

FINANCIAL ANALYSIS OF CUT FLOWERS/CUT FOLIAGE

Instructions for Financial Analysis of Cut Flowers (Modify for use with individual operation)

Capital Investment

Select CapInv Spreadsheet

This spreadsheet contains a typical cost of purchasing equipment that can be used over several years.

The tan colored cells are variables that can be changed to reflect your particular situation. Additions to the construction or durable goods section can be made by inserting a line anywhere in the section and entering the appropriate information.

Enterprise Budget

Select EntBud spreadsheet

This spreadsheet allows you to select the size of the plot, number of plots, plant density and yield. If more than one plot is assumed, the program will include multiple plots

Returns over cash and full costs as well as breakeven prices are shown at the bottom of the spreadsheet.

Cash Flow Analysis

Select CashFlow spreadsheet

Enter the price and cost inflation factors, the loan period in years and loan rate in % and the percentage of the capital investment you wish to finance.

The cash flow analysis assumes labor costs are performed by the family members and are not a cash cost to the business. Cash inflows are from personal investment, financing and sales. Cash outflows are production expenses, capital investment, finance costs, durable goods replacement, taxes and insurance and interest on additional operating capital.

Line 27 of the worksheet shows the ending cash balance for that year. Red numbers indicates shortfall of cash for that particular year.

All of the spreadsheets are interconnected. For example, changing yield or number of plots changes cash flow and profitability rather dramatically.

NOTE:

The grower will get his personal investment back in the year the ending cash balance is greater than the grower's initial investment.

Table 3. Cash Flow Analysis of Greenhouse Tomato Production in North Florida

Price Inflation Factor	2	Loan Period	10	%Capital Inv.	80				
Cost Inflation Factor	2	Loan Rate	9						
	Year1	Year2	Year3	Year4	Year5	Year6	Year7	Year8	
Beginning Cash Balance		(\$400)	(\$2,848)	(\$5,568)	(\$9,639)	(\$6,606)	(\$3,166)	\$721	
Cash Inflows (Income):									
Cash Receipts		0	0	0	17,908	18,266	18,632	19,004	
Financing	11,040								
Personal Inve	2,760								
Total Cash	\$13,800	\$0	\$0	\$0	\$17,908	\$18,266	\$18,632	\$19,004	
Available Cash Balance	\$13,800	(\$400)	(\$2,848)	(\$5,568)	\$8,269	\$11,660	\$15,465	\$19,725	
Cash Outflows (Expenses):									
Establishmen	400	416	424	433	0				
Production Cost Direct		0	0	0	9,084	9,266	9,451	9,640	
Packing and Marketing		0	0	0	1,781	1,817	1,853	1,890	
Subtotal	\$400	\$416	\$424	\$433	\$10,865	\$11,083	\$11,304	\$11,530	
Other Cash Out Flows:									
Capital Invest	13,800								
Loan Payment Cap. Inv.		1,720	1,720	1,720	1,720	1,720	1,720	1,720	
Durable goods cost				1,091	1,091	1,091	1,091	1,234	
Taxes & Insurance		312	318	325	331	338	344	351	
Interest on Addit. Capital			257	502	868	595	285	64	
Subtotal	\$13,800	\$2,032	\$2,295	\$3,638	\$4,010	\$3,744	\$3,440	\$3,370	
Total Cash	\$14,200	\$2,448	\$2,720	\$4,071	\$14,875	\$14,826	\$14,745	\$14,900	
Ending Cash Balance	(\$400)	(\$2,848)	(\$5,568)	(\$9,639)	(\$6,606)	(\$3,166)	\$721	\$4,825	