

Fixed asset turnover ratio = Total revenues for the year divided by the average net fixed assets during the year

*The amounts used on this form are taken from **Filled-In Form R0**.*

Calculation of the **fixed asset turnover ratio** includes:

Total revenues from the income statement for the year ended December 31, 2022.

Average net fixed assets computed from the balance sheets throughout the year.

Total revenues for the year	\$	230,000	R
<i>divided by the average</i> net fixed assets	\$	284,500	ANFA
= Fixed asset turnover ratio		0.81	(R / ANFA)

Notes:

R Total revenues may appear as total sales or net sales on the income statement.

ANFA The amount of net fixed assets will appear on each balance sheet at the end of the section entitled *property, plant and equipment—net*. The word *net* indicates that the amount is the remainder after deducting the amount of accumulated depreciation.

The *average* amount of *net fixed assets* is a company's or organization's average amount of *property, plant and equipment—net* throughout the year. If the net amounts vary uniformly, a simple average of the beginning and end of year amounts may be used. However, if the amounts vary significantly during the year, a 13-month average should be computed. **Form G3** will assist in the computation of the 13-month average.

If the amount of property, plant and equipment net of accumulated depreciation was \$280,000 at December 31, 2022 and was \$289,000 at December 31, 2021 and the change occurred at a uniform rate, the average will be \$284,500 (\$280,000 + \$289,000 = \$569,000 divided by 2).