

of net cane and a percent sucrose in normal juice of 13.82. Such a normal juice corresponds to a quality factor of 1.164 [5]. From these values, and assuming a percent trash in cane of 5, the necessary values can be derived. The product of the quality factor (1.164) and net tons of cane (38) yields 44.23 standard tons of cane. Based on the simple average price of sugar per pound over the last 12 months (August 1970 - July 1971) of 8.29 cents, a price per ton of standard cane of \$9.28 is derived [5, p. 2]. This value times 44.23 yields revenue of \$410.45 per acre.

Another factor is that grower sugar payments are based on the hundredweights of sugar produced per acre; payments are graduated downward as total farm production increases [6, p. 67]. Thus, a weighted average price over the entire tonnage produced from the assumed size farm yields \$0.487941 per hundredweight. This value times hundredweights per acre (78.28) yields \$38.20. Further, molasses prices over the past year ranged from 14.48 to 14.64 cents per gallon on the Florida Molasses Exchange. Therefore, a price of 14.5 cents per gallon was assumed, thus resulting in a molasses payment of \$.2876 per net ton of sugarcane [5, p. 2]. This value times the net tons of cane per acre (38) yields a value of \$10.93 per acre. Adding the revenue from the three preceding factors, a gross revenue of \$459.58 per acre and \$187,506.45 over the entire farm is generated (Table 5).

## Costs

Moving on from revenues, all inputs and their costs for each major operation on a per acre as well as a gross basis are treated in Table 5. Most of the values are self explanatory from tables, but an indication of how they were derived, along with several clarifying comments and assumptions, may be helpful.

Expenses for each major operation have been classified into two groups or headings — cash expenses and other expenses. This is an important consideration, for while both are important and can have significant effects on profits and return on investment, **cash expenses** are more related to the **short-term** survival of the business operation, while other expenses are more related to the **longer-term** survival of the business. In other words, **cash expenses** are direct out of pocket expenses, i.e., those which must be met during the course of the annual operation under consideration. They must be met during the period of production — say, the 1970-71 growing season. On the other hand, **other expenses** (in this analysis) are the analogue to fixed expenses — they are expenses that do not vary with the level of operation (once a particular level is chosen), they are **not** direct out of pocket expenses, and they do not necessarily have to be met during the current period of production.

The examination of a particular expense serves to provide an understanding of how the values in Table 5 were derived. For example, one of the land preparation expenses to be determined is the