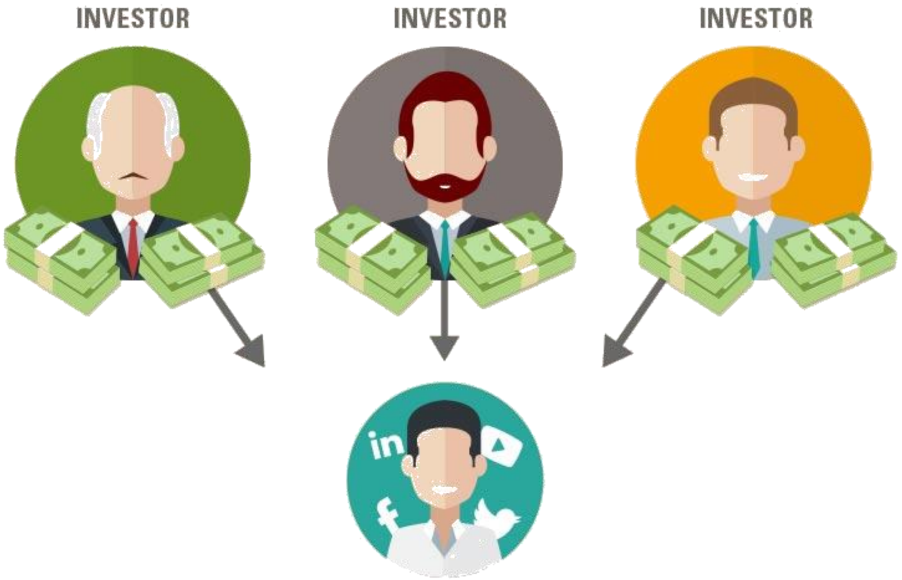
Yoba probiotic yoghurt

EVALUATION BUSINESS PERFORMANCE

Financial statements and forecast

- Business performance
- Compare with the past
- Attract investors



Profit and loss report

- Total sales

Example: Sales rapport March		
Item	**Quantity**	**Income**
500 ml kavera	385	385.000
5 L jerry can	26	390.000
TOTAL		**775.000**

- Total costs

Example: Cost report March	
Transportation costs	30.000
Montly costs	108.500
Losses	7.000
Investment costs	1.500 +
TOTAL FIXED COSTS	**147.000**
Cost of all productions in March	453.000
TOTAL COSTS	**600.000**

Profit and loss report

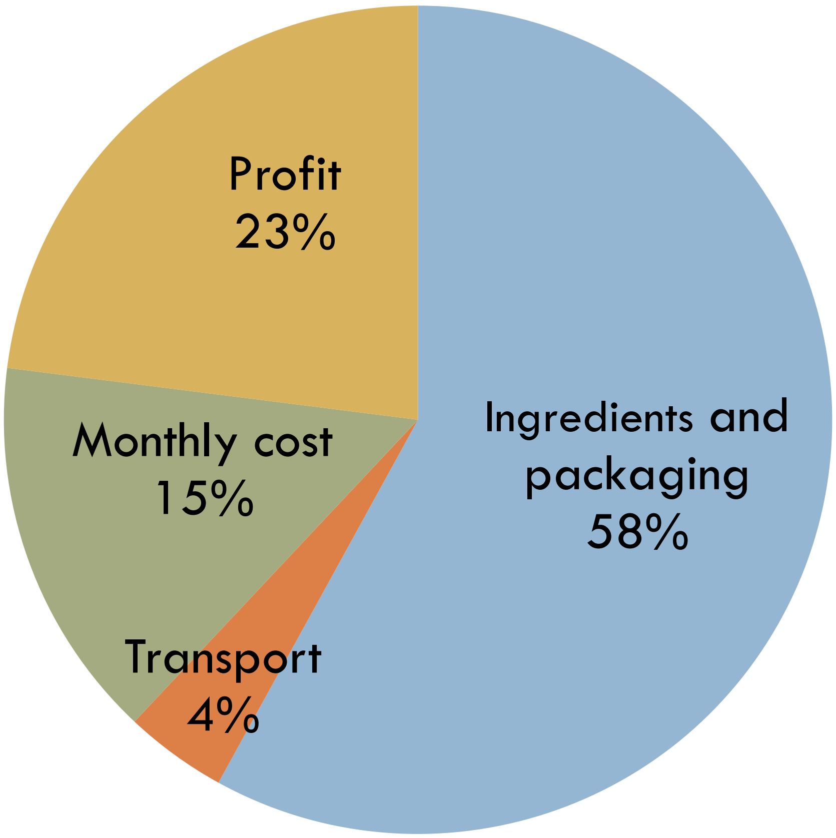
- **Profit** = total sales – total costs =
  775.000 – 600.000 = 175.000 UGX

$$profit\ margin = \frac{profit}{sales} \times 100\% = \frac{175.000}{775.000} \times 100\% = 23\%$$

