PROFIT AND LOSS CALCULATION IN POULTRY FARMING

The productivity of an activity equates to the efficiencies of conversion of inputs to outputs for semi- intensive and larger poultry production systems.

The general inputs include water, feeds, vaccines, medicines, labour, capital, land, infrastructure and management. The general output products are meat, eggs, feathers, day old chicks or ducks, growers and manure. In a poultry system their are different products and inputs. To estimate the poultry productivity, convert the inputs and outputs into monetary value to give an idea of the financial performance or profitability of a poultry production system.

Calculating productivity

Profitability takes into account the cost of a poultry enterprise. Calculating productivity requires knowledge of the real total value of output per unit of time and total value of inputs per unit of time and dividing the total output to total input.

Gross margin analysis is used to assess and compare different enterprises not taking into account fixed costs, management time and changes in an enterprise. Hence, Gross margin = Total output – variable cost

Calculating output

Assets when calculating output from a livestock enterprise include firstly birds and products that move out, which include sale of products such as eggs, feathers and manure, sale of birds, value of poultry products consumed in the household, value of products and birds given to coworkers as a form of payment and the value of birds that are gifted or loaned.

Secondly are the birds and products that move in which include the purchasing of birds and birds received as gits or loans. Lastly is the total change in flock value. This is the value of flock at the end of the analysis period and the monetary value of the flock at the beginning of the analysis period.

Calculating input

There are two aspects when calculating inputs from a livestock enterprise: one is fixed cost. Fixed costs only vary in the long term examples are salaries for permanent staff , rent, administrative costs, maintenance of machinery, electricity, water, petrol, diesel, depreciation, interest and farm infrastructure.

The second is variable costs. These are cost that vary in the short term according to the sale of production which include animal health inputs such as vaccines and drugs, concentrate feeds and mineral supplements.