

## Ratio Formula

Category	Type	Formula
Liquidity Ratio	Current Ratio (Work Capital Ratio)	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$
	Quick Ratio (Acid Test Ratio)	$\frac{\text{Current Asset} - \text{Inventory} - \text{Prepaid Expenses}}{\text{Current Liabilities}}$
Turnover Ratio (Efficiency Ratio)	Receivables Turnover Ratio	$\frac{\text{Net Credit Sales (minus off all discount \& return)}}{(\text{Opening Receivables} + \text{Closing Receivables}) / 2}$
	Receivable Turnover Ratio (in days)	$\frac{365}{\text{Receivables Turnover Ratio}}$
	Payables Turnover Ratio	$\frac{\text{Net Credit Purchase (minus off all discount \& return)}}{(\text{Opening Payables} + \text{Closing Payables}) / 2}$  (Note: some cases numerator will used COGS)
	Payables Turnover Ratio (in days)	$\frac{365}{\text{Payables Turnover Ratio}}$
	Inventory Turnover Ratio	$\frac{\text{Cost of Goods Sold}}{(\text{Opening Stock} + \text{Closing Stock}) / 2}$
	Inventory Turnover Ratio (in days)	$\frac{365}{\text{Inventory Turnover Ratio}}$
Profitability Ratio	Gross Profit Margin	$\frac{(\text{Sales} - \text{Cost of Goold Sold}) \times 100\%}{\text{Net Sales}}$
	Net Profit Margin	$\frac{\text{Net Profit} \times 100\%}{\text{Net Sales}}$