Unit 3 formula sheet business finance

- Variable costs = variable cost per unit x quantity

- Total costs = fixed costs + variable costs + semi-variable costs

- Total revenue = Quantity of goods sold x Selling price per unit

- Contribution per unit = selling price – variable costs per unit

- Total contribution = contribution per unit x number of units sold

- Break-event point = fixed costs ÷ contribution per unit

- Margin of safety = sales – break-even level of output

- Months to break-even = break-even units ÷ units produced per month

- Net current assets = current assets + fixed assets – current liabilities

- Annual depreciation = (assets purchased – estimated salvage value) ÷estimated useful life of assets

- Gross profit margin = gross profit ÷ revenue x 100

- Mark up = gross profit ÷ cost of sales x 100

- Net profit margin = net profit ÷ revenue x 100

- ROCE = net profit before interest and tax ÷ capital employed x 100

- Current ratio formula = current assets ÷ current liabilities

- Liquid capital ratio formula = (current assets – inventory) ÷ current liabilities

- Trade receivable days = (trade receivables ÷ credit sales) x 365

- Trade payable days = (trade payables ÷ credit purchases) x 365

- Inventory turnover = (average inventory ÷ cost of sales) x 365