

ANALYSIS OF INCOME OF ORNAMENTAL PLANT RENTAL BUSINESS (CASE STUDY CV. GREEN SAUJANA NURSERY, DEPOK CITY, WEST JAVA)

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Abstract

Usaha which is quite potential is the development of an ornamental plant rental business on CV. Green Saujana Nursery can be run and on the one hand it looks quite profitable financially. However, the company has not conducted periodic financial evaluations, so the profits generated by the company are not visible. In business development, income is very important because it is a benchmark for the success of a business, so in its implementation it is necessary to have good financial management, so that the company's goals can be achieved.

This study aims to: Find out the costs incurred by the Green Saujana Nursery company. Knowing the amount of income for the ornamental plant rental business in CV. Green Saujana Nursery. Knowing the level of *R/C Ratio*, *Net B/C Ratio*, and *Payback Period* (PP) in the ornamental plant rental business in CV. Green Saujana Nursery.

In the study using primary and secondary data. Primary data were obtained through interviews with related parties CV. Green Saujana Nursery in the form of technical and non-technical business data. Secondary data is obtained from company documents such as ornamental plant catalogs for plant rental businesses, and company financial statements such as data on costs incurred and receipts from ornamental plant rental businesses, on CV. Green Saujana Nursery in 2018. Quantitative data is processed using the microsoft excel 2013 program.

The results showed that, the advantages of the ornamental plant rental business in CV. Green Saujana Nursery in 2018 amounted to Rp. 493,918,058 which resulted from a reduction in the value of receipts of Rp. 895,655,000 with a total cost of Rp. 401,736,942. The largest variable costs are labor costs and operational material costs for the purchase of orchids amounting to Rp 153,480,000. The sustainability of the ornamental plant business can be seen from the value of the *R / C Ratio* and *B / C Ratio* which produces a value greater than one, so the ornamental plant rental business provides decent profits for CV companies. Green Saujana Nursery. The value of *the Payback Period* of the plant rental business in CV. Green Saujana Nursery is 0.2 years. Based on these values, it can mean that the ornamental plant rental business in CV. Green Saujana Nursery, can return investment capital in a relatively short time, which is 2 months.

Keywords: *Income, Fees, Ornamental Plant Rental, R/C Ratio, B/C Ratio, and Payback Period*

INTRODUCTION

Environmental unfriendliness makes humans need something to add beauty, for example by giving plants in the yards of houses, hotels, offices, restaurants, and other

public spaces. Efforts to overcome natural problems that arise can be done using the concept of *Green Building*. *Green building* is a development concept based on natural balance (Nasir, 2011: 13). The concept of *Green Building* applies to the minimal use of natural resources, the wise use of land, creating healthy and comfortable indoor air quality, by using living plants that can survive without extra watering (U.S EPA, 2009). Indoor plants can be chosen as support for the *Green Building* concept and one of the solutions to the beauty of the surrounding environment, without having to worry about land limitations. Indoor houseplants have certain characteristics, that is, they can live several days indoors, are beautifully leafy and do not need frequent watering (Lakitin, 1995).

The potential market of this plant rental business is the area of large cities. Companies, restaurants, or other public spaces located in big cities demand practicality in greening the room, so the role of ornamental plant rental services is needed so that they do not have to bother doing plant care. Consumers who work together on ornamental plant rentals on CV. Green Saujana Nursery is in Jakarta and Bogor. Houseplant rental system in CV. Green Saujana Nursery is carried out within a period of 6 or 12 months according to the contract, with the alternation of houseplants for once every two weeks. Consumers of the ornamental plant rental business in 2018 totaled 12 companies with a contract period of 12 months. Every consumer of ornamental plant rental, renting plants in considerable quantities reaches dozens of pots per contract period.

Farm income analysis is generally used to evaluate the activities of an agricultural business in one year. The goal is to help agricultural business managers, knowing that the business being run is still profitable or vice versa (Suratiah, 2006). As a potential business, the development of an ornamental plant rental business on CV. Green Saujana Nursery can be run and on the one hand it looks quite profitable financially. However, the company has not conducted periodic financial evaluations, so the profits generated by the company are not visible. In addition, the company has not been able to find out whether the ornamental plant rental business has a profit that is expected to be continued and developed. In business development, income is very important because it is a benchmark for the success of a business, so in its implementation it is necessary to have good financial management, so that the company's goals can be achieved.

