeries done: To know how feasible the business is economically executed in area study. To see the appropriateness of business in a way financial business bread sweet Shinta Bakeries, several methods can be considered. For use in economic analysis, namely Net Present Value (NPV), BCR, known as a comparison between profit and costs, and Internal Rate of Return (IRR) namely comparison with the tribal level flowers applicable.

Parameter This is based on discounting the entire flow cash to mark now to get mark net. If the value > 0, it is said that the project is feasible. If < 0, then it is said to be unfit. NPV value shows that Business Bread Sweet, Which is in the area study, obtained a positive NPV value of IDR 62,770,287.89 so said Business Shinta Sweet Bread Bakery for the term time five year worthy For developed (Drozdowski & Dziekański, 2022).
Parameter This is based on a comparison between benefits and costs. If the value is > 1, then it is a feasible project. If < 1, then it is said No worthy. Mark BCR shows that BCR is 1.24, meaning it is worth developing. Following the criteria, if the BCR value > 1, the benefit from the sweet bread business is more significant than the cost or sacrifice issued. So, the Sweet Bread Business Shinta Bakers can be accepted or worthy of development (Junaidi et al., 2023).

Internal rates of returns indicate the efficiency level of a plan investment can be accepted. The size IRR is not directly determined and must with the method try try For get mark NPV = 0. The IRR value calculation shows the appropriateness of something a business is held on a discount factor of 10% according to the inflation rate of interest rates bank. For business bread sweets, the area study obtained a positive NPV value of IDR 62,770,287.89, which is feasibly developed. BCR is 1.24, meaning worthy development, following criteria if mark BC Ratio > 1 means project worthy or can be implemented or expanded. For appropriateness, the Internal Rate of Return (IRR) can be known by the count mark IRR. Mark IRR obtained in the area study is 15.2%, Where ethnic group flower Which applies as big as 10% so IRR > discount factor, with thereby business bread sweet in area study profitable And worthy For developed in a way financial (Yankovyi et al., 2022); (Drozdowski & Dziekański, 2022); (Sneps-Sneppe, 2023); (Zhang, 2022); (Sun, 2022)

CONCLUSION

The research concludes that the income of the Shinta Bakery sweet bread business in Sarimulya Village, Rimbo Ilir District, Tebo Regency, is IDR 171,788,600 per year, and the average monthly income is IDR 14,315,716. The Shinta Bakery sweet bread business in Sarimulya Village, Rimbo Ilir District, Tebo Regency, is financially feasible to develop with a positive NPV value of IDR 62,770,287.89 with an IRR value of 15.2% and a BCR of 1.24. Where the NPV value is > 1, the IRR value > discount factor, and the Net BCR value > 1.

REFERENCE

Fuji, Rahayu., Desribeth, Palullungan., & Tasya, Regina. (2021). Improving the Production Quality Processes at Bread SMEs in Jakarta. https://doi.org/10.33086/ATCSJ.V41i.2080
Kim, M. C. (2020). The bread is manufactured using sweet pumpkin and cheese.


Pratama, A. A. (2023). Optimize export demand from Japan for bread commodities using the simplex method (a case study of company XYZ in the United States of America). Jurnal Teknik SILITEK, 3(1). https://doi.org/10.51135/jts.v3i01.60


