

# CALCULATING GVA

## Calculating GVA involves three key components:

- ✓ Turnover
- ✓ Expenses
- ✓ FTEs

Obtaining an accurate result from the GVA calculator requires having accurate figures for these three components.



### Turnover

Annual turnover is the total income your business makes over one financial year. It's also known as gross revenue or total sales. It combines all the money you've received from selling products or services over a year.



### Expenses

Also known as intermediate consumption, this is the total amount of money spent in a year in order to create the goods and services that you deliver. Importantly, for the purposes of calculating productivity **you must exclude** wages and social security payments.



### FTE's

It's important to note that number of FTEs (full time equivalents) does not necessarily mean number of employees. Getting this number right is **essential** for obtaining an accurate estimate of your business's productivity.

- If an employee works full time across an entire year, they equate to 1 FTE.
- However, if an employee only works 20 hours per week, they only count as half an FTE.
- In addition, we also have to take into account when somebody only works for part of the year. For example, if someone works full time but only for six months, they also count as just half an FTE.

The easiest way to calculate somebody's FTE is as follows (assuming a 40 hr working week):

$$(\text{Number of hours worked per week} \div 40) \times (\text{number of weeks worked in year} \div 52) = \text{FTE}$$

For example, if somebody works 30 hours per week for 26 weeks in the year the calculation would be:

$$(30 \div 40) \times (26 \div 52) = 0.375 \text{ FTE}$$

To obtain your number of FTEs, do this for each person who either doesn't work full time, only worked part of the year, or both. Anybody who works full time for the entire year will count as one whole FTE.

Then simply add all these together to obtain your total number of FTEs.

**If you need clarification please contact us at [info@jerseybusiness.je](mailto:info@jerseybusiness.je)**