Acid test ratio	**current assets - inventories / current liabilities** **(if the value calculated is equal to 1.2 till 1.5 we say we have an optimum ratio towards liabilities)**
Added value	**Selling price - costs of goods/services bought**
Average capital cost	**(initial capital cost-residual capital value)/2**
Average rate of return (ARR)	**annual profit (net cash flow) / No of years /initial capital cost X 100** **OR** **annual profit (net cash flow) / average capital cost X 100**
Break even	**TR= TC**
Break even (units)	**Fixed costs / contribution per unit**
Capacity utilisation	**Current output/ maximum output X 100**
capital productivity	**output/capital employed**
Contribution per unit	**Selling price per unit - variable costs per unit**
Cross elasticity of demand	**%change in demand for good A / % change in a price of good B**
Current ratio	**Current asset/ current liabilities** **(if the value calculated is equal to 2 we say**

	we have an optimum ratio towards liabilities)
Days sales in receivable ratio	**trade account receivable x 365 / revenue**
Decision trees net gain	**Expected value - initial cost of decisions**
Dividend cover ratio	**profit for the year / annual dividends**
Dividend per share	**total annual dividends/total number of shares issued**
Dividend yield ratio	**dividends per share/current share price x100**
Earnings per share	**profit for the year/annual dividends**
Employee cost as a % of turnover	**Employee costs/ sales turnover X100**
Employee retention rate	**No of employees at end of period- no of leavers/ no of employees at end X 100**
Expected value	**(Pay off A X probability of A) - (pay off B X probability of B)**
Gearing	**Non current liabilities/equity + non current liabilities X 100**
Gross profit	**Sales (revenue) - cost of sales (variable costs, COGS)**
Gross profit margin	**Gross profit/ sales revenue X 100**
Income elasticity of demand	**%change in the demand for the product/ %change in consumer incomes**

Internal rate of return (IRR)	**lower discount rate + (NPV at lower rate)/(PV at lower rate - PV at Higher rate) X (Higher rate -lower rate)**
Inventory turnover	**Cost of goods sold / average inventory**
Labour absenteeism	**No of staff absent on 1 day/ average staff X 100**
Labour cost per unit	**Total labour costs / unit of output**
Labour productivity	**Total value of output/ total no of employees X 100**
Labour turnover	**Number of staff leaving/ average staff X 100**
Margin of safety	**Current output (or full production level) - break even output**
Market capitalisation	**No of issued shares/ current market price**
Market growth	**Change in size/ original size X 100**
Market share	**Sales of 1 product/ total market share X100**
Net book value	**original cost - accumulated depreciation**
Net present value	**Net cash flow X discount factors - original investment**
Operating profit	**Sales - cost of sales - operating expenses**

	OR **Gross profit - overhead expenses**
Operating profit margin	**Operating profit / sales revenue X100**
Payable days	**Payables / cost of sales X 365**
Payback	**(Costs of project/investment)/annual cash inflows**
PED	**% change in demand/% change in price**
Price/earnings ratio	**current share price/earnings per share**
Profit	**Total revenue- total costs**
Profit for the year	**Operating profit - (interest costs + tax)**
Profit using contribution	**Total contribution - fixed costs**
Promotional elasticity of demand	**%change in demand for the product / % change in promotional spending**
RE- order level	**RE order quantity + mim inventory level**
RE- order quantity	**Lead time X average daily usage**
Receivables days	**Receivables / sales X 365**
Return on capital employed ROCE	**Return on investment / cost of investment X 100** **OR** **Operating profit/ equity + non current liabilities X100**
Return on investment	**Net profit/ capital invested X100**

Sales growth	**Change in sales/ original sales X 100**
Straight line depreciation	**original cost of assets-expected residual value / expected useful line of assets (years)**
Total contribution	**Contribution per unit X no of units sold** **OR** **total revenue - total variable costs**
Total costs	**Fixed costs + variable costs**
Total revenue	**Selling price X number of units sold**
Total variable costs	**Variable cost per unit X no units sold**
Unit costs= average costs	**Total costs / output**
Variance	**Difference between actual and budgeted figure**
Net profit margin	**Net profit/revenue x 100**
Capital employed	**Current assets - current liabilities**
Inventory turnover ratio - days	**Value of inventories/cost of salesX365**