TIFA Cheat Sheet

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Income Statement Analysis

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Vertical Analysis	x / total revenue x 100	comparing by benchmark	
Horizontal Analysis	TY - LY / LY x 100	increase or decrease of value year on year	
Profit Margin	net income / net sales revenue	EBIT * (1-tax rate) / net sales	measures profitability, percentage of sales that remains as net income
Quality of Income	cash flow from operating activities (NI + dep + change in current assets + change in STL) / net income > 1	compares the cash flow earned to net income declared	
Fixed Asset Turnover	net sales revenue / average (BB+EB/2) net fixed assets (assets-acc. depreciation)	shows the ability of the firm to use its fixed assets to generate revenue	measures productivity

Income Statement Analysis (cont)

ROE	net income / average shareh-olders equity (CS, RE, TS, APIC) %	how much are you getting back for the amount investors are giving it to you	
Asset Turnover	net sales / average assets		
ROA	profit margin x asset turnover	EBIT * (1-tax rate) / average assets %	combines profit-ability and produc-tivity
Financial Leverage	ROE - ROA %	should be positive (since it indicates that company creates a bigger return than the cost of borrowing	
ROCE Return on Capital Employed	EBIT * (1-TAX) / capital employed (total assets-STL) or (LTL+E-quity)	creates value when return on capital employed is greater than the expected return on investment	

Liquidity Analysis

Current Ratio	current assets / current liabilities (< 1 in hospit-ality)	ability of the firm to cover it's short term debts
Quick Ratio	cash + cash equiv + receivables / CL	measures cash available to pay short term debts
Cash Ratio		

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Not published yet.
Last updated 9th June, 2020.