

# Ratio Formulae

## A. Liquidity

<b>Current</b>	$\frac{\text{current assets}}{\text{current liabilities}}$
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## B. Profitability

<b>Profit</b>	$\frac{\text{profit}}{\text{net income}}$
<b>Gross profit</b>	$\frac{\text{gross profit}}{\text{net income}}$
<b>Rate of return on owner's equity</b>	$\frac{\text{profit}}{\text{shareholder's equity}}$
<b>Expense</b>	$\frac{\text{operating expenses}}{\text{net income}}$

## C. Leverage

<b>Debt to equity</b>	$\frac{\text{total liabilities}}{\text{equity closing balance}}$
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