- **Spoilage ratio**

$$: \frac{packages\ spoiled}{total\ packages\ produced} \times 100\% = \frac{7}{385} \times 100\% = 2\%$$

Splitting costs



Optional: splitting costs

- Ingredients and packaging

$$= \frac{Cost\ of\ the\ productions\ in\ the\ month}{montly\ sales} \times 100\% = \frac{453.000}{775.000} \times 100\% = 58\%$$

- Transport

$$= \frac{Transportation\ cost}{Montly\ sales} \times 100\% \quad = \frac{30.000}{775.000} \times 100\% = 4\%$$

- Monthly costs

$$= \frac{Montly\ cost + \ montly\ losses + \ investment\ costs}{Montly\ sales} \times 100\% = \frac{108.500 + 7.000 + 1.500}{775.000} \times 100\% = 15\%$$

Cost, income and profit per product

- Cost per liter

$$= \frac{cost\ per\ production - packaging\ costs}{amount\ of\ liters} = \frac{111.784 - 12.480}{81} = 1.230$$

- Cost per pack

$$= cost\ per\ liter \times liter\ per\ package + packaging\ material$$

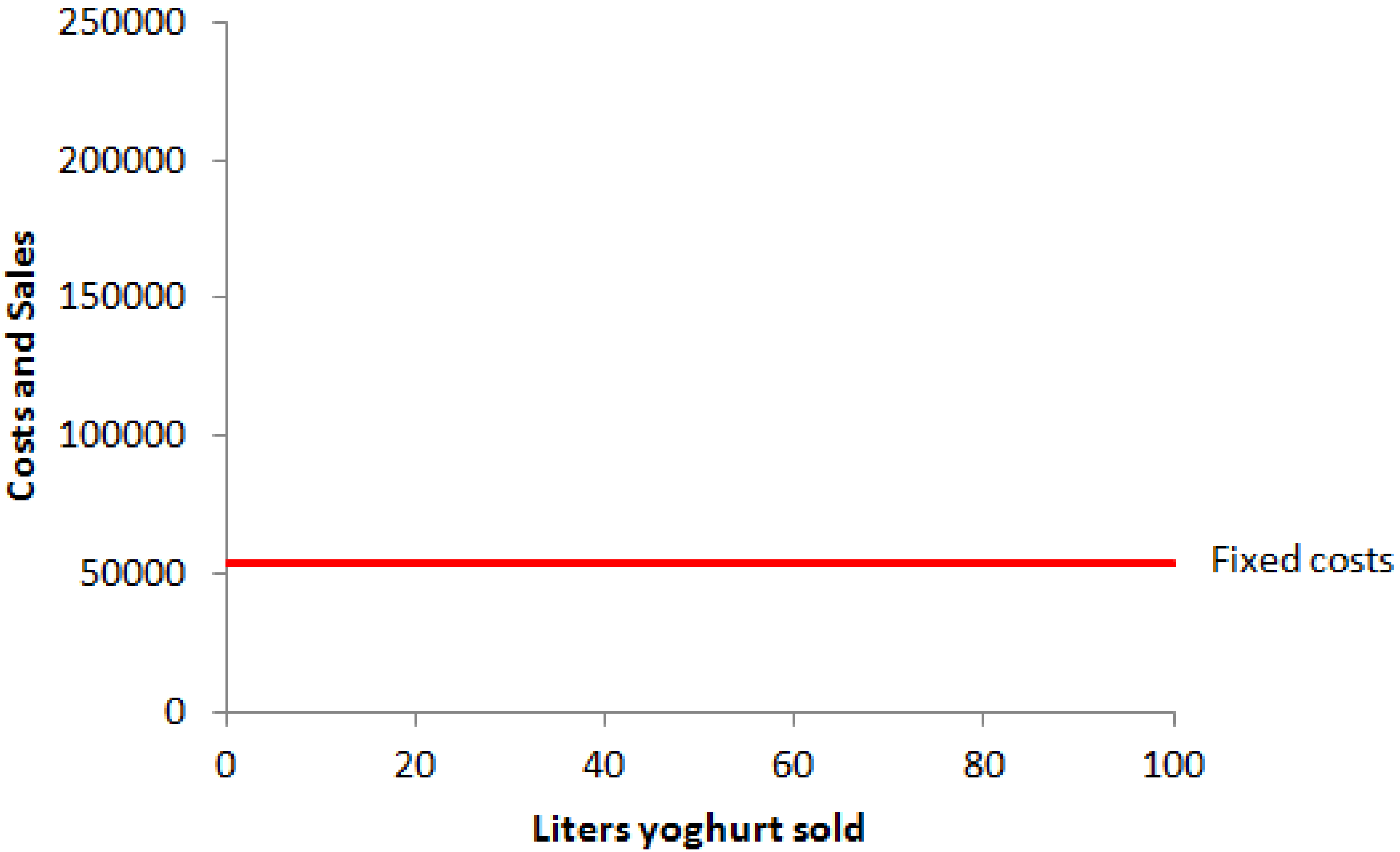
$$costs\ per\ 500ml\ kavera = 1.230 \times 0.5 + 40 = 650$$

