

**SEMIs**

**Seeds Business,  
Financial Management**

Seed Enterprises Management Institute

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# WACO Seed Company

	Quantity M.T.	Selling Price \$ / kg	Total sales \$	Grower Payment \$ / kg	Total Payment \$ / kg	Total Margin \$
Maize F1	10	3.00	30,000	1.00	10,000	20,000
OPV Maize	400	1.00	400,000	0.60	240,000	160,000
Beans	200	2.00	400,000	1.20	240,000	160,000
Cowpea	30	2.00	60,000	1.20	36,000	24,000
Soybean	30	2.00	60,000	1.20	36,000	24,000
Rice	10	1.50	15,000	0.80	8,000	7,000
Total	780		965,000		570,000	395,000

# WACO Seed Company

Total Quantity: 780 M.T.

	Cost \$	Total cost \$
Processing costs	\$ 0.05 / kg	39,000
Packaging costs	0.08	62,000
Transport	\$ 0.05 / kg	39,000
Prodn. personnel 10	5,000 p.a.	50,000
Sales personnel 10	5,000 p.a.	50,000
Interest	5% of sales	48,000
Admin costs		20,000
Marketing costs		20,000
Write off	2% of sales	19m,000

# EASCO Seed Company

	Quantity M.T.	Selling Price \$/ kg	Total sales \$	Grower Payment \$/ kg	Total Payment \$/ kg	Total Margin \$
Maize F1	300	3.00	900,000	1.00	300,000	600,000
Total	300		900,000		300,000	600,000

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# EASCO Seed Company

Total Quantity: 300 M.T.

	Cost \$	Total cost \$
Processing costs	\$ 0.05 / kg	15,000
Packaging costs	0.08	24,000
Transport	\$ 0.05 / kg	15,000
Prodn. personnel 6	5,000 p.a.	30,000
Sales personnel 6	5,000 p.a.	30,000
Interest	5% of sales	45,000
Admin costs		20,000
Marketing costs		20,000
Write off	2% of sales	18,000

# Income Statements EASCO & WACO

For the period 01.01.2011 to 31.12.2011

	WACO		EASCO	
Sales		965,000		900,000
Grower payments	570,000		300,000	
Gross Margin		395,000		600,000
Processing costs	39,000		15,000	
Packaging costs	62,400		24,000	
Transport	39,000		15,000	
Prodn. Person. costs	50,000		30,000	
Sales person. costs	50,000	240,400	30,000	114,000
Balance carried over		154,600		486,000

# Income Statements EASCO & WACO

For the period 01.01.2011 to 31.12.2011

	WACO		EASCO	
Balance carried		155,000	486,000	
Interest	48,000		45,000	
Admin costs	20,000		20,000	
Write off	19,000		18,000	
Depreciation	5,000	92,000	4,000	
Profit before tax		63,000	399,000	
Tax 30%	19,000		72,000	
Profit After Tax		44,000	327,000	
Cash flow		49,000		331,000

# Balance Sheet WACO

As at 31.12.2011

Liabilities		Assets	
Share capital	200,000	Land	100,000
Reserves	44,000	Farm machinery	95,000
Shareholders' funds	244,000	Plant, building, machinery	70,000
Long term loans	130,000	Fixed Assets	275,000
Working capital loans	111,000	Inventory	10,000
Accounts payable	70,000	Receivables	250,000
		Cash and bank	10,000
Current Liabilities	181,000	Current Assets	270,000
Total liabilities	555,000	Total Assets	555,000



# Balance Sheet EASCO

As at 31.12.2011

Liabilities		Assets	
Share capital	100,000	Land	0
Reserves	327,000	Farm machinery	0
Shareholders' funds	427,000	Plant, building, machinery	70,000
Long term loans	30,000	Fixed Assets	70,000
Working capital loans	30,000	Inventory	10,000
Accounts payable	0	Receivables	150,000
		Cash and bank	257,000
Current Liabilities	30,000	Current Assets	417,000
Total liabilities	487,000	Total Assets	487,000

# Learnings in Financial Management

- Go for high value, high margin products
- Do not invest in non-productive fixed assets
- Keep tight control over wasteful costs, yet spend liberally when they bring returns
- Minimise overheads
- Minimise number of employees but hire the best and pay them well
- Keep cash ready at hand. There are many opportunities if you have ready cash