

KINGSTON

UNIVERSITY OF THE SOUTH PACIFIC
SCHOOL OF BUSINESS

QUESTION

1. The following information is available for the year ended 31 December 2014:
2. Sales revenue: \$1,000,000
3. Cost of sales: \$600,000
4. Selling expenses: \$100,000
5. Administrative expenses: \$150,000
6. Depreciation expense: \$50,000
7. Interest expense: \$20,000
8. Dividend income: \$10,000
9. Income tax expense: \$30,000
10. The company has 100,000 shares of \$10 each outstanding at the end of the year.



REQUIRED
Calculate the following ratios for the year ended 31 December 2014:
Gross Profit Margin
Operating Profit Margin
Net Profit Margin