



GRADES 9-10

BUSINESS STUDIES
QUICK
FORMULA BANK

WRITEE MUNI



FORMULAS:

- **Total costs** = Fixed costs + Variable costs
- **Average cost** = Total costs ÷ Output
- **Gross profit** = Revenue - Cost of sales
- **Net profit** = Gross profit - Overheads
- **Retained earnings** = Net profit - (tax + dividends)
- **Revenue** = Selling price x No. of units sold
- **Contribution** = Selling price - Variable costs
- **Break-even point** = Fixed costs ÷ Contribution
- **Shareholder's funds** = Total assets - Total liabilities
- **Working capital** = Current assets - Current liabilities
- **Capital employed** = Shareholder's equity + Non-current liabilities
- **Margin of Safety (units)** = Total output - Break-even output
- **Margin of Safety** = Total sales - Break even sales.

FORMULAS:

PROFITABILITY RATIOS

- **ROCE**: $(\text{Net profit} \div \text{Capital employed}) \times 100$
- **Net profit margin (%)** = $(\text{Net profit} \div \text{Sales revenue}) \times 100$
- **Gross profit margin (%)** = $(\text{Gross profit} \div \text{Sales revenue}) \times 100$

FORMULAS:

LIQUIDITY RATIOS

- **Current Ratio** = $\text{Current Assets} \div \text{Current Liabilities}$
- **Acid Test Ratio** = $(\text{Current Assets} - \text{Inventories}) \div \text{Current Liabilities}$