

# Accounting v2.0

<b>Accounts payable turnover ratio</b>	$= \frac{\text{Total supplier purchases}}{\text{Average accounts payable}}$
<b>Acid test or quick ratio</b>	$= \frac{\text{Current assets} - (\text{Inventories} + \text{Prepayments})}{\text{Current liabilities}}$
<b>Cash generating power ratio</b>	$= \frac{\text{Cash flows from operations}}{\text{Cash flows from operations} + \text{Cash from investing inflows} + \text{Cash from financing inflows}}$
<b>Current ratio</b>	$= \frac{\text{Current assets}}{\text{Current liabilities}}$
<b>Debt ratio</b>	$= \frac{\text{Total liabilities}}{\text{Total assets}}$
<b>Debt to equity ratio</b>	$= \frac{\text{Total debt}}{\text{Total equity}}$
<b>Dividend yield ratio</b>	$= \frac{\text{Dividend per share}}{\text{Market value per share}}$
<b>Earnings per share ratio</b>	$= \frac{\text{Operating profit after tax} - \text{Preference dividends}}{\text{Average number of ordinary shares}}$
<b>EBITDA margin ratio</b>	$= \frac{\text{Earnings before interest, tax, depreciation, amortisation}}{\text{Total revenue}}$
<b>Equity ratio</b>	$= \frac{\text{Owner's equity}}{\text{Total assets}}$
<b>Gearing ratio</b>	$= \frac{\text{Short-term and long-term obligations} + \text{Overdrafts}}{\text{Equity investment}}$
<b>Gross profit ratio</b>	$= \frac{\text{Gross profit}}{\text{Net sales}}$
<b>Long-term debt coverage ratio</b>	$= \frac{\text{Cash flows from operations} - \text{Dividends paid}}{\text{Long-term debt}}$
<b>Net profit ratio</b>	$= \frac{\text{Net profit}}{\text{Net sales}}$

<b>Operating cash flow ratio</b>	= $\frac{\text{Cash flow from operations}}{\text{Sales}}$
<b>Price–earnings ratio</b>	= $\frac{\text{Share price}}{\text{Earnings per share}}$
<b>Rate of return on total assets</b>	= $\frac{\text{Net operating profit} + \text{Interest expense}}{\text{Average total assets}}$
<b>Rate of turnover of accounts receivable</b>	= $\frac{\text{Net credit sales}}{\text{Average accounts receivable}}$
<b>Rate of turnover of inventories</b>	= $\frac{\text{Cost of goods sold}}{\text{Average inventories}}$
<b>Return on owner’s equity</b>	= $\frac{\text{Net profit}}{\text{Average owner’s equity}}$
<b>Shareholder equity ratio</b>	= $\frac{\text{Total equity}}{\text{Total assets}}$
<b>Times interest earned ratio</b>	= $\frac{\text{Earnings before income tax and interest}}{\text{Interest expense}}$

