

DEFINITIONS

Value of own plants sold: the value of total plant sales minus the cost of plants purchased for immediate resale. The cost of plants purchased for growing-on are not deducted.

Full-time equivalent employee: the equivalent of one person working 40 hours a week for 52 weeks a year (2080 hours a year). The most common method for obtaining the number of full-time employees for this report was to divide the total annual payroll hours for the nursery by 2080, then add the number of family and management people not paid on an hourly basis.

Capital owned: the current value (cost less depreciation taken in prior years) of capital assets, or current investment in the nursery operation. Related debt is not deducted in this determination of the value of capital owned.

Capital managed: the value of capital owned plus the value of additional capital items used and under the control of the manager. Rented land and leased buildings, equipment, etc., would be added to the value of capital owned to obtain the value of capital managed in the nursery operation.

Annual turnover of capital: the percentage that results from dividing the value of own plants sold by the value of capital (either owned or managed). It is annual plant sales stated in terms of percent of the capital involved.

Total gain: the sum of plant sales, changes in plant and supply inventories, and miscellaneous cash income. It represents the total effect of the year's operation, be it in the form of cash received or in the form of change in values of inventories.

Net nursery income: the net effect of the year's operation. To obtain it, all cash costs (except operator's salary), and all non-cash costs (except the 12 percent non-cash interest allowance on capital) are subtracted from total gain. The result is the return for the time and managerial skills of the operator, and for the use of the capital invested in the operation.

Return to capital: the portion of net nursery income that is left after subtracting the salary or

time value of the operator. It is what the owned capital earned.

Rate of return on capital: return to capital divided by the value of owned capital. It is the rate earned on the capital invested.

MAKING YOUR OWN CALCULATIONS

Analysis of your own operation for comparison with the findings of this report can be done manually with the information in Appendix Tables 1 and 6 for your nursery. Lines are provided for entry of your data. Make calculations for your nursery data in Appendix Tables 2, 3, 4, and 5 according to the formulae shown on each line. For example, the first line of Appendix Table 2, "Sales per square foot growing area" shows a formula in parentheses: Table 1A/1E. The slash mark (/) stands for division. The Table 1A stands for the A line of Appendix Table 1, and 1E stands for the E line.

Calculations starting with Appendix Table 7 and continuing through Appendix Table 11 are made by dividing each line of Appendix Table 6 by the appropriate figure as follows:

Appendix Table 7--divide your data in Appendix Table 6 by your total all costs figure at the bottom of Appendix Table 6.

Appendix Table 8--divide your data in Appendix Table 6 by your square footage figure on line F of Appendix Table 1.

Appendix Table 9--divide your data in Appendix Table 6 by your square footage figure on line D of Appendix Table 1.

Appendix Table 10--divide your data in Appendix Table 6 by your total value of production figure on line C of Appendix Table 1.

Appendix Table 11--divide your data in Appendix Table 6 by your sales figure on line A of Appendix Table 1.