

PURDUE UNIVERSITY | Center for Commercial Agriculture
COLLEGE OF AGRICULTURE

MEASURING & ANALYZING FARM FINANCIAL PERFORMANCE

	Your Farm	Benchmark	Strong/Weak
Profitability			
Return on Assets [(AC+AB-X)-S3]*100	Must input data	7.0%	Strong
Return on Equity [(AC-X)+U3]*100	Must input data	8.0%	Strong
Operating Profit Margin Ratio [(AC+AB-X)-Y]*100	Must input data	20.0%	Strong
Liquidity			
Current Ratio [N/O]	Must input data	2.00	Strong
Working Capital/Gross Revenue Ratio [(N-O)+Y]*100	Must input data	35.0%	Strong
Solvency			
Debt-to-Asset Ratio [T1+S1]*100	Must input data	40.0%	Weak
Debt-to-Equity Ratio [T1+U1]*100	Must input data	65.0%	Weak
Financial Efficiency			
Asset Turnover Ratio [Y+S3]*100	Must input data	35.0%	Strong
Revenue per Full-Time Laborer [Y+W]	Must input data	\$500,000	Strong
Operating Expense Ratio [Z+Y]*100	Must input data	55.0%	Weak
Depreciation Expense Ratio [C2+Y]*100	Must input data	7.5%	Weak
Interest Expense Ratio [AB+Y]*100	Must input data	7.5%	Weak
Net Farm Income Ratio [AC+Y]*100	Must input data	30.0%	Strong

Please find attached Excel file. Once opened, find the yellow-highlighted cells in each sheet of the file. These cells are where you enter your data.