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Capitalization, Profitability And Cash Flow Computer Program

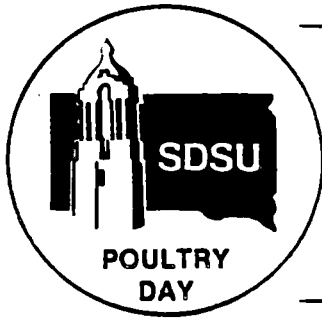
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CAPITALIZATION, PROFITABILITY AND
CASH FLOW COMPUTER PROGRAM

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POULTRY 83-9

A computer program for capitalization, profitability and cash flow of a 14-month laying flock of 10, 30, 60 or 120 thousand hens has been developed for the advanced poultry management course and extension programs at Nebraska. It is available for use on AGNET and EGGCASHFLOW.

The system maintains a default data base for those who want a profitability estimate of a start-up operation and its cash flow. Users employ the current data base in the computer or enter their own data for cost of land, equipment, housing, feed, labor, pullets, utilities, cleaning, maintenance, taxes, insurance, interest, amortization, depreciation, feed consumption, egg production, egg size distribution and egg prices.

This program has been used in South Dakota to teach and compare the economics of various types of independent and contract operations. Some examples are (1) a new independent operation, (2) an independent operation with the house and equipment paid, with depreciation, (3) an independent operation with the house and equipment paid for, no depreciation, (4) a contract operation where the house and equipment has not been paid for, (5) a contract house with the house and equipment paid for with depreciation, and (6) a contract operation with no amortization or depreciation for the house and equipment.

Tables 1 and 2 show the current computer data base for feed consumption rates (lb per bird daily) and for egg size distribution.

An example budget for 30,000 laying hens as an independent operation with the house and equipment paid with depreciation is presented with accompanying tables showing the projected net returns (3), receipts and expenses (4) and cash flow (5).

¹ Extension Poultryman.

Table 1. Feed Consumption Rates
(lb/bird daily)

Month	Feed consumption
0	.170
1	.240
2	.260
3	.260
4	.250
5	.240
6	.230
7	.230
8	.220
9	.220
10	.210
11	.210
12	.200
13	.200
14	.190

Table 2. Egg Size Distribution (Percent)

Month	Small	Medium	Large	Extra large	Unclassified
0	60.00	33.00	2.00	0.0	5.00
1	51.00	36.00	8.00	0.0	5.00
2	28.00	39.00	25.00	2.00	6.00
3	9.00	33.00	45.00	6.00	7.00
4	0.0	24.00	57.00	11.00	8.00
5	0.0	17.00	62.00	12.00	9.00
6	0.00	9.00	65.00	16.00	10.00
7	0.0	1.00	72.00	17.00	10.00
8	0.0	1.00	71.00	18.00	10.00
9	0.0	1.00	69.00	19.00	11.00
10	0.0	1.00	67.00	20.00	12.00
11	0.0	1.00	66.00	21.00	12.00
12	0.0	1.00	63.00	23.00	13.00
13	0.0	0.0	61.00	24.00	15.00
14	0.0	0.0	60.00	25.00	15.00

Table 3. Example Cash Flow Projection for 30,000 Laying Hens
Net Returns (\$)

Month	Cash for month	Cash to date	Monthly average	Depreciation per month	Net to date
-1	-1115	-1115	-1115	42	-1115
0	-76940	-78055	-39027	42	-78055
1	-10688	-88743	-29581	84	-88743
2	1245	-87498	-21874	84	-87498
3	9441	-78057	-15611	84	-78057
4	5756	-72301	-12050	84	-72301
5	12236	-60064	-8580	84	-60064
6	9753	-50310	-6288	84	-50310
7	12443	-37866	-4207	84	-37866
8	3144	-34721	-3472	84	-34721
9	5268	-29452	-2677	84	-29452
10	5324	-24128	-2010	84	-24128
11	7574	-16553	-1273	84	-16553
12	14592	-1960	-140	84	-1960
13	-1030	-2991	-199	84	-2991
14	4063	1071	66	84	1071

Table 4. Example Cash Flow Projection for 30,000 Laying Hens

Month	Expenses (\$)					Receipts (\$)				
	Vari- able	Fixed	Month	To date	Per doz.	Birds flock	Doz. eggs		Month	To date
-1	1049	65	1115	1115	0.0	0	0	0	0	0
0	76874	65	76940	78055	75.05	30000	0	0	0	0
1	15274	130	15404	93459	5.63	29760	16600	16600	4716	4716
2	15779	130	15909	109369	1.64	29521	50160	66760	17154	21870
3	14539	130	14670	124039	.95	29285	64400	131160	24111	45982
4	13842	120	13972	138012	.76	29051	50100	181260	19729	65711
5	13825	130	13955	151968	.61	28819	66060	247320	26192	91904
6	13721	130	13852	165820	.54	28588	59960	307280	23606	115510
7	13619	130	13749	179570	.48	28359	65830	373110	26193	141704
8	14825	130	14956	194526	.46	28132	45400	418510	18100	159805
9	15266	130	15397	209924	.45	27907	51860	470370	20666	180471
10	15152	130	15282	225206	.43	27684	50360	520730	20607	201078
11	14494	130	14624	239831	.42	27463	54490	575220	22199	223277
12	13846	130	13976	253807	.39	27243	69920	645140	28569	251846
13	899	130	1030	254838	.40	27025	0	645140	0	251846
14	899	130	1030	255868	.40	26809	0	645140	5093	256940

Month -1, removal and cleanup 15 days
Month 0, house pullets 15 days.

Table 5. Example Budget for 30,000 Laying Hens

Item	Total flock (\$)	Per doz. eggs (¢)
Receipts		
Eggs sold, dozen		
94712 extra large	40359	42.6
380505 large	154450	40.6
78819 medium	27453	34.8
28307 small	7021	24.8
62796 undergrades	<u>22563</u>	<u>35.9</u>
645140 dozen	251847	39.0
Salvage value, 26809 hens		
3.8 lb, \$.05/lb	<u>5094</u>	<u>.8</u>
Total receipts	256941	39.8
Expenses		
Variable		
Pullets, 30,000 @ 2.33	69900	10.8
Feed, 1270 tons @ \$133.78/ton (feed conversion, 3.9 lb/doz)	169912	26.3
Labor	7500	1.2
Utilities	3900	.6
Maintenance	600	.1
Miscellaneous	1500	.2
Cleaning	<u>600</u>	<u>.1</u>
Total variable	253912	39.4
Fixed		
House (year loan @ 0.0%)	0	0.0
Equipment (year loan @ 0.0%)	0	0.0
Taxes and insurance	696	.1
Depreciation	<u>1261</u>	<u>.2</u>
Total fixed	<u>1957</u>	<u>.3</u>
Total all expenses	<u>255869</u>	<u>39.7</u>
Net return to management	1072	.2