## solvency ratios

| | | |
|---|---|---|
| debt to equity ratio=-dbt/equity(sharhld.rfund) | total asset to debt ratio=TA /Dbt | proprietary ratio= shareholders funds or proprietors funds or equity/ TA |
| equity= share cpt+ reserves&surplus | TA=NCA+CA | equity= share cpt+ reserves &surplus |
| equity-=NC-A+WC-NCL | CA= CI+ invt+TR +cash &cash equivl.nts+ ST loans &advances | |
| debt= LT.borrowing (debentures,-mortage loan,public dep) +LT.prov | NCA=property ,plant & eqp.+intangible assets+NCI+ LT loans& advances | |

## activity/ turnover ratios

| | | | |
|---|---|---|---|
| inventory turnover ratio= crfo/ avg inventory | interest coverage ratio= profit before interest& tax/ interest on LTD | trade receivables turnover ratio=-crfo/ ATR | trade payables turnover ratio= net credit purchases/ ATP |
| inventory turnover ratio=-crfo/ avg inventory | profit before interest and tax= profit after tax+ tax +interest. | trade receivables turnover ratio=-crfo/ ATR | trade payables turnover ratio= net credit purchases/ ATP |

crfo=opening inventory+ net purchase+ direct expense -closing inventory

crfo= cost of material consumed +purchase of stock in trade +change in inventory of finished goods +direct exp.

crfo= rfo- GP

## liquidity ratios

| | |
|---|---|
| current ratio= CA/CL | liquid/quick ratio= LAorQA/CL |
| wc=ca- cl | QA= CA- inventories-prepaid exp. |

## profitability ratios

| | | | | |
|---|---|---|---|---|
| GP ratio= GP/rfo ×100 | operating ratio= crfo+Operating exp/ rfo ×100 OR operating cost/ rfo×100 | operating profit ratio= operating profit / rfo×100 | net profit ratio= NP after tax /rfo ×100 | return on invst/cpt employed= profit before interest,tax &dividend/ cpt employedOR operating cost/ rfo ×100 |

## profitability ratios (cont)

| | | | | |
|---|---|---|---|---|
| WC=rfo -cfo | operating expenses= employees benefit exp + deprec &amortisation exp +other exp | OP=np +non-operating exp - non-operating income | np after tax= gp + other income - indirect expenses -tax | capital employed= asset side: NCA +WC liability side: share cpt+reserves and surplus +LTB +LTP |
| working capital turnover ratio= rfo/ WC | rfo= sales -sales return | | | |

percentage



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