

Paul Robbins training and consultancy

Management Accounting: Decision and Control

Profitability Benchmark Ratios

Exercise 2

Seagulls Ltd uses benchmark ratios based on a budget to compare with actual performance. The following operating statement has been compiled from actual data for the most recent period.

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Sales Revenue	6,300,000
Cost of Sales	(2,470,000)
Gross Profit	3,830,000
Selling and Distribution Expenses	(1,060,000)
Administration Expenses	(945,000)
Operating Profit	1,825,000

The following table shows the benchmark ratios for the company.

	Benchmark Ratios	Actual Ratios
Gross Profit Percentage	60.0%	
Operating Profit Percentage	30.0%	
Selling and Distribution Expenses as a Percentage of Sales	15.0%	
Administration Expenses as a Percentage of Sales	15.0%	

The actual sales revenue and selling prices are in line with the budgeted figures.

Tasks

Calculate the actual ratios for the company, rounded to one decimal place.