

Performance Ratios

Gross Profit Margin
Net Profit Margin
Return on Capital Employed (ROCE)

Efficiency Ratios

Fixed Asset Turnover	Revenue / Fixed Assets
Inventory Turnover	Cost of Sales / Average Inventory
Inventory Turnover in Days	Average Inventory / Cost of Sales * 365
Trade Receivables Turnover	Average Trade Receivables / Revenue on Credit * 365
Trade Payables Turnover	Trade Payables / Purchases * 365

LENDING RATIOS

Gearing	Debt / Equity
Interest Cover	Profit before Interest and Tax / Interest

Liquidity Ratios

Current Ratio	Current Assets / Current Liabilities
Quick Ratio	Current Assets - Inventories / Current Liabilities

Investor Ratios

Dividend Per Share	Dividend for the Year / No. of Shares issued
Dividend Cover	Profit after Tax / Dividend
Earnings Per Share	Profit after Tax / No. of Shares
Price Earning or P/E	Price of Share / Earnings Per Share

Profit after Tax refers to amount available to give to ordinary shareholders. Premium not included.

Terms of Accounting

Recognition

Revenue is not the same as received and Expenditure is not the same as cash paid.

Accruals (Matching)

Estimating the value to be paid and adding that as an expense in the Financial Statements and making any adjustments later on.

Bad & Doubtful Debts

Bad & Doubtful Debts are added to Expenses in SFP. However, Doubtful debts are deducted from Receivables in Income Statement

Net Realisable Value

The value inventory holds (not cost price or selling price)

