

The Income Statement

Sales of Goods

- Cost of Goods Sold

= Gross Profit

- Depreciation

= EBIT

- Interest

= EBT

- Taxes

= EAT (Net Income)

ROE

ROE = EAT / Equity

Tax Burden Ratio = EAT / EBT

Interest Burden Ratio = EBT / EBIT

Operating Profit Margin = EBIT / Sales

Asset Turnover Ratio = Sales / Assets

Equity Multiplier = Assets / Equity

Net Profit Margin = EAT / Sales

External Financing Needed (EFN)

$EFN = \Delta NWC + \Delta \text{Fixed Assets} - Re$

$\Delta NWC = \Delta \text{Current Assets} - \Delta \text{Current Liabilities}$

Re = Retained Earnings

The Growth Equation

$\Delta \text{Current Assets} + \Delta \text{Fixed Assets} = \Delta \text{Spontaneous Liabilities} + Re + EFN$

$\Delta \text{Sales} \times g = \text{Sales Increase}$

Operating Capital Requirements = $\Delta NWC + \Delta \text{Fixed Assets}$



By [kissesxoxox](#)

cheatography.com/kissesxoxox/

Not published yet.

Last updated 2nd June, 2024.

Page 1 of 1.

Sponsored by [CrosswordCheats.com](#)

Learn to solve cryptic crosswords!

<http://crosswordcheats.com>