

REPAYING DEVELOPMENT COSTS FOR NEWLY PLANTED
NAVEL ORANGE ORCHARDS

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The following tables are useful as a guide to determine the number of years required before fruit sales from a newly planted grove repays development and production costs.

These tables are more meaningful when used with Establishing a Navel Orange Grove in Fresno County - a cost analysis work sheet.

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TIME FROM PLANTING TO REPAYMENT OF DEVELOPMENT COSTS^{1/}

Table I

Assume that all annual costs of production except interest are charged against gross income, and that all remaining income is applied toward reducing the development costs. Yields, costs and income are on a per-acre basis.

| Year | Yield: ^{2/} Field Boxes Per Acre | Price ^{3/} Per Field Box | Gross Income Per Acre | Costs: Cash and Depreciation | Remaining Cost from Previous Year | Income to Reduce Costs | Net Position at End of Year |
|------|---|--|--------------------------------|---------------------------------------|--|------------------------------|-----------------------------------|
| 6 | 360 | 1.50 | \$540.00 | \$398.61 | -\$1859.38 | \$141.39 | -\$1717.99 |
| 7 | 600 | 1.50 | 900.00 | 398.61 | - 1717.99 | 501.39 | - 1216.60 |
| 8 | 600 | 1.50 | 900.00 | 398.61 | - 1216.60 | 501.39 | - 715.21 |
| 9 | 600 | 1.50 | 900.00 | 398.61 | - 715.21 | 501.39 | - 213.82 |
| 10 | 600 | 1.50 | 900.00 | 398.61 | - 213.82 | 501.39 | + 287.57 |

^{1/} The purchase price of land and irrigation system are not included, but their cash and depreciation expenses per year are applied to the development cost and annual production cost.

^{2/} Assume 180 trees/acre

^{3/} Price is net to the grower after harvesting costs have been allowed.

Table II^{1/}

Assume that all annual costs of production are charged against gross income, and that all remaining income is applied toward reducing the development costs. Yields, costs and income are on a per-acre basis.

| Year | Yield: Field Boxes Per Acre | Price ^{2/} Per Field Box | Gross Income Per Acre | Total Costs Per Acre | Remaining Cost From Previous Year | Income to Reduce Costs | Net Position at End of Year |
|------|---|--|--------------------------------|-------------------------------|--|------------------------------|-----------------------------------|
| 6 | 360 | 1.50 | \$540.00 | \$529.41 | -\$1859.38 | \$ 10.59 | -\$1848.79 |
| 7 | 600 | 1.50 | 900.00 | 529.41 | - 1848.79 | 370.59 | - 1478.20 |
| 8 | 600 | 1.50 | 900.00 | 529.41 | - 1478.20 | 370.59 | - 1107.61 |
| 9 | 600 | 1.50 | 900.00 | 529.41 | - 1107.61 | 370.59 | - 737.02 |
| 10 | 600 | 1.50 | 900.00 | 529.41 | - 737.02 | 370.59 | - 366.43 |
| 11 | 600 | 1.50 | 900.00 | 529.41 | - 366.43 | 370.59 | + 4.16 |

^{1/} The purchase price of land and irrigation system are not included, but their total annual expenses, except land repayment, are applied to the development cost and annual production cost.

^{2/} Price is net to the grower after harvesting costs have been allowed.

Time from planting to repayment of development costs and purchase of land, all improvements and equipment.

Assume that all annual costs of production are charged against gross income, and that all remaining income is applied toward reducing the development costs and payment of the costs of land, improvements and machinery. Yields, costs, and income are on a per-acre basis.

| Year | Yield: Field Boxes Per Acre | Price ^{1/} Per Field Box | Gross Income Per Acre | Total ^{2/} Production Costs Per Acre | Remaining Cost from Previous Year | Income to Reduce Costs | Net Position at End of Year |
|-----------|---|--|--------------------------------|---|--|------------------------------|-----------------------------------|
| 6 | 360 | 1.50 | \$540.00 | \$529.41 | -\$3589.38 | \$ 10.59 | -\$3578.79 |
| 7 | 600 | 1.50 | 900.00 | 529.41 | - 3578.79 | 370.59 | - 3208.20 |
| 8 | 600 | 1.50 | 900.00 | 529.41 | - 3208.20 | 370.59 | - 2837.61 |
| 9 | 600 | 1.50 | 900.00 | 529.41 | - 2837.61 | 370.59 | - 2467.02 |
| 10 | 600 | 1.50 | 900.00 | 529.41 | - 2467.02 | 370.59 | - 2096.43 |
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| 15 | 600 | 1.50 | 900.00 | 529.41 | - 614.07 | 370.59 | - 243.48 |
| 16 | 600 | 1.50 | 900.00 | 529.41 | - 243.48 | 370.59 | + 127.11 |

^{1/} Net to the grower after harvesting costs

^{2/} Both production costs and prices are expected to change from time to time. The difference between them is assumed to be constant in this example.