Financial Statement for Horn of Africa Livestock Trade Co.

# Company Overview

Horn of Africa Livestock Trade Co. operates in the import and export of livestock across the Horn of Africa region. The company sources livestock (primarily cattle, goats, and sheep) from local farmers and traders, exporting to neighboring countries like Saudi Arabia, Yemen, and the UAE. Local sales are also made in Somalia, Ethiopia, and Djibouti. The livestock market is affected by seasonal conditions, regional instability, and export regulations.

# Critical Issue: Livestock Disease Outbreak

In 2023, a significant challenge arose due to an outbreak of foot-and-mouth disease across the region. This affected livestock health and delayed export permits, leading to a temporary drop in revenue. To mitigate the impact, the company invested heavily in veterinary services and worked closely with local authorities to quarantine and treat affected livestock. This raised costs but helped maintain overall export capacity.

# Income Statement for the Year Ended December 31, 2023

The income statement below shows a healthy revenue from exports despite the disease outbreak. However, costs increased due to the additional investments in livestock health and transportation.

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| --- | --- |
| Description | Amount (USD) |
| Livestock Exports | $5,500,000 |
| Local Livestock Sales | $1,200,000 |
| Miscellaneous Revenue | $150,000 |
| Total Revenue | $6,850,000 |
| Total Expenses | $5,920,000 |
| Net Income (before taxes) | $930,000 |

# Balance Sheet as of December 31, 2023

The balance sheet highlights the company’s strong asset base, particularly in livestock inventory. However, liabilities increased due to borrowing for emergency veterinary services and quarantine costs.

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| --- | --- |
| Assets | Amount (USD) |
| Cash and Cash Equivalents | $700,000 |
| Accounts Receivable | $250,000 |
| Livestock Inventory | $1,800,000 |
| Property and Equipment | $1,200,000 |
| Total Assets | $3,950,000 |
| Liabilities |  |
| Accounts Payable | $400,000 |
| Bank Loans | $800,000 |
| Taxes Payable | $100,000 |
| Owner’s Equity | $2,650,000 |

# Cash Flow Statement for the Year Ended December 31, 2023

The cash flow statement highlights the positive cash inflows from operating activities. However, there were significant outflows due to investments in veterinary services and equipment purchases.

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| --- | --- |
| Activity | Amount (USD) |
| Net Cash from Operating Activities | $880,000 |
| Net Cash Used in Investing Activities | ($150,000) |
| Net Cash Used in Financing Activities | ($100,000) |
| Net Increase in Cash | $630,000 |
| Cash at Beginning of Year | $70,000 |
| Cash at End of Year | $700,000 |