

Worksheet 5: Formulae answers

Calculations	Formula
Total revenue/Sales revenue/Turnover =	$Units\ sold \times selling\ per\ unit$
Profit/Loss =	$Selling\ price\ per\ unit - Costs\ per\ unit$ OR $Total\ revenue - total\ costs/expenses$
Depreciation (Straight line method) =	$Cost\ of\ non-current\ asset \times rate\ of\ depreciation$
Depreciation (Reducing value method) =	$(Cost\ of\ non-current\ asset - Accumulated\ depreciation\ on\ non-current\ asset) \times rate\ of\ depreciation$
Profit/Loss on disposal of non-current assets =	$Sale\ proceeds\ of\ non-current\ assets - Carrying\ value\ of\ non-current\ assets$
Number of shares =	$\frac{Share\ capital}{Nominal\ value/face\ value\ of\ each\ share}$
Inventory valuation =	$Unsold\ units \times (Cost\ or\ net\ realisable\ value\ whichever\ is\ lower)$
Profit/loss share for each partner =	$Total\ profit \times share\ of\ profit/loss$
Interest on loan/debentures =	$Amount\ borrowed \times rate\ of\ interest$
Dividends =	$Number\ of\ shares \times Dividend\ per\ share$
Net current Assets (Working Capital) =	$Current\ assets - current\ liabilities$
Total variable costs =	$Variable\ costs\ per\ unit \times output$
Contribution =	$Selling\ price\ per\ unit - variable\ costs\ per\ unit\ (per\ unit)$ OR $Total\ revenue - total\ variable\ costs\ (total)$
Total cost =	$Total\ variable\ costs + total\ fixed\ costs$ OR $(Variable\ cost\ per\ unit \times number\ of\ units\ produced) + fixed\ costs$
Break-even level of output =	$\frac{Fixed\ costs}{(Selling\ price\ per\ unit - variable\ cost\ per\ unit)}$ OR $\frac{Fixed\ costs}{Contribution\ per\ unit}$
Margin of safety =	$Current\ level\ of\ output - break-even\ level\ of\ output$
Contribution to sales ratio =	$\frac{Contribution \times 100}{Sales}$
Level of output or sales to achieve a target profit =	$\frac{Fixed\ costs + targeted\ profit}{(Selling\ price\ per\ unit - variable\ cost\ per\ unit)}$ OR $\frac{Fixed\ costs + targeted\ profit}{Contribution\ per\ unit}$



Calculations	Formula
Net cash flow =	<i>Total receipts/cash flow in – Total payments/cash flow out</i>
Favourable variance =	<i>Budgeted cost for actual production – actual cost</i>
Adverse variance =	<i>Actual cost – budgeted cost for actual production</i>