

Ratios – Higher Level

Profitability and Efficiency Ratios

Return on Capital Employed (ROCE)	$\frac{\text{Profit (Before Interest and Tax)}}{\text{Capital Employed}} \times 100$	%
Return on Shareholders' Funds (ROSF)	$\frac{\text{Profit (After Tax and Preference Dividends)}}{\text{Ordinary Shares + Reserves}} \times 100$	%
Gross Profit Mark Up	$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$	%
Gross Profit Margin	$\frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$	%
Total Expenses to Sales	$\frac{\text{Total Expenses}}{\text{Sales}} \times 100$	%
Asset Turnover	$\frac{\text{Sales}}{\text{Total Assets}}$	Times
Fixed Asset Turnover	$\frac{\text{Sales}}{\text{Fixed Assets}}$	Times
Working Capital Turnover	$\frac{\text{Sales}}{\text{Working Capital}}$	Times
Net Profit Margin	$\frac{\text{Net Profit Before Interest and Tax}}{\text{Sales}}$	%

Working Capital Ratios

Stock Turnover	Cost of Sales	Times
	Average Stock (Opening Stock + Closing Stock / 2)	
Average period of Credit Allowed	Trade Debtors x 365 (or 12)	Days or Months
	Credit Sales	
Average Period of Credit received	Trade Creditors x 365 (or 12)	Days or Months
	Credit Purchases	

Liquidity/Solvency Ratios

Current Ratio	Current Assets Current Liabilities	Ideal 2:1
Liquid Ratio (Acid Test)	Current Assets Less Closing Stock Current Liabilities	Ideal 1:1

Gearing Ratios

Debt/Equity Ratio	Debt Capital : Equity Capital	Ratio
Debt/Total Capital Percentage	Debt Capital x 100	%
	Total Capital	
Interest Cover	Operating Profit (Net Profit + Interest)	Times
	Interest Charges	

Investment Ratios

Earnings Per Share (EPS)	Profit(After Tax and Preference Dividends)	Cent
	Number of Issued Ordinary Shares	
Dividend Per Share (DPS)	Total Ordinary Dividend	Cent
	Number of Issued Ordinary Shares	
Price Earnings Ratio (P/E)	Market Price Per Share	Years
	Earnings Per Share(EPS)	
Price Dividend Ratio(period to recoup price at present payout rate)	Market Price per Share	Years
	Dividend per Share	
Dividend Yield	Dividend Per Share (DPS)	%
	Market Price per Share	
Dividend Cover	Profit (After Tax and Preference Dividends)	Times
Dividend Payout Rate	Total Ordinary Dividend	