



Revisionstation

RA Ratio Analysis



Tricky Topics
REVISIONSTATION

Answers



Answers

Answers to Gross Profit Margin (GPM) calculations on page 4

	2022	2023
Example calculation 1	54.85%	54.01%
Example calculation 2	30.56%	35.29%
Example calculation 3	38.15%	32.29%

Answers to Operating Profit Margin (OPM) calculations on page 6

	2022	2023
Example calculation 1	49.81%	45.23%
Example calculation 2	19.44%	23.53%
Example calculation 3	34.15%	23.86%

Answers to Net Profit Margin (NPM) calculations on page 8

	2022	2023
Example calculation 1	42.97%	38.15%
Example calculation 2	13.89%	17.65%
Example calculation 3	31.08%	22.41%



Answers to Current Ratio calculations on page 10

	2022	2023
Example calculation 1	1.24:1	1.27:1
Example calculation 2	0.99:1	0.77:1
Example calculation 3	1.71:1	0.76:1

Answers to Acid Test Ratio calculations on page 12

	2022	2023
Example calculation 1	0.90:1	0.97:1
Example calculation 2	0.78:1	0.59:1
Example calculation 3	1.03:1	0.36:1

Answers to example gearing ratio calculation 1 on page 15

	2022	2023
Capital employed	£4647m	£4419m
Gearing Ratio	59.13%	60.06%

Answers to example gearing ratio calculation 2 on page 15

	2022	2023
Capital employed	£529m	£482m
Gearing ratio	22.97%	15.89%

Answers to example ROCE calculation 1 on page 18



	2022	2023
Capital Employed	£4647m	£4419m
ROCE	0.90%	1.11%

Answers to example ROCE calculation 1 on page 18

	2022	2023
Capital Employed	£529m	£482m
ROCE	14.37%	21.37%

Example exam question using ratios on page 19

	2022	2021
Gross Profit Margin	88.99%	97.23%
Operating Profit Margin	5.01%	1.37%
ROCE	1.05%	0.30%
Gearing	3.46%	1.03%
Current Ratio	0.25:1	0.47:1

GPM = GP/Revenue x 100

- $29807 \div 33495 \times 100 = 88.99\%$
- $58078 \div 59730 \times 100 = 97.23\%$

OPM = OP/ Revenue x 100

- $1678 \div 33495 \times 100 = 5.01\%$
- $818 \div 59730 \times 100 = 1.37\%$

ROCE = OP/ CE x 100

CE = NCL + TE

- $1678 \div 195465 \times 100 = 1.05\%$
- $818 \div 270606 \times 100 = 0.30\%$

Gearing = NCL / CE x 100

- $5520 \div 159465 = 3.46\%$
- $2799 \div 270606 \times 100 = 1.03\%$

Current ratio = CA / CL

- $4215 \div 16852 = 0.25:1$
- $5855 \div 12389 = 0.47:1$