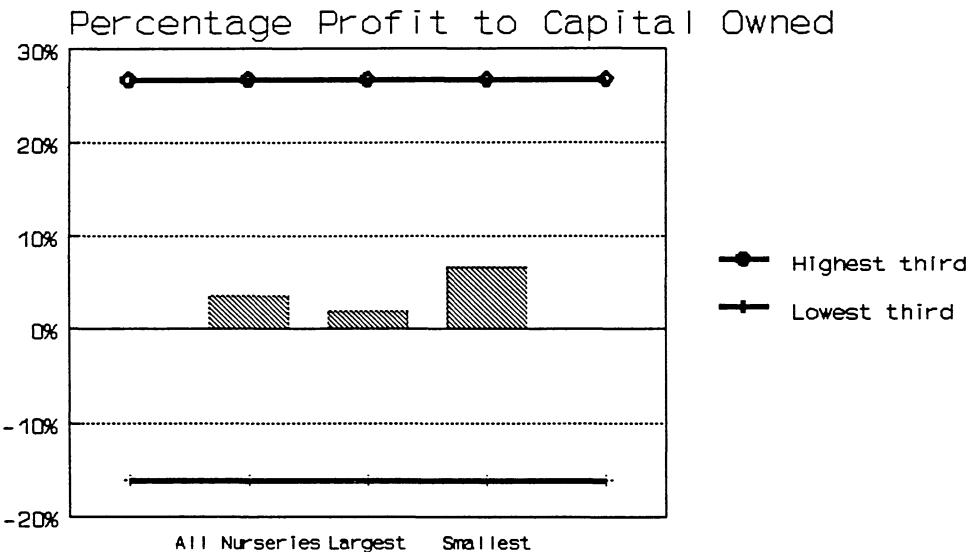


Figure 18
Return to Capital
25 Dade Co. Fla. Foliage Nurseries, 1988



Average value of capital invested for each of the three years was given in Table 1. Figure 18 shows that average rate of return on capital was 3.5 percent for all nurseries, 1.8 percent for the largest nurseries, and 6.6 percent for smallest. Thus, for every dollar invested in these foliage nurseries, there was an average return of 3.5 cents. The deficit of 10 points in costs per dollar value of production for all nurseries, as discussed above, was not a loss, but simply a return on investment less than the 12 percent "standard" allowance which was included as a cost in the budget.

Highest rates of return on capital averaged 26.8 percent and lowest rates were minus 16.1 percent (Figure 18).

Statement of Financial Position

The statement of financial position (Appendix Table 13) summarizes the assets and liabilities of these nurseries, representing the mid-year financial situation, derived as an average of the beginning of the year and end of the year balance sheet figures. Figure 19 illustrates the major components of the statement of financial position.

Assets

Assets were classified as either current or long term. Current assets represent cash or items deemed convertible to cash within one year's time. All other assets were designated as long term assets.

Cash on hand includes funds in checking accounts, savings accounts, and money market funds. Average cash on hand was \$30,444 for all nurseries, \$72,798 for the largest nurseries, and \$9,834 for the smallest firms. The main function of cash on hand is to pay for current liabilities. As a percentage of average current liabilities, cash on hand represented 38 percent, 36 percent, and 191 percent, respectively.

Accounts receivable are uncollected payments due from all sources. The majority of these are trade accounts for plants sold. Generally, this figure should be minimized because uncollected funds deprive the firm of their use. Accounts receivable averaged \$233,218 for all nurseries, \$633,555 for the largest, and \$16,929 for the smallest firms. As a percentage of annual sales, these amounts represented 16 percent, 17 percent, and 12 percent, respectively.