$$costs\ per\ 5\ l\ jerry\ can = 1.230 \times 5 + 1.600 = 7730$$

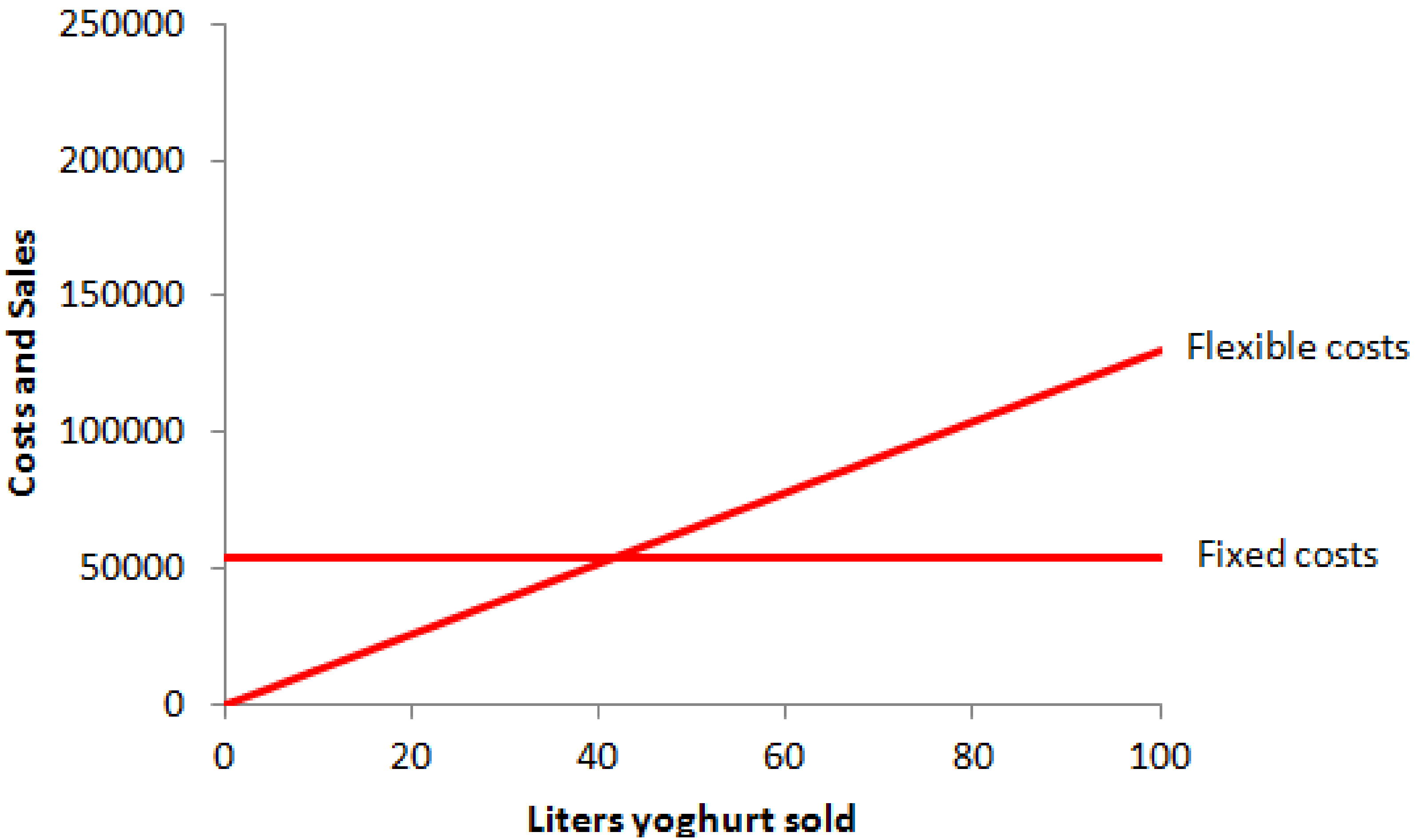
The most profitable product

	Sales price	Product cost	Profit (sales – cost)	Profit / sales price x 100 %
Kavera 500 ml	1.000	650	350	35%
Jerry can 5 l	15.000	7.730	7.270	48%

