Test 1 Equations

Current = \frac{Current \ assets}{Current \ liabilities}

Cash ratio = \frac{Cash}{Current \ liabilities}

Interval measure = \frac{Current \ assets}{Average \ daily \ operating \ costs}

Days Sales in Inventory = \frac{365 \ days}{Inventory \ turnover}

DSO = \frac{Receivables}{\frac{Annual \ sales}{360}} = \frac{365 \ days}{Receivables \ turnover}

Fixed asset turnover = \frac{Sales}{Net \ fixed \ assets}

Debt ratio = \frac{Total \ assets - Total \ equity}{Total \ assets} = \frac{Total \ debt}{Total \ assets}

Equity multiplier = \frac{Total \ assets}{Total \ equity} = \frac{1}{1 - Debt \ ratio} = 1 + \frac{D}{E}

Long term debt ratio = \frac{Long \ term \ debt}{Long \ term \ debt + Total \ equity}

Profit margin = \frac{Net \ income}{Sales}

Net income available to common stockholders

ROE = \frac{Net \ income}{Common \ equity}

ROE = ROA \times Equity \ multiplier = Profit \ margin \times Total \ asset \ turnover \times Equity \ multiplier

Internal growth rate = \frac{ROA \times b}{1 - ROA \times b}

Sustainable growth rate = \frac{ROE \times b}{1 - ROE \times b}

dividend payout ratio = \frac{Cash \ dividends}{Net \ income}

Quick = \frac{Current \ assets - Inventories}{Current \ liabilities}

NWC to TA = \frac{Net \ working \ capital}{Total \ Assets}

Inventory turnover = \frac{Cost \ of \ goods \ sold}{Inventories}

Receivables turnover = \frac{Sales}{Receivables}

NWC turnover = \frac{Sales}{Net \ working \ capital}

Total asset turnover = \frac{Sales}{Total \ assets}

Debt to equity ratio = \frac{Total \ debt}{Total \ equity}

TIE = \frac{EBIT}{Interest \ charges}

Cash coverage ratio = \frac{EBIT + Depreciation}{Interest}

ROA = \frac{Net \ income}{Total \ assets}

Market / Book = \frac{Market \ value \ per \ share}{Book \ value \ per \ share}

D/E = \frac{D/A}{1 - D/A} \quad D/A = \frac{D/E}{1 + D/E}