

FINANCE 311 - FORMULA SHEET

$$\text{Profit margin} = \frac{\text{Net income}}{\text{Sales}}$$

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Total assets}}$$

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Stockholders' equity}}$$

$$\text{Receivables turnover} = \frac{\text{Sales (credits)}}{\text{Accounts receivable}}$$

$$\text{Average collection period} = \frac{\text{Accounts receivable}}{\text{Avg. daily credit sales}}$$

$$\text{Average daily credit sales} = \frac{\text{Credit sales}}{360}$$

$$\text{Inventory turnover} = \frac{\text{Sales}}{\text{Inventory}}$$

$$\text{Fixed asset turnover} = \frac{\text{Sales}}{\text{Fixed assets}}$$

$$\text{Total asset turnover} = \frac{\text{Sales}}{\text{Total assets}}$$

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Quick ratio} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$$

$$\text{Debt to total assets} = \frac{\text{Total debt}}{\text{Total assets}}$$

$$\text{Times interest earned} = \frac{\text{Income before interest and taxes}}{\text{Interest}}$$

$$\text{Fixed charge coverage} = \frac{\text{Income before fixed charges and taxes}}{\text{Fixed charges}}$$

$$\bar{D} \text{ (expected value)} = \sum DP$$

$$\sigma \text{ (standard deviation)} = \sqrt{\sum (D - \bar{D})^2 P}$$

$$V \text{ (coefficient of variation)} = \frac{\sigma}{\bar{D}}$$

$$BE = \frac{FC}{P - VC}$$

$$DOL = \frac{Q(P - VC)}{Q(P - VC) - FC}$$

$$DFL = \frac{EBIT}{EBIT - I}$$

$$DCL = \frac{Q(P - VC)}{Q(P - VC) - FC - I}$$

$$P_p = \frac{D_p}{K_p}$$

$$P_0 = \frac{D_1}{K_e - g}$$

$$K_d = Y(1 - T)$$

$$K_p = \frac{D_p}{P_p}$$

$$K_p = \frac{D_p}{P_p - F}$$

$$K_e = \frac{D_1}{P_0} + g$$

$$K_n = \frac{D_1}{P_0 - F} + g$$

$$K_j = R_f + \beta(K_m - R_f)$$