



Financial Management
for Growing Businesses

Key Performance Indicators

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Sales}}$$

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

$$\text{Return on Capital Employed (ROCE)} = \frac{\text{Profit}}{\text{Capital Employed}}$$

or

$$\text{ROCE} = \frac{\text{Profit after Tax}}{\text{Shareholders Funds}}$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio or Liquidity Ratio} = \frac{\text{Current Assets} - \text{Stock}}{\text{Current liabilities}}$$

$$\text{Debtor Days} = \frac{\text{Trade Debtors} \times 365}{\text{Sales}}$$

$$\text{Creditor Days} = \frac{\text{Trade Creditors} \times 365}{\text{Cost of Sales}}$$