

### ACC-260 Final Exam Topic 7 Formula Sheet

Working capital	$\text{Current assets} - \text{Current liabilities}$
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$
Cash ratio	$\frac{\text{Cash} + \text{Cash equivalents}}{\text{Total current liabilities}}$
Acid-test ratio	$\frac{\text{Cash \& cash equivalents} + \text{Short-term investments} + \text{Net current receivables}}{\text{Total current liabilities}}$
Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Average merchandise inventory}}$
Days' sales in inventory	$\frac{365 \text{ days}}{\text{Inventory turnover}}$
Gross profit percentage	$\frac{\text{Gross profit}}{\text{Net sales revenue}}$
Accounts receivable turnover ratio	$\frac{\text{Net credit sales}}{\text{Average net accounts receivable}}$
Days' sales in receivables	$\frac{365 \text{ days}}{\text{Accounts receivable turnover ratio}}$
Debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$
Times-interest-earned ratio	$\frac{\text{Net income} + \text{Income tax expense} + \text{Interest expense}}{\text{Interest expense}}$

Profit margin ratio	$\frac{\text{Net income}}{\text{Net sales}}$
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Rate of return on total assets	$\frac{\text{Net income} + \text{Interest expense}}{\text{Average total assets}}$
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Asset turnover ratio	$\frac{\text{Net sales}}{\text{Average total assets}}$
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Rate of return on common stockholders' equity	$\frac{\text{Net income} - \text{Preferred dividends}}{\text{Average common stockholders' equity}}$
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Earnings per share	$\frac{\text{Net income} - \text{Preferred dividends}}{\text{Weighted average number of common shares outstanding}}$
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Price/earnings ratio	$\frac{\text{Market price per share of common stock}}{\text{Earnings per share}}$
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Dividend yield	$\frac{\text{Annual dividend per share}}{\text{Market price per share}}$
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Dividend payout	$\frac{\text{Annual dividend per share}}{\text{Earnings per share}}$
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