Download All Financial Ratio Formulas

Financial ratio analysis is performed by comparing two items in the financial statements. The resulting ratio can be interpreted in a way that is not possible when interpreting the items separately. Financial ratios can be classified into ratios that measure: profitability, liquidity, management efficiency, leverage, and valuation & growth.What are Financial Ratios? Financial ratios are created with the use of numerical values taken from financial statements Three Financial Statements The three financial statements are the income statement, the balance sheet, and the statement of cash flows. These three core statements are intricately linked to each other and this guide will explain how they all fit together.Financial ratio analysis compares relationships between financial statement accounts to identify the strengths and weaknesses of a company. Financial ratios are usually split into seven main categories: liquidity, solvency, efficiency, profitability, equity, market prospects, investment leverage, and coverage.Financial ratio formula sheet, prepared by Pamela Peterson-Drake 1. Net income Net profit margin Sales = 4. Activity. Inventory Cost of goods sold Inventory =turnover Accounts receivable Sales on credit =Accounts receivable turnover Total assets Sales Total asset =turnover Fixed assets Sales Fixed asset =turnover 5.