

FINANCIAL RATIO EQUATIONS

Liquidity Ratios			Capital Structure Ratios		
Current Ratio	=	Current Assets Current Liabilities	Debt Ratio	=	Total Debt Total Assets
Acid Test Ratio	=	Current Assets - Inventory Current Liabilities	Times Interest Earned	=	Net Operating Income or EBIT Interest Expense
Average Collection Period	=	Trade Receivables Annual Credit Sales/365 days	Profitability Ratios		
Trade Receivables Turnover	=	Annual Sales Trade Receivables	Gross Profit Margin	=	Gross Profit Revenues
Asset Management Efficiency Ratios			Operating Profit Margin	=	Net Operating Income or EBIT Revenues
Total Assets Turnover	=	Sales Total Assets	Net Profit Margin	=	Net Income Revenues
Fixed Assets Turnover	=	Revenues Net Plant and Equipment	Operating Return on Assets	=	Net Operating Income or EBIT Total Assets
Market Value Ratios			Return on Equity	=	Net Income Common Equity
Price Earnings Ratio	=	Market Price per Share Earnings per Share			
Market-to-Book Ratio	=	Market Price per Share Book Value per Share			