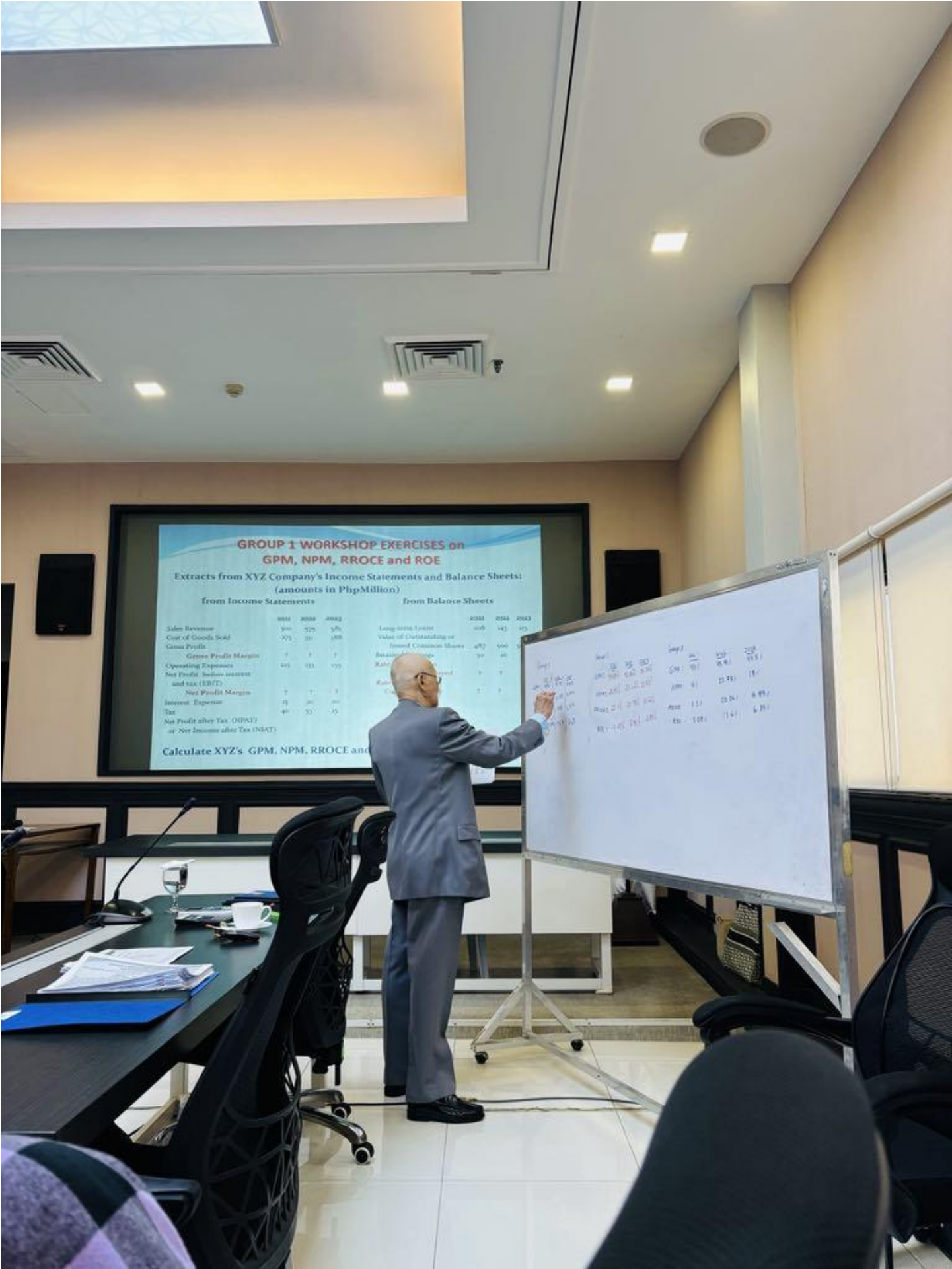








**GROUP 1 WORKSHOP EXERCISES on
GPM, NPM, RROCE and ROE**

Extracts from XYZ Company's Income Statements and Balance Sheets:
(amounts in PhpMillion)

From Income Statements

	2021	2022	2023
Sales Revenue	900	275	5%
Cost of Goods Sold	275	210	188
Gross Profit	625	65	7
Gross Profit Margin	70%	24%	14%
Operating Expenses	400	115	175
Net Profit before interest and tax (EBIT)	225	50	1
Net Profit Margin	25%	18%	2%
Interest Expense	75	30	30
Tax	40	55	15
Net Profit after Tax (NPAT)	110	5	1
or Net Income after Tax (NIAT)	110	5	1

From Balance Sheets

	2021	2022	2023
Long-term Loans	100	145	175
Value of Outstanding or Issued Common Shares	400	500	500
Retained Earnings	90	40	1
Other Equity	1	1	1
Total Equity	591	646	676

Calculate XYZ's GPM, NPM, RROCE and ROE

$GPM = \frac{Gross\ Profit}{Sales\ Revenue} \times 100$	$NPM = \frac{Net\ Profit\ after\ Tax}{Sales\ Revenue} \times 100$	$RROCE = \frac{Net\ Profit\ after\ Tax}{Long-term\ Loans} \times 100$	$ROE = \frac{Net\ Profit\ after\ Tax}{Total\ Equity} \times 100$
$GPM = \frac{625}{900} \times 100 = 69.44\%$	$NPM = \frac{110}{900} \times 100 = 12.22\%$	$RROCE = \frac{110}{100} \times 100 = 110\%$	$ROE = \frac{110}{591} \times 100 = 18.61\%$
$GPM = \frac{65}{275} \times 100 = 23.64\%$	$NPM = \frac{5}{275} \times 100 = 1.82\%$	$RROCE = \frac{5}{145} \times 100 = 3.45\%$	$ROE = \frac{5}{646} \times 100 = 0.77\%$
$GPM = \frac{7}{500} \times 100 = 1.4\%$	$NPM = \frac{1}{500} \times 100 = 0.2\%$	$RROCE = \frac{1}{175} \times 100 = 0.57\%$	$ROE = \frac{1}{676} \times 100 = 0.15\%$

