



Higher Accounting

Accounting formulae: old and new terminology

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Capital gearing ratio

(Preference shares + long-term liabilities): ordinary shares

Dividend yield

$\frac{\text{Ordinary dividend per share}}{\text{Market price per share}} \times 100$

Dividend cover

$\frac{[\text{Profit for year (net profit) after tax} - \text{preference share dividend}]}{\text{Ordinary share dividend}}$

Earnings per share

$\frac{[\text{Profit for year (net profit) after tax} - \text{preference share dividend}]}{\text{Number of ordinary shares}}$

Price/earnings ratio

$\frac{\text{Market price per share}}{\text{Earnings per share}}$

Interest cover

$\frac{\text{Profit for year (net profit) before interest and tax}}{\text{Interest}}$