

FINANCIAL RATIO EQUATIONS

Current Ratio

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Quick Ratio

$$\text{Quick Ratio} = \frac{\text{Cash} + \text{Cash Equivalents} + \text{Short Term Investments} + \text{Current Receivables}}{\text{Current Liabilities}}$$

Times Interest Earned Ratio

$$\text{Times Interest Earned Ratio} = \frac{\text{Income before Interest and Taxes or EBIT}}{\text{Interest Expense}}$$

Working Capital Ratio

$$\text{Working Capital Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