Break-even point



Break-even point



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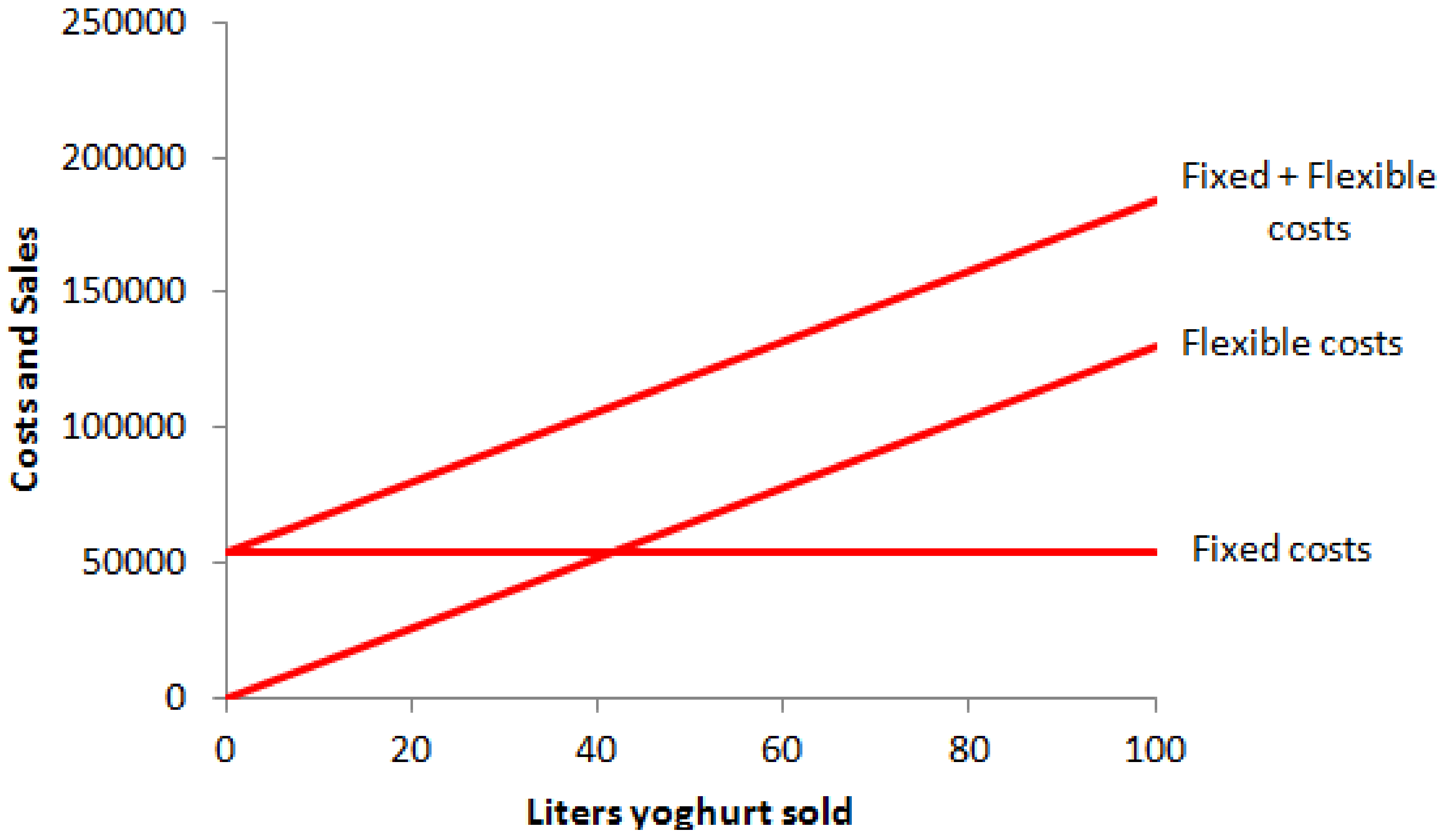
