

“DAYS” RATIOS

DSO (Days of Sales Outstanding) Average number of days that a company takes to collect revenue	$DSO = \left(\frac{\text{Trade Receivables}}{\text{Revenue}} \right) \times 360$	Trade Receivables Generated upon selling products and services on credit	CLIENTS 
DPO (Days of Payables Outstanding) A company's average payable period	$DPO = \left(\frac{\text{Trade Payables}}{\text{Cost of Goods Sold}} \right) \times 360$	Trade Payables Generated upon purchasing products and services on credit	SUPPLIERS 
DIO (Days of Inventory Outstanding) How long it takes a company to turn its inventory into sales	$DIO = \left(\frac{\text{Inventory}}{\text{Cost of Goods Sold}} \right) \times 360$	Inventory The amount of raw materials, WIP, and finished products held by the company	COMPANY 

