

RATIO ANALYSIS	PURPOSE	FORMULA	RATIO
Current Ratio	This measures the extend to which current assets are available to meet current liabilities	Total current assets/Total current liabilities	-
Quick Ratio	Measures the ability to pay of immeditate credit demands	(total current assets - total inventory)/total current liabilities	-
Inventory Turnover	Measures how often inventory is turned over during the year.	Cost of goods sold / inventories	-
Average Collection Period	Measures the average length of time to collect on receivables	Accounts receivable/(sales revenue/365)	Days
Fixed Asset Utilization	Measures sales ratio against each dollar of assets.	Sales revenue / total Assets	-
Debt to Asset Ratio	Percentage of total funds (borrowed & invested) that the company acquired through borrowings.	Total Liabilities / Total Assets	%
Debt-to-Equity	Number of dollars of borrowing for each dollar of equity investment.	Long Term Debt (Inc financial leases) / Total Stockholders' Equity	-
Return on Sales	Percentage of profit generated from each dollar of sales.	Net Income/ Sales Revenue	%
Operating Profit Margin	Percentage of profit vs Sales Revenue	Operating profits / Sales Revenue	%
Net Profit Margin	Percentage of Net Profit Vs Sales Revenue	Net Operating Profit After Tax / Sales Revenue	%
Return on Total Assets (ROA)	Number of dollars earned each year	Income From Operations / Total Assets	%
Return on Equity (ROE)	Measurement of income against the total shareholder equity	(Net Income After Tax - Interest) / Total Stockholders Equity	%
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	EBITDA is the income that a company has available for Interest, Payments and Taxes	Earnings Before Interest, Taxes, Depreciation and Amortization	\$