

QUESTION

The following information is provided for the company for the year ended 31 December 2018:

	£
Revenue	1,000,000
Cost of sales	(400,000)
Operating expenses	(200,000)
Operating profit	400,000
Finance income	50,000
Finance expense	(20,000)
Profit before tax	430,000
Income tax expense	(100,000)
Profit for the year	330,000

The company has 1,000,000 ordinary shares of £1 each in issue. The profit for the year is to be distributed as follows:

	£
Dividend	100,000
Retained profit	230,000
Total	330,000

	£	£	£
Revenue	1,000,000		
Cost of sales	(400,000)		
Operating expenses	(200,000)		
Operating profit	400,000		
Finance income	50,000		
Finance expense	(20,000)		
Profit before tax	430,000		
Income tax expense	(100,000)		
Profit for the year	330,000		
Dividend		100,000	
Retained profit		230,000	
Total		330,000	

REQUIRED: Calculate the following:

ANSWERS

1. Operating profit margin
2. Operating profit to revenue ratio
3. Operating profit to cost of sales ratio
4. Operating profit to operating expenses ratio
5. Profit before tax to revenue ratio
6. Profit before tax to cost of sales ratio
7. Profit before tax to operating expenses ratio
8. Profit for the year to revenue ratio
9. Profit for the year to cost of sales ratio
10. Profit for the year to operating expenses ratio
11. Dividend to revenue ratio
12. Dividend to profit for the year ratio
13. Retained profit to revenue ratio
14. Retained profit to profit for the year ratio