

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

Revenue	1000
Cost of sales	(400)
Operating expenses	(150)
Operating profit	450
Finance income	20
Finance expense	(10)
Profit before tax	460
Income tax expense	(100)
Profit for the year	360

The company has no other income or expenses.

REQUIRED
 Calculate the company's profit margin ratio for the year ended 31 December 2019.

ANSWERS

The profit margin ratio is calculated as follows:

Profit for the year	360
Revenue	1000
Profit margin ratio	36%