

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

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

Total revenues from the income statement for the year ended _____.

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

Total revenues for the year	\$ _____	R
<i>divided by</i> the <i>average</i> net fixed assets	\$ _____	ANFA
= Fixed asset turnover ratio	=====	(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.