

A Level Business (H436)

Sample Formula Booklet



INSTRUCTIONS

- Do **not** send this Formula Booklet for marking. Keep it in centre or recycle it.

INFORMATION

- This document has **4** pages.

A Level Business formulae

| | |
|-----------------------------------|--|
| Absenteeism | $\frac{\text{days absent per period}}{\text{total working days per period}} \times 100$ |
| Acid test ratio | $\frac{\text{current assets} - \text{inventory}}{\text{current liabilities}}$ |
| Added value | <div>OR</div> $\text{sales revenue} - \text{cost of inputs}$ $\text{price} - \text{cost of inputs per unit}$ |
| Break-even quantity | $\frac{\text{fixed costs}}{\text{contribution per unit}}$ |
| Capacity utilisation (%) | $\frac{\text{actual output}}{\text{maximum possible output}} \times 100$ |
| Contribution | <div>OR</div> $\text{revenue} - (\text{total}) \text{ variable costs}$ $\text{price} - \text{variable cost per unit}$ |
| Current ratio | $\frac{\text{current assets}}{\text{current liabilities}}$ |
| Defect/wastage rate (%) | $\frac{\text{defective/wasted output}}{\text{total output}} \times 100$ |
| Employee productivity | $\frac{\text{output per period}}{\text{number of employees}}$ |
| Employee turnover (%) | $\frac{\text{number of employees leaving during a period}}{\text{average number of employees during a period}} \times 100$ |
| Gearing ratio (%) | $\frac{\text{non-current liabilities}}{\text{capital employed}} \times 100$ |
| Gross profit | $\text{revenue} - \text{cost of sales}$ |
| Gross profit margin (%) | $\frac{\text{gross profit}}{\text{revenue}} \times 100$ |
| Income elasticity of demand (YED) | $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in income}}$ |
| Inventory turnover | $\frac{\text{cost of inventory}}{\text{average inventory}}$ |
| Margin of safety | $\text{sales volume} - \text{break-even quantity}$ |

| | |
|---|---|
| Market capitalisation | Current market share price x total number of shares issued |
| Market growth (%) | $\frac{\text{change in the size of the market over a period}}{\text{original size of the market}} \times 100$ |
| Market share (%) by value | $\frac{\text{revenue}}{\text{total revenue in the market}} \times 100$ |
| Market share (%) by volume | $\frac{\text{sale volume}}{\text{total sales volume in the market}} \times 100$ |
| Net assets | non-current assets + net current assets – non-current liabilities |
| Net cash flow | cash inflow per period – cash outflow per period |
| Net current assets | current assets – current liabilities |
| Net promoter score | total % of promoters – total % of detractors |
| Operating profit | gross profit – expenses |
| Operating profit margin | $\frac{\text{operating profit}}{\text{revenue}} \times 100$ |
| Price elasticity of demand (PED) | $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$ |
| Productivity | $\frac{\text{output per period}}{\text{inputs in that period}}$ |
| Profit/loss | (total) revenue – total costs |
| Profit for the year (net profit) | operating profit – finance costs (interest and tax) |
| Profit for the year (net profit) margin | $\frac{\text{profit for the year (net profit)}}{\text{revenue}} \times 100$ |
| Re-order level | (lead time per period × average usage per period) + buffer inventory |
| Re-order quantity | maximum inventory – buffer inventory |
| Return on capital employed (%) | $\frac{\text{operating profit}}{\text{capital employed}} \times 100$ |
| Total cost | fixed costs + variable costs |
| (Total) (Sales) Revenue | price x quantity sold |
| (Total) Variable cost | variable costs per unit x quantity |

| | |
|-----------------------|--|
| Trade payable days | $\frac{\text{trade payables}}{\text{cost of sales}} \times 365 \text{ days}$ *where credit purchases are known they should be used instead of cost of sales |
| Trade receivable days | $\frac{\text{trade receivables}}{\text{revenue}} \times 365 \text{ days}$ *where credit sales are known they should be used instead of revenue |
| Unit cost | $\frac{\text{total cost}}{\text{output}}$ |
| Variance | budgeted amount – actual amount |

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