

**** Numerical problems based on the below formula's will be discussed in our video class via our student platform 😊**

Liquidity Ratios

1. Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$
2. Quick ratio = $\frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$
3. Cash ratio = $\frac{\text{Cash} + \text{marketable securities}}{\text{Current liabilities}}$

Solvency Ratios

1. Long-term debt to equity = $\frac{\text{Total long-term debt}}{\text{Total equity}}$
2. Debt to equity = $\frac{\text{Total debt}}{\text{Total equity}}$
3. Debt ratio = $\frac{\text{Total debt}}{\text{Total assets}}$
4. Financial leverage = $\frac{\text{Total assets}}{\text{Total equity}}$