

Ratio

Formula

X Working capital	Current assets - Current liabilities
X Current ratio	Current assets ÷ Current liabilities
X Acid-test ratio	(Cash + Marketable securities + Accounts receivable + Short-term notes receivable) ÷ Current liabilities
X Accounts receivable turnover	Sales on account ÷ Average accounts receivable balance
X Average collection period	365 days ÷ Accounts receivable turnover
X Inventory turnover	Cost of goods sold ÷ Average inventory balance
Average sale period	365 days ÷ Inventory turnover
Operating cycle	Average sale period + Average collection period
X Total asset turnover	Sales ÷ Average total assets
X Times interest earned	Earnings before interest expense and income taxes ÷ Interest expense
X Debt-to-equity ratio	Total liabilities ÷ Stockholders' equity
Equity multiplier	Average total assets ÷ Average stock- holders' equity
X Gross margin percentage	Gross margin ÷ Sales
Net profit margin percentage	Net income ÷ Sales
Return on total assets	[(Net income - Interest expense) × (1 - Tax rate)] ÷ Average total assets
X Return on equity	Net income ÷ Average total stockholders' equity
Earnings per share	Net income ÷ Average number of common shares outstanding
Price-earnings ratio	Market price per share ÷ Earnings per share
Dividend payout ratio	Dividends per share ÷ Earnings per share
Dividend yield ratio	Dividends per share ÷ Market price per share
Book value per share	Total stockholders' equity ÷ Number of common shares outstanding