FORMULAE FOR INTERNATIONAL GCSE BUSINESS

Gross profit margin:

Gross profit = revenue - cost of sales

$$\text{Gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

Operating profit margin:

Operating profit = gross profit - other operating expenses

$$\text{Operating profit margin} = \frac{\text{operating profit}}{\text{Revenue}} \times 100$$

Markup:

$$\text{Markup} = \frac{\text{profit per item}}{\text{cost per item}} \times 100$$

Return on capital employed (ROCE):

$$\text{ROCE} = \frac{\text{operating profit}}{\text{capital employed}} \times 100$$

Current ratio:

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Acid test ratio:

$$\text{Acid test ratio} = \frac{\text{current assets - inventory}}{\text{current liabilities}}$$