Based on the falsifications can be formulated the problems in this study are (1) What are the costs incurred in the ornamental plant rental business at CV. Green Saujana Nursery? (2) How much is the income of the ornamental plant rental business in CV. Green Saujana Nursery? and (3) What is the level of *R/C Ratio*, *Net B/C Ratio*, and *Payback Period* (PP) in an ornamental plant rental business in CV. Green Saujana Nursery?

RESEARCH METHODS

Research Location and Time

There are two types of data used in this study, namely primary data, and secondary data. The primary data used is data generated from interviews on CV. Green Saujana Nursery. Green Saujana Nursery in 2018.

Types and Data Sources

Secondary data and Primary data are obtained from company documents such as catalogs of ornamental plants for plant rental businesses, and cv company financial

statements.

Data Analysis

The data obtained are analyzed qualitatively and quantitatively. Qualitative data is presented in the form of narratives, while quantitative data is processed using *the Microsoft Excel 2013* program. The data analysis methods used are:

Business Income Analysis

The calculation of ornamental plant rental business income can be formulated as follows:

$$\Pi = TR - TC$$

Information:

Π = Advantages of ornamental plant rental business

TR = Total Receipts from ornamental plant rental businesses

TC = Total Costs incurred in running a plant rental business

R/C Ratio Analysis

The calculation of the R/C *Ratio* of ornamental plant rental businesses can be formulated as follows:

$$a = R/C \text{ or}$$

$$R/C \text{ Ratio} = \frac{\text{Total Revenue of Ornamental Plant Rental Business}}{\text{Total Cost of Ornamental Plant Rental Business}}$$

Information:

R = Receipts from ornamental plant rental businesses

C = Costs incurred for ornamental plant rental business

a = ((Py.Y)/(FC + VC))

Py = Houseplant rental price (Rp/pot/month)

Y = Houseplants for rent/pots

FC = Fixed Costs such as land rental fees and business taxes

VC = Variable costs such as the cost of purchasing operational materials, electricity, labor, and transportation.

B/C Ratio analysis

Systematically it can be formulated as follows:

$$B/C \text{ Ratio} = \frac{\text{Total Profit of Plant Rental Business}}{\text{Total Cost of Plant Rental Business}}$$

Payback Period (PP) Analysis

Account *Payback Period* (PP) from effort rental plant decorate of CV. Green Saujana Nursery get Formulated as follows:

$$PP = \frac{\text{Ornamental Plant Rental Business Investment}}{\text{Year of Income of Ornamental Plant Rental Business}} \times 1 \text{ Year}$$

RESULTS AND DISCUSSION

Analysis of Ornamental Plant Rental Business Income

Business income analysis is generally used to evaluate agricultural business activities in one year, with the aim of helping farm management. Analysis of income carried out on cv. Green Saujana Nursery is useful for seeing the extent to which the ornamental plant rental business can provide a profitable income. The largest investment cost is IDR 44,000,000 for the purchase of 800 earthenware pots, the amount of pottery pot purchases is adjusted to the amount of demand for plants that are planned, except for Orchid plants. Secondly is IDR 30,000,000 to be used as a place for CV. Green Saujana Nursery employees to live as a place to rest. Third, the purchase of rubber pots of Rp. 24,000,000. Fourth, the cost of making *Shadings House* is also a considerable investment cost of Rp. 15,000,000.

Business Costs for Renting Ornamental Plants

Fixed costs are costs that must be incurred by enterprises whose magnitude is not affected by the production produced. The total fixed costs that must be incurred by the company consist of two cost components, namely the cost of renting land and the cost of business tax. The largest percentage of fixed costs is land rent at 54.67 percent, while the percentage of business tax is 45.33 percent. The total fixed costs that must be incurred by the CV. Green Saujana Nursery in 2018 was Rp 9,878,275. Variable costs are also referred to as non-fixed costs, costs that usually change - change according to the size as well as the level of output of an activity. Variable costs incurred by CV. Green Saujana Nursery in 2018 is the cost of operational materials, electricity costs, transportation costs, labor costs, allowance costs, the cost of printing rental contract letters, and additional costs, namely *pick-up* car service costs. Labor costs, allowance costs, operational material costs are components of the variable costs that must be incurred by the company Total variable costs of ornamental plant rental business in CV. Green Saujana Nursery is IDR 391,858,667. Which is presented in Table 1.

