

### 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)

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