A SUMMARY OF THE BASIC PRINCIPLES OF OPERATING A MARKETING OR SUPPLY COOPERATIVE

1. Marketing Business

	SALES	T$ 140,000	On behalf of the members, the co-operative sells the produce at the best possible price.
-	TOTAL PAYMENT TO MEMBERS	- 132,000	Most of the money received is given to the producers (they may have received some in advance).
=	COMMISSION	T$ 16,800	The co-operative keeps a fixed percentage (a commission) to cover running costs.

	COMMISSION	T$ 16,800	The commission must be high enough to pay for wages and other costs.
-	RUNNING COSTS	- 13,200	
=	NET SURPLUS	T$ 3,600	After the running costs are paid, there should still be a small amount left over.

2. Supply Business

	COST PRICE	T$ 15	When the co-operative buys farm supplies from the wholesalers, it pays the cost price.
+	MARK-UP	+ 2	To that price it adds the mark-up ...
=	SELLING PRICE	T$ 17	so that it gets a selling price, the price the members are expected to pay for the supplies.

3. The Surplus

	SALES	T$ 38,000	The sales will bring more money into the cooperative than it has paid for the goods...
-	COST OF GOODS	- 34,200	
=	GROSS SURPLUS	T$ 3,800	...so there will be a gross surplus.
			The income from the sales is used to buy a new stock of supplies ...
	GROSS SURPLUS	T$ 3,800	...and the gross surplus should cover the cost of running the supply business.
-	RUNNING COSTS	- 2,600	
=	NET SURPLUS	T$ 1,200	After the running costs are paid, there should still be a small amount left over.