GRADE 12 ACCOUNTING FINANCIAL INDICATOR FORMULA SHEET

$$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$$

PROFIT MARK-UP
$$\frac{\text{Gross profit}}{\text{Cost of sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit before tax}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Net profit after tax}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating expenses}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Operating profit}}{\text{Sales}} \times \frac{100}{1}$$

EASY six
Business profitability

SOLVENCY RATIO
Total assets : Total liabilities

CURRENT RATIO
Current assets : Current liabilities

ACID-TEST RATIO
(Current Assets – Inventory) : Current liabilities

DEBT : EQUITY
Non-current liabilities : Shareholders' equity

Risk

OR

ACID-TEST RATIO
(Trade & other receivables + Cash & cash equivalents) : Current liabilities
NOTE 5   +   NOTE 4

STOCK ON HAND
$$\frac{\text{Average trading stock}}{\text{Cost of sales}} \times \frac{365}{1}$$

STOCK TRUNOVER RATE
$$\frac{\text{Cost of sales}}{\text{Average trading stock}}$$

Liquadity

DEBTORS COLLECTION PERIOD
$$\frac{\text{Average debtors}}{\text{Credit sales}} \times \frac{365}{1}$$

CREDITORS PAYMENT PERIOD
$$\frac{\text{Average creditors}}{\text{Cost of sales}} \times \frac{365}{1}$$

RETURN ON SHARE HOLDERS EQUITY (ROSHE)
$$\frac{\text{Net income after tax}}{\text{Average shareholders' equity}} \times \frac{100}{1}$$

EARNINGS PER SHARE (EPS)
$$\frac{\text{Net income after tax}}{\text{Number of issued shares}} \times \frac{100}{1}$$

RETURN ON TOTAL CAPITAL EMPLOYED (ROTCE)
$$\frac{\text{Net income before tax + Interest on loans}}{\text{Average shareholders' equity + Average non-current liabilities}} \times \frac{100}{1}$$

Gearing

NET ASSET VALUE (NAV) vs JSE & repurchase
$$\frac{\text{Shareholders' equity}}{\text{Number of issued shares}} \times \frac{100}{1}$$

DIVIDEND PER SHARE (DPS)
$$\frac{\text{Dividends for the year}}{\text{Number of issued shares}} \times \frac{100}{1}$$

No change in shares issued, calculate as total together

INTERIM DIVIDEND PER SHARE
$$\frac{\text{Interim dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$$

If any change in shares issued, calculate separately and add together

FINAL DIVIDEND PER SHARE
$$\frac{\text{Final dividends}}{\text{Number of issued shares}} \times \frac{100}{1}$$

DIVIDEND PAYOUT POLICY
$$\frac{\text{Dividends per share}}{\text{Earnings per share}} \times \frac{100}{1}$$

% OF NET PROFIT PAID TO DIVIDENDS
$$\frac{\text{Dividends for the year}}{\text{Net income after tax}} \times \frac{100}{1}$$

BREAK-EVEN POINT
$$\frac{\text{Total fixed costs}}{\text{Selling price per unit – Variable costs per unit}}$$

*** **Weighted average number of shares = (opening number + closing number) ÷ 2** ****