A Level Business (H436)

Formulae Booklet

INSTRUCTIONS

- Do **not** send this Formulae 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	$\frac{\text{current assets – inventory}}{\text{current liabilities}}$
Added value	sales revenue – cost of inputs OR price – cost of inputs per unit
Break-even quantity	$\frac{\text{fixed costs}}{\text{contribution per unit}}$
Capacity utilisation (%)	$\frac{\text{actual output}}{\text{maximum possible output}} \times 100$
Capital employed	Total equity + non-current liabilities
Contribution	revenue – (total) variable costs OR price – 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	revenue – 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	$\frac{\text{cost of sales}}{\text{average inventory}}$
Margin of safety	sales volume – 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	$\frac{\text{sales volume}}{\text{total sales volume in the market}} \times 100$
Net cash flow	cash inflow per period – cash outflow per period
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 – 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	$\frac{\text{trade payables}}{\text{cost of sales*}}$ x 365 days *where credit purchases are known they should be used instead of cost of sales
Trade receivable days	$\frac{\text{trade receivables}}{\text{revenue*}}$ x 365 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