Table 1. Variable Cost Component of Ornamental Plant Rental Business

No	Cost Component	Cost/Year
1	Operating Material Costs	Rp 161.660.000
2	Transportation Costs	Rp 14.400.000
3	Labor Costs	Rp 198.000.000
4	Electricity Costs	Rp 6.000.000
5	Cost of Printing a Letter of Contract Agreement	Rp 500.000
6	Preliminary Fees	Rp 9.798.667
7	Car Pick Up Service Fee	Rp 1.500.000
Total Variable Costs		Rp 391.858.667

Source: Secondary Data Processed (2018)

Ornamental Plant Rental Business Income

The receipt of the ornamental plant rental business in 2018 amounted to Rp. 895,655,000. The highest receipt value was Rp 248,226,000, which came from the request for ornamental plant rentals of 318 pots by PT. The Ultimate Wira Pariwara. It is the group of plants that contribute the largest revenue to cv companies. Green Saujana Nursery is a table plant group of 432 pots (49 percent), followed by a floor plant group of 356 pots (40 percent) and finally 11 percent of the rental of beautiful flowering plants (Orchids) of 94 pots.

The rental business of ornamental plants obtained by CV. Green Saujana Nursery during 2018 amounted to Rp 493,918,058. The data above shows that the profits obtained by CV. Green Saujana Nursery has a positive value, which means a rental business carried out by a CV company.

Green Saujana Nursery is profitable. The profit received per month (January-December 2018) is Rp 41,159,838.

Sustainability of Ornamental Plant Rental Business

The *R/C Ratio* is a comparison between receipts and costs. Based on the receipts and costs incurred, the *R/C Ratio* value of the total costs obtained is 2.23. The *R/C Ratio* value of 2.23 means that for every Rp. 1 cost incurred by the company; the ornamental plant rental business provides acceptance for CV. Green Saujana Nursery amounted to Rp 2.23. Every 100,000 costs incurred; it will provide an acceptance of Rp 223,000.

B/C Ratio analysis is one of the calculations of operating income to find out how much profit a business gets from the costs that have been incurred in a business being run. The resulting *B/C Ratio* value is 1.23. This shows that with a *B/C Ratio* value of 1.23 means that for every Rp. 100,000 costs incurred, the ornamental plant rental business will get a profit or net income of Rp. 123,000.

The result *Payback Period* for ornamental plant rental business on CV. Green Saujana Nursery is 0.2 years. Based on this value, it can be interpreted that the return of capital for the ornamental plant rental business in CV. Green Saujana Nursery, it only takes 2 months and 4 days.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the discussion, the following conclusions can be drawn costs incurred for the CV ornamental plant rental business. Green Saujana nursery in 2018, consists of fixed costs of Rp 9,878,275 and variable costs of Rp 391,858,667. The largest variable costs are labor costs and operational material costs for the purchase of orchids amounting to Rp 153,480,000. The advantages of the ornamental plant rental business in CV. Green Saujana Nursery in 2018 amounted to Rp. 493,918,058 which resulted from a reduction in the value of receipts of Rp. 895,655,000 with a total cost of Rp. 401,736,942. The sustainability of the ornamental plant business can be seen from the value of the *R/C Ratio* and *B/C Ratio* which produces a value greater than one, so the ornamental plant rental business provides decent profits for CV companies. Green Saujana Nursery. The *Payback Period value* of the plant rental business at CV. Green Saujana Nursery is 0.2 years. Based on these values, it means that the ornamental plant rental business in CV. Green Saujana Nursery, can return investment capital in a relatively short time, which only takes 2 months and 4 days.

Based on the results of research on ornamental plant rental businesses on CV. Green Saujana Nursery and the results of the conclusions above, then the advice that the author can give is as follows Cultivating beautiful flowering plants such as Orchids, so that companies do not need to always buy orchid plants to be pondered. This is expected to be able to reduce cost expenditures, because one of the highest variable costs is for the purchase of Orchid plants. Invest a plastic basket or container, so that table or small potted plants can be put in a container, and the container can be arranged vertically in the car tub. This is done so that once the departure of the tub car can transport more plants that are planned, so that transportation costs can be reduced. This condition will certainly have an impact on the profits received by the CV company. Green Saujana Nursery. Cv Company. Green Saujana Nursery needs to evaluate the financial statements of ornamental plant rentals periodically per year. This is done to see the financial condition of the ornamental plant

rental business, as material for determining certain policies. When viewed from the value of the *R/C Ratio*, *B/C Ratio*, and *Payback Period* generated by the ornamental plant rental business in 2018, the company must maintain and develop the ornamental plant rental business, because it can generate decent profits for the company.

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