RATIOS FORMULAE

## Profitability

Gross Profit Margin = (GROSS PROFIT / SALES REVENUE) X 100

Net Profit Margin = (NET PROFIT before tax and interest / SALES REVENUE) X 100

Return on Capital Employed = (NET PROFIT before tax and interest / CAPITAL EMPLOYED) X 100

## Liquidity

Current = CURRENT ASSETS / CURRENT LIABILITIES : 1

Acid Test = (CURRENT ASSETS – STOCK) / CURRENT LIABILITIES : 1

## Gearing

Gearing = (LONG TERM LIABILITIES / CAPITAL EMPLOYED) X 100

Capital Employed = TOTAL SHAREHOLDER FUNDS + LONG TERM LIABILITIES