Financial Planning Ratios

10/19/2022

	XYZ Company	ABC Company
Cash:	$0	$0
Accounts Receivable:	$0	$0
Inventory:	$0	$0
Current Assets:	$0	$0
Current Liabilities:	$0	$0
Working Capital:	$0	$0
Fixed Assets:	$0	$0
Total Assets:	$0	$0
Long Term Debt:	$0	$0
Total Liabilities:	$0	$0
Net Worth:	$0	$0
Sales:	$0	$0
Gross Profit (Margin):	$0	$0
Operating Profit:	$0	$0
Income Before Interest and Tax:	$0	$0
Interest Expense:	$0	$0
Net Income:	$0	$0
SHORT TERM LIQUIDITY RATIOS		
Current Ratio (Assets/Liabilities):	0.00:1	0.00:1
Acid Test (Curr. Assets - Inv.)/Curr. Liabilities:	0.00:1	0.00:1
CAPITAL STRUCTURE & LONG TERM SOLVENCY RATIOS		
Net Worth to Total Liabilities:	0.00:1	0.00:1
Net Worth to Long Term Debt:	0.00:1	0.00:1
Net Worth to Fixed Assets:	0.00:1	0.00:1
Times Int. Earned (Inc,Before Int. + Taxes/Int.):	0.00:1	0.00:1
RETURN ON INVESTMENT RATIOS		
Net Income/Total Assets:	0.00%	0.00%
OPERATING RATIOS		
Gross Profit to Sales:	0.00:1	0.00:1
Operating Profits to Sales:	0.00:1	0.00:1
Net Income to Sales:	0.00:1	0.00:1
ASSET UTILIZATION RATIOS		
Sales to Cash:	0.00:1	0.00:1
Sales to Accounts Receivable:	0.00:1	0.00:1
Sales to Inventories:	0.00:1	0.00:1
Sales to Working Capital:	0.00:1	0.00:1
Sales to Fixed Assets:	0.00:1	0.00:1
Sales to Total Assets:	0.00:1	0.00:1

Financial Planning Ratios

Ratios are frequently used in financial analysis. A ratio is an equation that identifies the relationship of one quantity to another, such as current assets ($20,000) to current liabilities ($8,000). Ratios are also expressed as percentages, such as 1 to 5 equals 20%.

Ratios are used to compare the business to be valued to:

- The same business's ratio in previous years,
- The ratios of competitors, and
- A goal set by the business's owners and financial advisors.

Ratios are often used to measure the following:

- The business's ability to meet its short-term obligations (liquidity ratios).
- The business's long-range ability to provide security for creditors (debt, coverage, or leverage ratios).
- The business's ability to generate a profit (performance ratios).
- The business's ability to use assets effectively (utilization ratios).
- The business's marketability (market measure ratio).

Accurate data is needed to calculate accurate ratios. This data can be obtained from company balance sheets and income statements.