

Cash & Working Capital Course Formula Sheet

General

Assets = Liabilities + Equity or Net Assets = Equity where Net Assets = Assets - Liabilities

Estimated Profit = Measured Cashflow + Assumed Asset Change

Debit balances are blue

Credit balances are red

Debiting = Filling (Level rises)

Crediting = Draining (Level falls)

Types of Profit

Gross Profit = Revenue - Cost of Sales (Direct Costs)

Operating Profit = Revenue - Operating Costs (Cost of Sales and Overheads)

Net Profit = Revenue - All Costs

Profitability Ratios

$$\text{Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Revenue}} \%$$
$$\text{Operating Profit Margin} = \frac{\text{Operating Profit}}{\text{Revenue}} \%$$
$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Revenue}} \%$$

Liquidity / Efficiency Ratios

Working Capital = Current Assets - Current Liabilities

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$
$$\text{Inventory Days} = \frac{\text{Average Inventory}}{\text{Cost of Sales per day}}$$
$$\text{Receivables Days} = \frac{\text{Average Receivables}}{\text{Revenue per day}}$$
$$\text{Payables Days} = \frac{\text{Average Payables}}{\text{Cost of Sales per day}}$$

Cash Conversion Cycle = Receivables Days + Inventory Days - Payables Days