RATIO	FORMULA	WHAT IT MEASURES
ACCOUNTS RECEIVABLE TURNOVER	$\frac{\text{ANNUAL CREDIT SALES}}{\text{ACCOUNTS RECEIVABLE}}$	The number of times that accounts receivable amount is collected throughout the year
BREAKEVEN POINT IN DOLLARS	SALES PRICE PER UNIT x BREAKEVEN POINT IN UNITS	Point in time where your cash flow is neither positive nor negative, there is neither profit nor loss, and all your costs are paid (in dollars)
BREAKEVEN POINT IN UNITS	$\frac{\text{FIXED COSTS}}{\text{(SALES PRICE PER UNIT - VARIABLE COST PER UNIT)}}$	Point in time where your cash flow is neither positive nor negative, there is neither profit nor loss, and all your costs are paid (in units)
CASH CYCLE	DAYS RECEIVABLE + DAYS INVENTORY - DAYS PAYABLE - DAYS PAYROLL ACCRUAL	The delay between when you spend the cash to generate a sale and when you receive cash from the customer
COST OF GOODS SOLD	$\frac{\text{COST OF PRODUCT}}{\text{SERVICE}}$ = SALES - GROSS PROFIT	The direct costs attributable to the production of the goods sold
CURRENT RATIO	$\frac{\text{TOTAL CURRENT ASSETS}}{\text{TOTAL CURRENT LIABILITIES}}$	Whether the company has enough liquidity to pay its short-term obligations
DAYS INVENTORY	$\left(\frac{\text{AVERAGE INVENTORY}}{\text{ANNUAL COGS OR COST OF SALES}}\right)$ X 365 DAYS	The time it takes for inventory to be produced and sold
DAYS PAYABLE	$\left(\frac{\text{AVERAGE ACCOUNTS PAYABLE}}{\text{ANNUAL COGS OR COST OF SALES}}\right)$ X 365 DAYS	The time it takes for you to pay your bills to suppliers who have allowed you credit terms
DAYS PAYROLL ACCRUAL	$\left(\frac{\text{AVERAGE PAYROLL ACCRUAL}}{\text{ANNUAL COGS OR COST OF SALES}}\right)$ X 365 DAYS	The time it takes for you to pay your employees
DAYS RECEIVABLE	$\left(\frac{\text{AVERAGE ACCOUNTS RECEIVABLE}}{\text{SALES PER YEAR}}\right)$ X 365 DAYS	The time it takes customers to pay for products or services
GROSS MARGIN	$\frac{\text{GROSS PROFIT}}{\text{NET SALES}}$	The amount of money from a sale that can go into covering the cost of goods sold
GROSS PROFIT	SALES - $\frac{\text{COST OF PRODUCT}}{\text{SERVICE}}$	How much of every dollar of revenues is left over after paying cost of goods sold
INVENTORY TURNOVER	$\frac{\text{COST OF GOODS SOLD}}{\text{INVENTORY}}$	How popular the inventory is
NET INCOME	GROSS PROFIT - OPERATING EXPENSES	Profitability
NET MARGIN	$\frac{\text{NET INCOME}}{\text{NET SALES}}$	Profitability
QUICK RATIO	$\frac{\text{(CURRENT ASSETS - INVENTORY)}}{\text{TOTAL CURRENT LIABILITIES}}$	Whether the company's assets minus inventory will provide enough liquidity to cover its short-term obligations