



# DAIRY BOX BIZTALK MANUALS

BASIC FINANCIAL PERFORMANCE ANALYSIS

*Dairy*codemy

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The Dairy Box Biztalk Manuals corresponds with the Business Talks organized by the Philippine Carabao Center spearheaded by the Business Development and Commercialization Unit (BDCU)

# BASIC FINANCIAL PERFORMANCE ANALYSIS

## The Objective of Financial Statements of a Cooperative

The objective of financial statements of a cooperative is to provide information about the financial condition, performance and cash flows of the cooperative that is useful for economic decision making.

## Financial Statements

- Statement of Financial Performance (Income Statement)
- Statement of Financial Condition (Balance Sheet)
- Statement of Cash flows
- Notes to Financial Statements

## Income Statement

Shows the overall performance of the operations of an organization.

<b>Dairy Processing and Marketing Outlet</b>		
<b>Income Statement</b>		
<b>For the Quarter Ending March 31, 2018</b>		
<b>DESCRIPTION</b>	<b>PhP</b>	<b>Common-size % on Sales</b>
REVENUES		
Gross Sales	928,260.00	93.91%
Less:		
Sales Discounts		0.00%
<b>NET SALES</b>	<b>928,260.00</b>	<b>93.91%</b>
Add: Other Income	60,241.80	
<b>TOTAL REVENUES</b>	<b>988,501.80</b>	<b>100.00%</b>
LESS: COST OF SALES		
Direct Materials	567,563.70	57.41%
Add: Direct Labor	59,962.50	6.07%
Add: Overhead Expenses	69,821.36	6.96%
<b>COST OF SALES</b>	<b>697,347.56</b>	<b>70.55%</b>
<b>GROSS PROFIT</b>	<b>291,154.24</b>	<b>29.45%</b>
Less: Selling Expenses	163,391.55	16.53%
Administrative Expenses	14,466.00	1.46%
<b>TOTAL SELLING AND ADMINISTRATIVE EXPENSES</b>	<b>177,857.55</b>	<b>17.99%</b>
<b>NET INCOME</b>	<b>113,296.69</b>	<b>13.48%</b>

### Revenues

Gross Sales from Processing	150,000.00	
Less: Sales Discount	(3,000.00)	
Net Sales from Processing		147,000.00
Gross Sales from Merchandising	200,000.00	
Less: Sales Discount	(27,000.00)	
Net Sales from Merchandising		173,000.00
Other Income		20,000.00
<b>TOTAL REVENUE</b>		<b>340,000.00</b>

### Expenses

#### Direct Materials

These are materials and supplies that are consumed during the manufacture of a product, and which are directly identified with that product.

#### Direct Labor

Production or services labor that is assigned to a specific product, cost center, or work order.

#### Overhead Expenses

A cost that is not related directly to the production of a specific good or service, but that is indirectly related to a variety of goods or services.

#### Example:

- Indirect Materials
- Indirect Labor
- Rent
- Repairs and Maintenance of Processing Equipment
- Depreciation of Processing Equipment
- Supplies
- Electricity/Water



### Computation of Depreciation

$$\text{Annual Depreciation} = \frac{\text{Unit Cost} - \text{Salvage Value}}{\text{Useful Life}}$$

### Example

$$\text{Annual Depreciation} = \frac{\text{Unit Cost} - \text{Salvage Value}}{\text{Useful Life}}$$

A soft ice cream maker costs 60,000. It has a useful life of 5 years and Salvage value of 5,000. Compute the Annual depreciation.

$$= \frac{60,000 - 5,000}{5 \text{ years}}$$
$$= 11,000 \text{ per year}$$

CLB-Cares Assoc. brought a chest freezer for their Outlet costing 30,000. It is expected to be used for 7 years and has a value of 9,000 after 7 years.

$$= \frac{30,000 - 9,000}{7 \text{ years}}$$
$$= 3,000 \text{ per year}$$

### Selling Expenses

A cost incurred to promote, distribute, sell and market products to customers.

#### Example:

- Salaries of Sales Staff
- Freight Out
- Depreciation of Delivery Vehicle
- Delivery Expenses
- Sales and promotional Expenses

### Administrative Expense

Set of expenses required to administer a business, and which are not related to the construction or sale of goods.

#### Example:

- Salaries of Administrative Staff
- Depreciation of Office/Admin Building
- Office Supplies