

Ratio Analysis Worksheet

		20____	20____	20____	Target
LIQUIDITY RATIOS					
1. Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	_____	_____	_____	_____
2. Quick Ratio	$\frac{\text{Cash+A/Rs+Marketable Sec.}}{\text{Current Liabilities}}$	_____	_____	_____	_____
SAFETY RATIO					
3. Debt to Equity	$\frac{\text{Total Liabilities}}{\text{Equity}}$	_____	_____	_____	_____
PROFITABILITY RATIOS					
4. Gross Profit Margin	$\frac{\text{Gross Profit}}{\text{Sales}}$	_____ %	_____ %	_____ %	_____ %
5. Pretax Margin	$\frac{\text{Pretax Profit}}{\text{Sales}}$	_____ %	_____ %	_____ %	_____ %
OPERATING PERFORMANCE RATIOS					
6. Sales to Assets	$\frac{\text{Sales}}{\text{Total Assets}}$	_____	_____	_____	_____
7. Return on Assets	$\frac{\text{Pretax Profit}}{\text{Total Assets}}$	_____ %	_____ %	_____ %	_____ %
8. Return on Equity	$\frac{\text{Pretax Profit}}{\text{Equity}}$	_____ %	_____ %	_____ %	_____ %
9. Inventory Turnover	$\frac{\text{Cost of Goods Sold}}{\text{Inventory}}$	_____ X	_____ X	_____ X	_____ X
10. Inventory Turn Days	$\frac{365}{\text{Inventory Turnover}}$	_____ days	_____ days	_____ days	_____ days
11. A/R Turnover	$\frac{\text{Sales}}{\text{ARs}}$	_____ X	_____ X	_____ X	_____ X
12. A/R Collection Period	$\frac{365}{\text{A/R Turnover}}$	_____ days	_____ days	_____ days	_____ days
13. A/P Turnover	$\frac{\text{Cost of Goods Sold}}{\text{A/Ps}}$	_____ X	_____ X	_____ X	_____ X
14. A/P Days	$\frac{365}{\text{A/P Turnover}}$	_____ days	_____ days	_____ days	_____ days

Ratio Analysis Worksheet

There are two formats for FASB Statement of Cash Flow, the Indirect and Direct method. We have chosen the Indirect method because we believe it is easier to construct and understand.

HOW TO USE DIAGRAM:

1. Gather three years of your latest year-end Balance Sheets and Income Statements. Annotate a column for each year-end statement.
2. Follow formulas for each ratio to calculate the ratio for its respective year. Calculate the ratios for three consecutive years.
3. Record industry comparative data for each ratio (if available).
4. Note the trend of each ratio and red flag any negative trends.

<u>Ratio</u>	<u>General Positive trend</u>
Current	upward/increasing
Quick	upward/increasing
Debt to Equity	flat/decreasing
Gross Profit %	flat/increasing
Pretax %	flat/increasing
Sales to Assets	flat/increasing
Return on Assets	increasing
Return on Equity	increasing
Inventory Turnover	flat/increasing
Inventory Days	flat/declining
AR Turnover	flat/increasing
AR Collection Period	flat/decreasing
AP Turnover	flat/decreasing
AP Days	flat/increasing

5. Compare latest year-end to industry standard and note deviation, i.e. above or below. Determine cause of performance deviation.

Questions:

If you have questions on how to fill out the Ratio Analysis Worksheet, contact a Hipereon professional. You may also consider attending one of our financial management programs that demonstrates how to use this tool and much more:

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