ACCOUNTING RATIOS HANDOUT 6

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| Gross Profit Margin | Gross Profit x 100  Sales Revenue |
| Operating Profit Margin | Operating Profit x 100  Sales Revenue |
| Return on Capital Employed (ROCE) | Operating Profit x 100  Share Capital + Reserves + Non-Current Liabilities |
| Return on Ordinary Shareholders Funds  (ROSF) | Profit for the Year x 100  Ordinary Share Capital + Reserves |
| Inventories Turnover Period | Inventories x 365  Cost of Sales |
| Trade Receivables Settlement Period | Trade Receivables x 365  Credit Sales Revenue |
| Trade Payables Payment Period | Trade Payables x 365  Credit Purchases |
| Sales Revenue Per Employee | Sales Revenue  Number of Employees |
| Current Ratio | Current Assets  Current Liabilities |
| Acid Test Ratio | Current Assets less Inventories  Current Liabilities |
| Gearing Ratio | Non-Current Liabilities x 100  Share Capital + Reserves + Non-Current Liabilities |
| Interest Cover | Operating Profit  Interest Payable |