

QUESTION
 The following information is taken from the financial statements of a company for the year ended 31 December 2019.

	2019	2018
Revenue	1000	900
Cost of sales	(400)	(350)
Operating expenses	(200)	(180)
Operating profit	400	370
Finance income	20	10
Finance expense	(10)	(5)
Profit before tax	410	385
Income tax expense	(100)	(90)
Profit for the year	310	295

REQUIRED
 Calculate the following ratios for 2019 and 2018.

Ratio	2019	2018
1. Gross profit ratio		
2. Operating profit ratio		
3. Profit before tax ratio		
4. Profit for the year ratio		

ANSWERS

Ratio	2019	2018
1. Gross profit ratio	$\frac{600}{1000} = 60\%$	$\frac{550}{900} = 61.1\%$
2. Operating profit ratio	$\frac{400}{1000} = 40\%$	$\frac{370}{900} = 41.1\%$
3. Profit before tax ratio	$\frac{410}{1000} = 41\%$	$\frac{385}{900} = 42.8\%$
4. Profit for the year ratio	$\frac{310}{1000} = 31\%$	$\frac{295}{900} = 32.8\%$