

Important Formulas of Financial Ratios PDF



Formulas Examples with Units

List of 22 Important Formulas of Financial Ratios

1) Average Collection Period Formula ↻

Formula

$$ACP = \frac{AR}{\frac{S_{RP}}{t}}$$

Example

$$0.131 = \frac{2000}{\frac{458000}{30}}$$

Evaluate Formula ↻

2) Business Current Ratio Formula ↻

Formula

$$CR = \frac{CA}{CL}$$

Example

$$2.65 = \frac{79500}{30000}$$

Evaluate Formula ↻

3) Business Quick Ratio Formula ↻

Formula

$$QR = \frac{CA - I_{LR}}{CL}$$

Example

$$2.6485 = \frac{79500 - 45}{30000}$$

Evaluate Formula ↻

4) Cash Flow to Sales Formula ↻

Formula

$$CFS = \frac{OCF}{S}$$

Example

$$4.2 = \frac{4200000}{1000000}$$

Evaluate Formula ↻

5) Current Ratio Formula ↻

Formula

$$CR = \frac{CA}{CL}$$

Example

$$2.65 = \frac{79500}{30000}$$

Evaluate Formula ↻

6) Debt to Assets Ratio Formula ↻

Formula

$$DA = \frac{TL}{TA}$$

Example

$$0.4501 = \frac{45010}{100000}$$

Evaluate Formula ↻



7) Debt to Equity Ratio Formula

Formula

$$R_{D/E} = \frac{TL}{TSE} \cdot 100$$

Example

$$37508.3333 = \frac{45010}{120} \cdot 100$$

Evaluate Formula 

8) Economic Value Added Formula

Formula

$$EVA = NOPAT - WACC \cdot TC$$

Example

$$449999 = 1000010 - 11 \cdot 50001$$

Evaluate Formula 

9) Equity Multiplier Formula

Formula

$$EM = \frac{TA}{TSE}$$

Example

$$833.3333 = \frac{100000}{120}$$

Evaluate Formula 

10) Fixed Asset Turnover Ratio Formula

Formula

$$FAT = \frac{NS}{ANFA}$$

Example

$$3.8298 = \frac{90000}{23500}$$

Evaluate Formula 

11) Fixed Charge Coverage Ratio Formula

Formula

$$FCCR = \frac{EBIT + FCBT}{FCBT + I}$$

Example

$$2.4999 = \frac{450000 + 300000}{300000 + 7}$$

Evaluate Formula 

12) Free Cash Flow Formula

Formula

$$FCF = CFO - CAPEX$$

Example

$$48000 = 50000 - 2000$$

Evaluate Formula 

13) Free Cash Flow to Firm Formula

Formula

$$FCFF = CFO + (Int \cdot (1 - tax)) - CAPEX$$

Example

$$47300 = 50000 + (100 \cdot (1 - 8)) - 2000$$

Evaluate Formula 

14) Interest Coverage Ratio Formula

Formula

$$ICR = \frac{EBIT}{Int}$$

Example

$$4500 = \frac{450000}{100}$$

Evaluate Formula 



15) Inventory Turnover Ratio Formula

Formula

$$\text{ITR} = \frac{\text{COGS}}{\text{In}}$$

Example

$$0.8889 = \frac{40000}{45000}$$

Evaluate Formula 

16) Market Capitalization Formula

Formula

$$\text{MC} = \text{CSP} \cdot \text{TSO}$$

Example

$$931000 = 1.9 \cdot 490000$$

Evaluate Formula 

17) Quick Ratio Formula

Formula

$$\text{QR} = \frac{\text{CA} - \text{I}_{\text{LR}}}{\text{CL}}$$

Example

$$2.6485 = \frac{79500 - 45}{30000}$$

Evaluate Formula 

18) Receivables Turnover Ratio Formula

Formula

$$\text{RTR} = \frac{\text{NS}}{\text{AAR}}$$

Example

$$7.2 = \frac{90000}{12500}$$

Evaluate Formula 

19) Revenue Growth Rate Formula

Formula

$$\text{RGR} = \left(\frac{\text{CPR} - \text{PPR}}{\text{PPR}} \right) \cdot 100$$

Example

$$20 = \left(\frac{600000 - 500000}{500000} \right) \cdot 100$$

Evaluate Formula 

20) Sales Growth Rate Formula

Formula

$$\text{SGR} = \left(\frac{\text{CPS} - \text{PPS}}{\text{PPS}} \right) \cdot 100$$

Example

$$75 = \left(\frac{700000 - 400000}{400000} \right) \cdot 100$$

Evaluate Formula 

21) Sales to Receivables Ratio Formula

Formula

$$\text{SR} = \frac{\text{NS}}{\text{NR}}$$

Example

$$0.1146 = \frac{90000}{785645}$$

Evaluate Formula 

22) Total Asset Turnover Formula

Formula

$$\text{ATO} = \frac{\text{S}}{\text{TA}}$$

Example

$$10 = \frac{1000000}{100000}$$

Evaluate Formula 



Variables used in list of Important Formulas of Financial Ratios above

- **AAR** Average Accounts Receivables
- **ACP** Average Collection Period
- **ANFA** Average Net Fixed Assets
- **AR** Accounts Receivable
- **ATO** Total Asset Turnover
- **CA** Current Assets
- **CAPEX** Net Capital Expenditures
- **CFO** Cash Flow from Operations
- **CFS** Cash Flow to Sales
- **CL** Current Liabilities
- **COGS** Cost of Goods Sold
- **CPR** Current Period Revenue
- **CPS** Current Period Sales
- **CR** Current Ratio
- **CSP** Current Share Price
- **DA** Debt to Assets Ratio
- **EBIT** Earnings Before Interest and Taxes
- **EM** Equity Multiplier
- **EVA** Economic Value Added
- **FAT** Fixed Asset Turnover Ratio
- **FCBT** Fixed Charges Before Taxes
- **FCCR** Fixed Charge Coverage Ratio
- **FCF** Free Cash Flow
- **FCFF** Free Cash Flow to Firm (FCFF)
- **I** Interest
- **I_{LR}** Inventory of Liquidity Ratio
- **ICR** Interest Coverage Ratio
- **In** Inventory
- **Int** Interest Expense
- **ITR** Inventory Turnover Ratio
- **MC** Market Capitalization
- **NOPAT** Net Operating Profit After Tax
- **NR** Net Receivables
- **NS** Net Sales
- **OCF** Operating Cash Flow
- **PPR** Previous Period Revenue
- **PPS** Previous Period Sales



- **QR** Quick Ratio
- **R_{D/E}** Debt to Equity (D/E)
- **RGR** Revenue Growth Rate
- **RTR** Receivables Turnover Ratio
- **S** Sales
- **S_{RP}** Sales for Reporting Period
- **SGR** Sales Growth Rate
- **SR** Sales to Receivables Ratio
- **t** Reporting Period Length
- **TA** Total Assets
- **tax** Tax Rate
- **TC** Total Invested Capital
- **TL** Total Liabilities
- **TSE** Total Shareholders' Equity
- **TSO** Total Shares Outstanding
- **WACC** Weighted Average Cost of Capital



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