Achievable

ACCA FINANCIAL ACCOUNTING DUMP SHEET

Ratio and consolidation formulas

Ratios at a glance

Category	Ratio	Formula
Profitability	ROCE	PBIT ÷ capital employed × 100
Profitability	ROE	(PAT − preference dividend) ÷ equity × 100
Profitability	Gross profit margin	Gross profit ÷ revenue × 100
Profitability	Operating profit margin	PBIT ÷ revenue × 100
Profitability	Net profit margin	PAT ÷ revenue × 100
Profitability	Asset turnover	Revenue ÷ capital employed
Liquidity	Current ratio	Current assets ÷ current liabilities
Liquidity	Quick ratio	(Current assets − inventory) ÷ current liabilities
Efficiency	Inventory days	(Average inventory ÷ cost of sales) × 365
Efficiency	Receivables days	(Receivables ÷ credit sales) × 365
Efficiency	Payables days	(Payables ÷ credit purchases) × 365
Gearing	Capital gearing	Long-term debt ÷ (equity + long-term debt) × 100
Gearing	Debt to equity	Long-term debt ÷ equity
Gearing	Interest cover	PBIT ÷ finance costs (times)

$\text{ROCE} = \text{operating profit margin} \times \text{asset turnover}$ (multiply, and the revenue terms cancel)

Consolidation workings summary

Working	Content
W1: Group structure	Parent, % ownership, NCI%, acquisition date, reporting date, post-acquisition period
W2: Net assets of subsidiary	Share capital + other reserves + RE (at the acquisition and reporting dates) + FV adjustments. Difference = post-acquisition profit
W3: Goodwill	Consideration + NCI at acquisition − net assets at acquisition
W4: NCI at reporting date	NCI at acquisition + NCI% × post-acquisition profit − NCI% × PURP (if the subsidiary is the seller)
W5: Group retained earnings	Parent RE + parent% × post-acquisition profit − PURP adjustment
W6: Other adjustments	PURP calculation and journal; intra-group balance elimination