



Net Worth

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**Working Capital
+ Fixed Assets**

**Capital
Employed**

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**Share Capital +
Long-term Loans
+ Reserves**

**Authorised
Share Capital**

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The limit set by a
business's owners of
the number of shares.

**Issued Share
Capital**

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The shares of a
company that
have been sold.





Gearing

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The ratio of a company's debt which is from external sources. High amounts can create financial problems.

Gross Profit Margin

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$$\text{(Gross Profit} \div \text{Sales)} \times (100 \div 1)$$

Net Profit Margin

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$$\text{(Net Profit} \div \text{Sales)} \times (100 \div 1)$$

Return on Capital Employed

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$$\text{(Net Profit} \div \text{Capital Employed)} \times (100 \div 1)$$





Working Capital
Ratio

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Current Assets :
Current Liabilities

Acid Ratio
Test

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A ratio to analyze if a
company has cash to pay off
current liabilities. (Current
Assets - Closing Stock) :
Current Liabilities

Low Gearing

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When equity
capital is greater
than debt capital.

High
Gearing

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When equity
capital is less than
debt capital.

