

Accounting

Part 1 – Introduction

Explain the importance of the information in the P&L to a business

1. _____

2. _____

3. _____

4. _____

Explain the importance of information in the balance sheet to a business

1. _____

2. _____

3. _____

Part 2 – Profitability

Gross Profit Percentage or Gross Margin

Explain: _____

Formula:

Importance to the business

How to improve

Net Profit Percentage or Net Margin

Explain:

Formula:

Importance to the business

How to improve

Return on Investment

Explain:

Formula:

Importance to the business

How to improve

Part 3 – Liquidity

Working Capital Ratio

Explain: _____

Formula:

Importance to the business

How to improve

Current Ratio

Explain: _____

Formula:

Importance to the business

How to improve

What is the problem with having too much money tied up in Current Assets?

Part 3 - Gearing

Debt capital is made up of:

Equity capital is made up of:

Formula (Ratio):

Importance to the business

1.

2.

3.

4.

How to improve

Part 4 – Users of Financial Information

State the users of financial information and outline why they would be interested in the results of formulas and ratios

1.

2.

3.

4.

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