



Developing & Managing Breeding SAEs

Purpose: This is a short guide to discuss how to handle the financial aspects of records relating to breeding animal projects. This could include cattle, hogs, rabbits and similar SAEs. Beef projects serve as an example, but concepts apply to any breeding related SAE. Take a look at these few sections that build foundations to help better manage your SAEs and financial results.

I. Basics of a Breeding SAE Project – typically breeding projects have the following setup:



Capital Items (Non-Current Assets) – breeding animals that you purchase and will use to create offspring. They (1) are purchased or transferred in for a value, (2) sometimes depreciate over time and (3) represents an investment that supports an SAE...in this case your breeding SAE

Breeding SAE – All expenses to care for the breeding animals (capital items) and income from offspring all are recorded into this project, which builds current inventory value (offspring) and potential net income when they are sold.

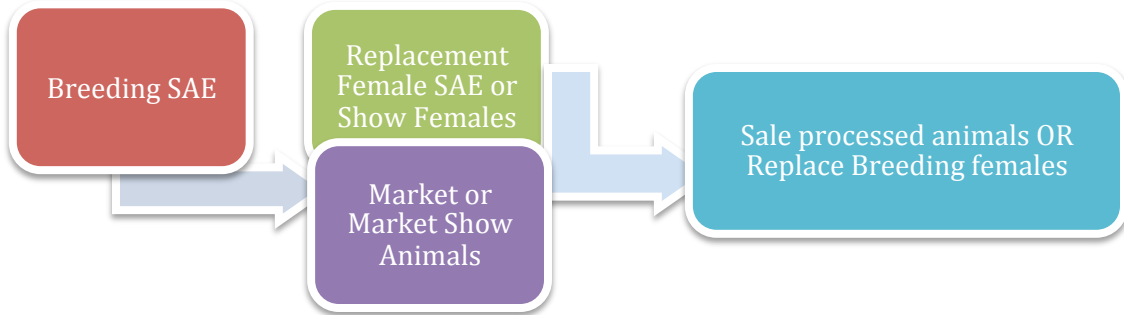
II. Recording Expenses and Income for a Breeding Project – Income & expenses are entered into a breeding project, which includes taking care of capital items and their offspring while maturing

Income – is the project weaning offspring and either selling or transferring to a new SAE project



Expenses – Expenses to take care of breeding animals (capital), depreciation and expenses to care for offspring before they are of age to wean.

III. Complete Animal Supply Chain – Sometimes a breeding project creates additional SAEs of business units that are valuable to measure transfers to new projects, which help better illustrate financial results. The following is a typical animal supply chain business:



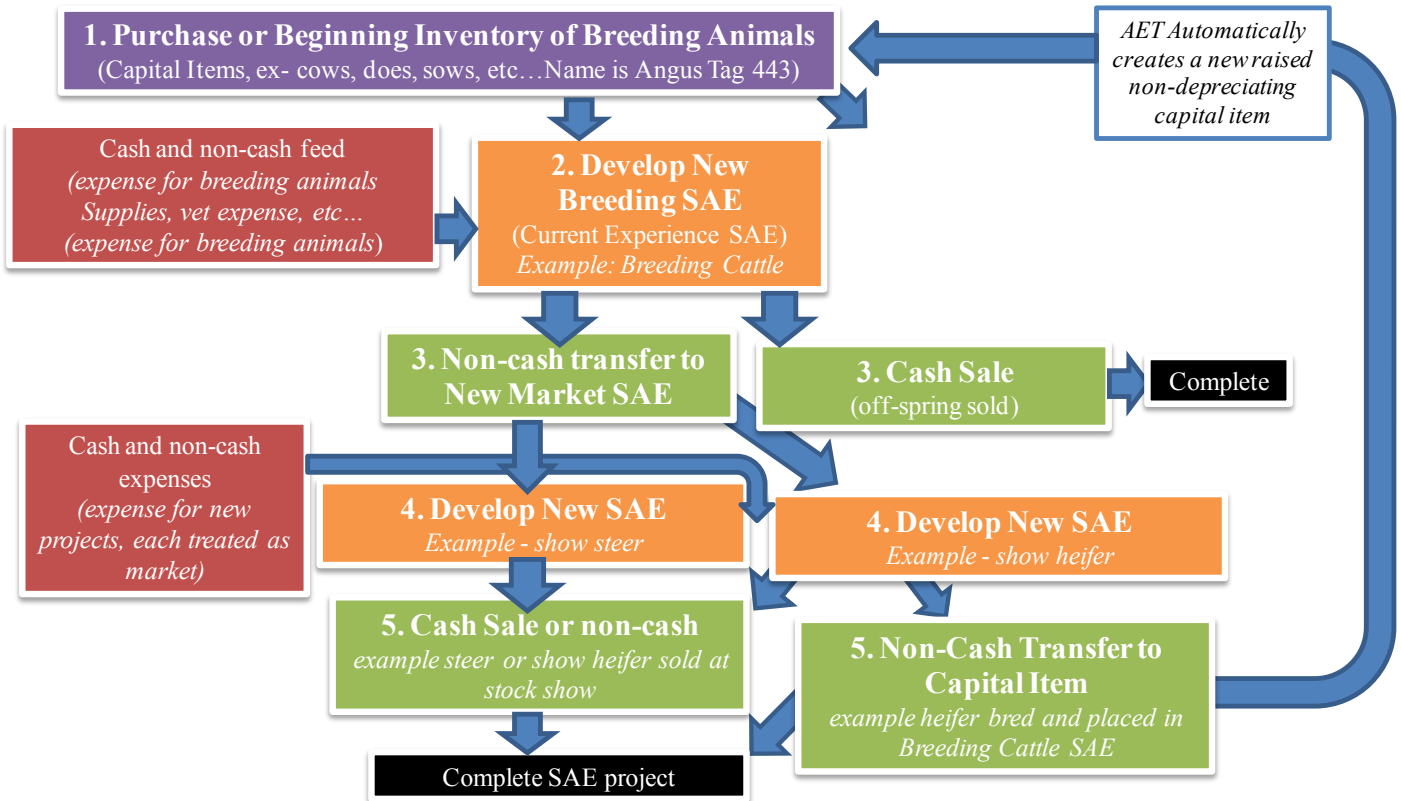
IV. A Complete Breeding Example – if you have all aspects of the supply chain showing all aspects can help show better value of your projects...follow the example.

(1&2) Purchase capital items that are breeding animals & develop the SAE project related to the breeding animal project and manage it by taking care of breeding animals an enter expenses

(3) Enter sales of breeding offspring...and/or transfer to a new animal project (if you retain ownership) that is a new SAE

(4) A newly created second SAE project and manage it...

(5) Then selling the new project (4)...and/or transfer the animal to a new breeding animal



✓ Creating several SAE projects that relate to your experiences cover the entire supply chain and can illustrate more accurate financial results for decision making & profit reporting as well as provide support for your financial results!