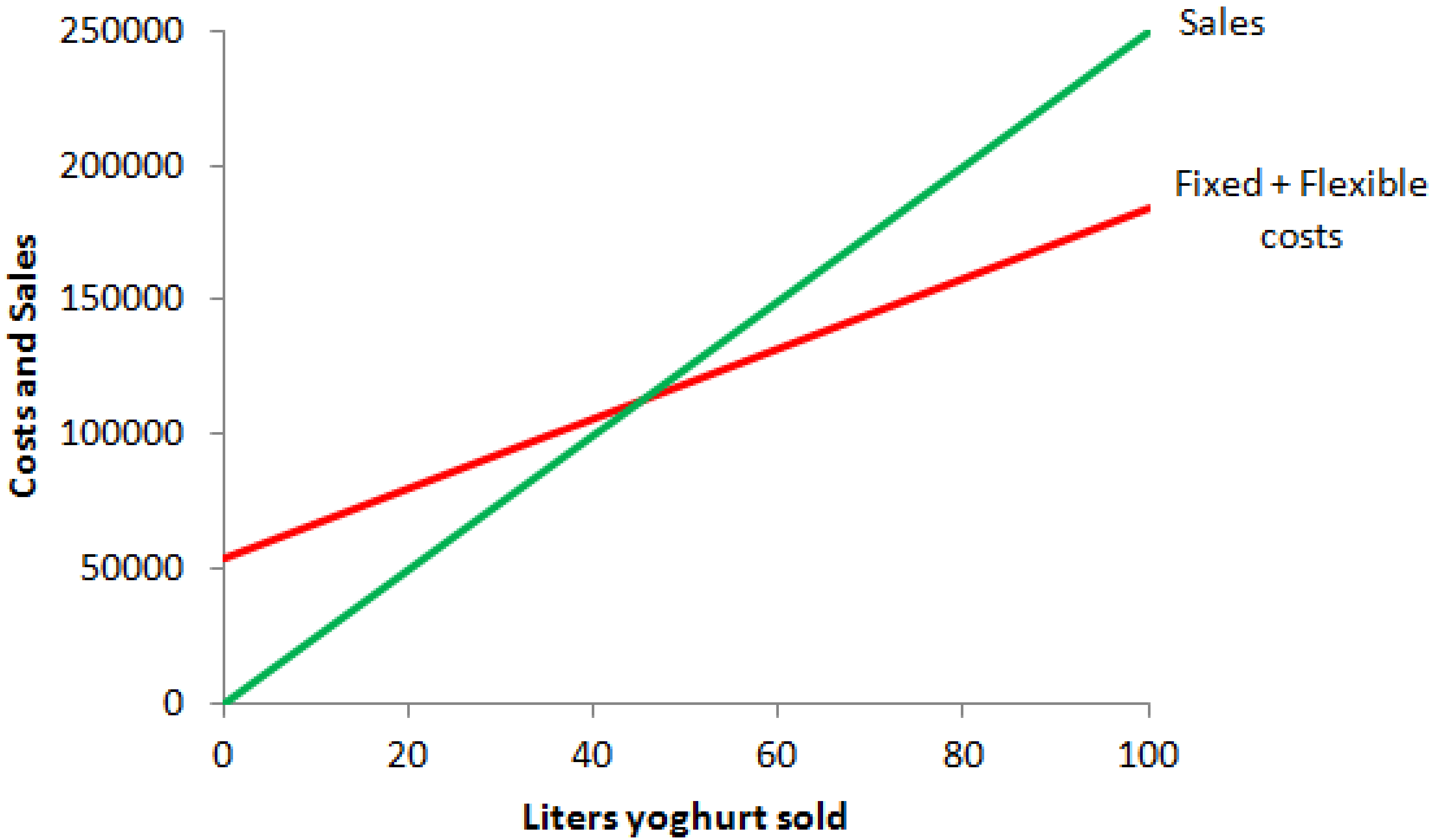
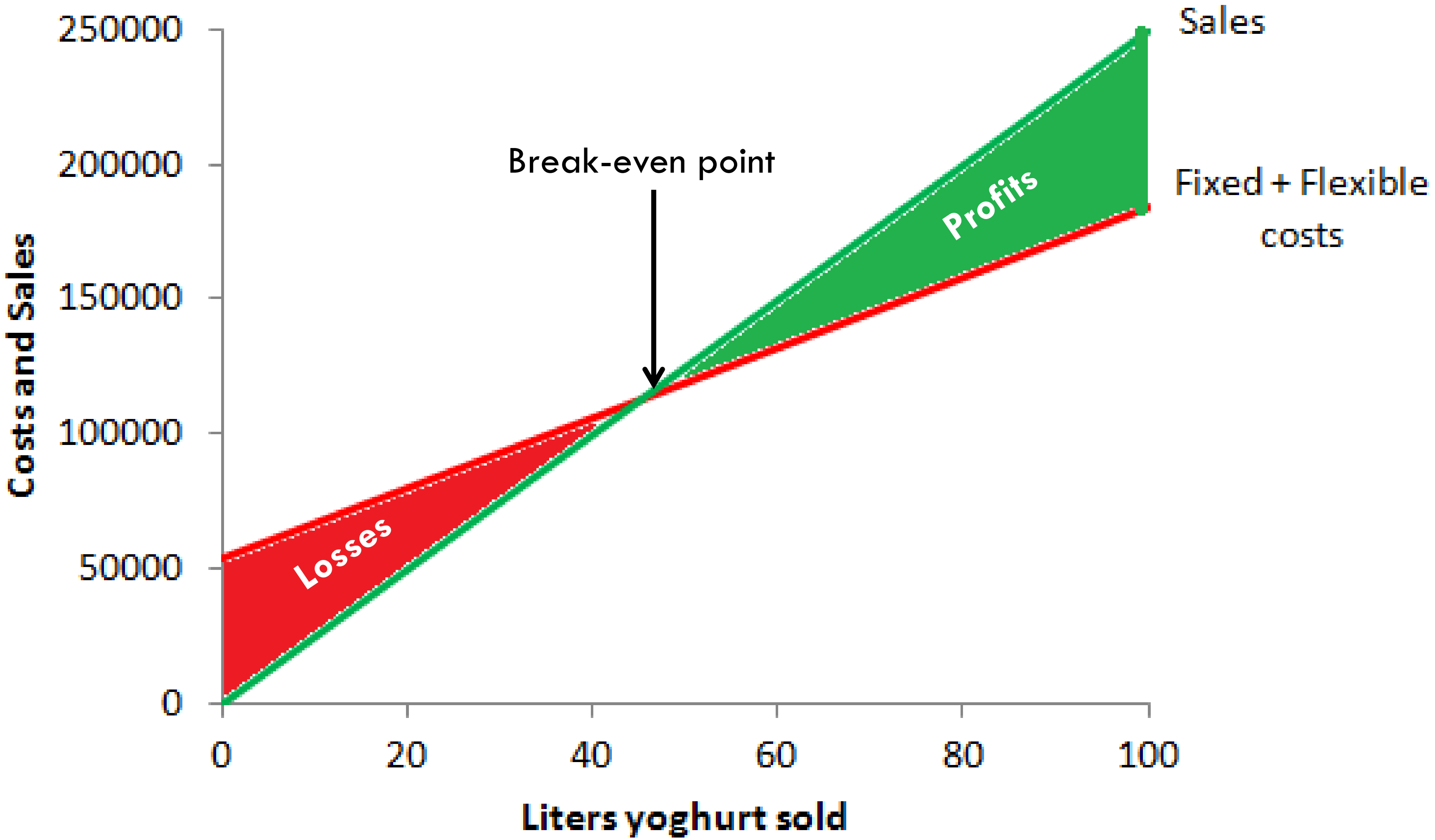


