Analyzed Results

To calculate the debt to asset ratio, you use the formula:

$$ \text{Debt to Asset Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}} $$

Looking at the Comparative Year-End Balance Sheets for Haroun Company for 2021:

- Total Liabilities: \$3,254 thousand (Current liabilities \$1,220 thousand + Long-term liabilities \$2,020 thousand + Other current liabilities \$14 thousand)
- Total Assets: \$4,442 thousand

Now, placing these values in the formula:

$$ \text{Debt to Asset Ratio} = \frac{3,254}{4,442} \approx 0.73 $$

So, the debt to asset ratio is approximately 0.73, or 73%. This means that for every dollar of assets, Haroun Company owes 73 cents in debt. This ratio helps to indicate how much of the company's assets are financed by debt. A higher ratio can imply higher financial leverage and potentially more financial risk.