Business Paper 2 Formulas	
profit budget	income budget - expenditure budget
break-even	fixed cost/contribution per unit
contribution per unit	selling price - variable cost per unit
margin of safety	planned output - break-even output
profit	(contribution per unit x quantity produced) - fixed costs
gross profit	revenue - cost of sales
operating profit	gross profit - operating costs
net profit	operating profit + profit from other activities - net finance costs - tax
gross profit margin	(gross profit/revenue) x100
operating profit margin	(operating profit/revenue) x100
net profit margin	(net profit/revenue) x100
current ratio	current assets/current liabilities
acid test ratio	(current assets – inventory)/current liabilities
capacity utilisation	(actual output/maximum possible output) x100
gearing ratio	(non-current liabilities/capital employed) x100
return on capital employed	(operating profit/capital employed) x100
capital employed	total equity + non-current liabilities