

## DEFINITIONS OF THE RATIOS

### A- LIQUIDITY RATIOS

1- Current Ratio	$\frac{\text{Current Assets}}{\text{Short-Term Liabilities}}$
2- Quick (Acid-Test) Ratio	$\frac{\text{Current Assets} - (\text{Inventories} + \text{Prepayments} + \text{Accrued Income for the Next Months} + \text{Other Current Assets})}{\text{Short-Term Liabilities}}$
3- Cash Ratio	$\frac{\text{Liquid Assets} + \text{Marketable Securities}}{\text{Short-Term Liabilities}}$
4- Inventories to Current Assets	$\frac{\text{Inventories}}{\text{Current Assets}}$
5- Inventories to Total Assets	$\frac{\text{Inventories}}{\text{Total Assets}}$
6- Inventory Dependency Ratio	$\frac{\text{Short-Term Liabilities} - (\text{Liquid Assets} + \text{Marketable Securities})}{\text{Inventories}}$
7- Short-Term Receivables to Current Assets	$\frac{\text{Short-Term Trade Receivables} + \text{Other Short-Term Receivables}}{\text{Current Assets}}$
8- Short-Term Receivables to Total Assets	$\frac{\text{Short-Term Trade Receivables} + \text{Other Short-Term Receivables}}{\text{Total Assets}}$

## B- RATIOS OF FINANCIAL POSITION

1- Total Loans to Total Assets (Leverage Ratio)	$\frac{\text{Short-Term Liabilities} + \text{Long-Term Liabilities}}{\text{Total Assets}}$
2- Own Funds to Total Assets	$\frac{\text{Own Funds}}{\text{Total Assets}}$
3- Own Funds to Total Loans	$\frac{\text{Own Funds}}{\text{Short-Term Liabilities} + \text{Long-Term Liabilities}}$
4- Short-Term Liabilities to Total Liabilities	$\frac{\text{Short-Term Liabilities}}{\text{Total Liabilities}}$
5- Long-Term Liabilities to Total Liabilities	$\frac{\text{Long-Term Liabilities}}{\text{Total Liabilities}}$
6- Long-Term Liabilities to Long-Term Liabilities and Own Funds	$\frac{\text{Long-Term Liabilities}}{\text{Long-Term Liabilities} + \text{Own Funds}}$
7- Tangible Fixed Assets to Own Funds	$\frac{\text{Tangible Fixed Assets (Net)}}{\text{Own Funds}}$
8- Tangible Fixed Assets to Long-Term Liabilities	$\frac{\text{Tangible Fixed Assets (Net)}}{\text{Long-Term Liabilities}}$
9- Fixed Assets to Total Loans	$\frac{\text{Fixed Assets}}{\text{Short-Term Liabilities} + \text{Long-Term Liabilities}}$
10- Fixed Assets to Own Funds	$\frac{\text{Fixed Assets}}{\text{Own Funds}}$

11- Fixed Assets to Long-Term Liabilities and Own Funds	Fixed Assets ----- Long-Term Liabilities + Own Funds
12- Short-Term Liabilities to Total Loans	Short-Term Liabilities ----- Short-Term Liabilities + Long-Term Liabilities
13- Bank Loans to Total Assets	Short-Term Bank Loans + Principal Instalments and Interest Payments of Long-Term Loans + Long-Term Bank Loans ----- Total Assets
14- Short-Term Bank Loans to Short-Term Liabilities	Short-Term Bank Loans + Principal Instalments and Interest Payments of Long-Term Loans ----- Short-Term Liabilities
15- Bank Loans to Total Loans	Short-Term Bank Loans + Principal Instalments and Interest Payments of Long-Term Bank Loans + Long-Term Bank Loans ----- Short-Term Liabilities + Long-Term Liabilities
16- Current Assets to Total Assets	Current Assets ----- Total Assets
17- Tangible Fixed Assets to Total Assets	Tangible Fixed Assets (Net) ----- Total Assets

## C- TURNOVER RATIOS

1- Inventory Turnover	$\frac{\text{Cost of Goods Sold (Current Year)}}{\frac{(\text{Previous Year's Inventory} + \text{Current Year's Inventory})/2}{}}$
2- Receivables Turnover	$\frac{\text{Net Sales}}{\frac{\text{Short-Term Trade Receivables} + \text{Long-Term Trade Receivables}}{}}$
3- Working Capital Turnover	$\frac{\text{Net Sales}}{\text{Current Assets}}$
4- Net Working Capital Turnover	$\frac{\text{Net Sales}}{\text{Current Assets} - \text{Short-Term Liabilities}}$
5- Tangible Fixed Assets Turnover	$\frac{\text{Net Sales}}{\text{Tangible Fixed Assets (Net)}}$
6- Fixed Assets Turnover	$\frac{\text{Net Sales}}{\text{Fixed Assets}}$
7- Own Funds Turnover	$\frac{\text{Net Sales}}{\text{Own Funds}}$
8- Total Assets Turnover	$\frac{\text{Net Sales}}{\text{Total Assets}}$

## D- PROFITABILITY RATIOS

### 1) Ratios Relating Profit to Capital

a- Net Profit to Own Funds  $\frac{\text{Net Profit (Profit After Tax)}}{\text{Own Funds}}$

b- Profit Before Tax to Own Funds  $\frac{\text{Profit Before Tax}}{\text{Own Funds}}$

c- Profit Before Interest and Tax to Total Liabilities  $\frac{\text{Profit Before Tax + Financing Expenses}}{\text{Total Liabilities}}$

d- Net Profit to Total Assets  $\frac{\text{Net Profit (Profit After Tax)}}{\text{Total Assets}}$

e- Operating Profit to Assets Used in Carrying out the Operations  $\frac{\text{Operating Profit}}{\text{Total Assets-Financial Fixed Assets}}$

f- Cumulative Profitability Ratio  $\frac{\text{Reserves from Retained Earnings}}{\text{Total Assets}}$

### 2) Ratios Relating Profit to Sales

a- Operating Profit to Net Sales  $\frac{\text{Operating Profit}}{\text{Net Sales}}$

b- Gross Profit to Net Sales  $\frac{\text{Gross Profit}}{\text{Net Sales}}$

c- Net Profit to Net Sales	$\frac{\text{Net Profit (Profit After Tax)}}{\text{Net Sales}}$
d- Cost of Goods Sold to Net Sales	$\frac{\text{Cost of Goods Sold}}{\text{Net Sales}}$
e- Operating Expenses to Net Sales	$\frac{\text{Operating Expenses}}{\text{Net Sales}}$
f- Interest Expenses to Net Sales	$\frac{\text{Financing Expenses}}{\text{Net Sales}}$

### 3) Ratios Relating Profit to Financial Obligations

a- Profit Before Interest and Tax to Interest Expenses	$\frac{\text{Profit Before Tax + Financing Expenses}}{\text{Financing Expenses}}$
b- Net Profit and Interest Expenses to Interest Expenses	$\frac{\text{Net Profit + Financing Expenses}}{\text{Financing Expenses}}$