Break-even point



Break-even point



Break even point, profit goal

- No losses, no profits

$$break\ even\ point = \frac{fixed\ costs}{profit\ per\ product} \qquad \frac{147.000}{350} = 420$$

- Profit goal
  - Your own salary (example: 60.000)
  - Future investments (example: 52.000)
  - Profit goal = 60.000 + 52.000 = 112.000

Reaching your profit goal

1. Sell more

$$=\frac{fixed\ cost\ (month) + \ profit\ goal}{profit\ per\ product} = \frac{147.000 + 112.000}{350} = 740$$

2. Change your price

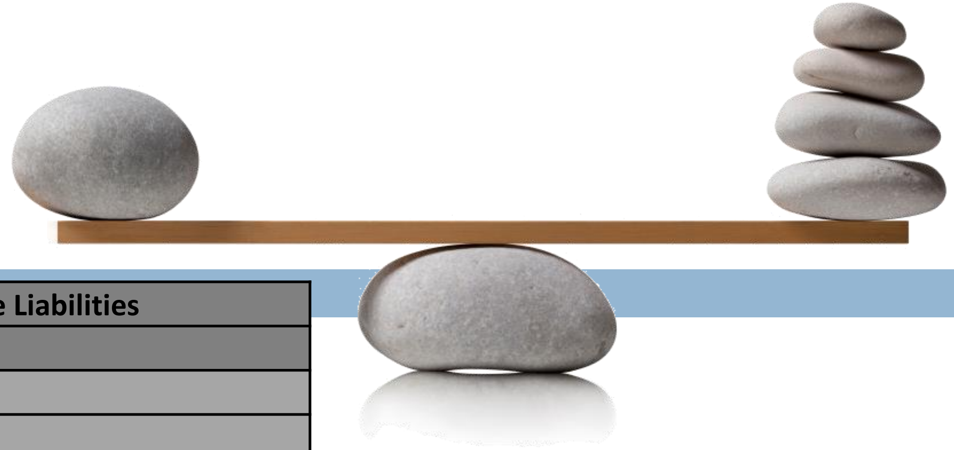
$$=\frac{fixed\ cost\ (month) + \ profit\ goal}{profit\ per\ product} = \frac{147.000 + 112.000}{450} = 576$$

3. Reduce your costs

$$=\frac{fixed\ cost\ (month) + \ profit\ goal}{profit\ per\ product} = \frac{147.000 + 112.000}{400} = 648$$

$$=\frac{fixed\ cost\ (month) + \ profit\ goal}{profit\ per\ product} = \frac{127.000 + 112.000}{350} = 683$$

Balance



Description	Value Assets	Value Liabilities
Assests		
Current assets		
- Packaging material	200.000	
- Flavor	30.000	
- Preservative	4.000	
- Deptors	25.000	
- Firewood	5.000	
TOTAL CURRENT ASSETS	**509.000**	
Fixed assets		
- Fridge	1000.000	
- Sealing machine	70.000	
- Saucepan(s)	200.000	
- Furniture (chairs, tables)	120.000	
TOTAL FIXED ASSETS	**1.831.000**	
TOTAL ASSETS	**2.340.000**	
Liabilities		
Current Liabilities		
- Creditors (milk you have to pay)		90.000
- Short term loans		50.000
Long term liabilites		-
TOTAL LIABILITIES		**140.000**
OWNERS EQUITY		2.200.000
BALANCE	2.340.000	2.340.000

Analyzing the health of your business

- Working capital ratio

$$= \frac{current\ assets}{current\ liabilities} \geq 2 \quad = \frac{509.000}{140.000} = 3.6 \geq 2$$

- Quick asset ratio

$$= \frac{cash + bank + short\ deptors}{short\ creditors} \geq 1 = \frac{110.000 + 70.000 + 25.000}{90.000} = 2.3 \geq 1$$

Cash flow

- Buying bulk ingredients
- Making investments
- Case flow forecast
  - Cash inflow: sales
  - Cash outflow: costs, investments
  - Net cash flow: inflow – outflow
  - New balance

Increase profitability

- Increase sales
  - Staff
  - New products
  - More costumers
  - Different price
  - Promotions
- Decrease costs
  - Cheap ingredients
  - Now water waste
  - Firewood saving stoves
  - Cheap rent
  - Minimize electricity