

Financial Ratios Worksheet 2

Directions:

Answer the following questions.

1. Puckett Cruises has \$45,000 in net profit and \$125,000 in net sales. What is the Puckett Cruises' net profit margin?
2. Cycle Sanitation has \$15,000 in cash flow from operation and \$100,000 in net sales. What is Cycle Sanitation's cash flow margin?
3. The Genome has \$150,000 in net sales, \$50,000 in cost of goods sold and \$25,000 in operating expenses. What is the Genome's business operating ratio? Based on the ratio is the company making money, breaking even or losing money?
4. Cars Plus has a cost of goods sold of \$400,000 and \$900,000 of beginning inventory and \$400,000 of ending inventory. What is the inventory turnover ratio?
5. Paula's Party Store has net credit sales of \$50,000 and an average accounts receivable of \$10,000. What is their accounts receivable turnover ratio? What does this ratio mean?
6. Synthesis Labs had \$7,000,000 in total supplier purchases and an average accounts payable of \$800,000. What is Synthesis Labs' accounts payable turnover ratio? What does this mean?

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7. Constant Cleaning has \$400,000 of net credit purchases and \$20,000 of average accounts payable. What is their average payment period?
8. Jeff's Landscape Supply has \$100,000 of credit sales for the year and an average amount of accounts receivable of \$40,000. What is Al's average collection period?
9. Holley's Hair Care has an operating expense of \$65,000 and net sales of \$1,000,000. What is their operating ratio? What does this mean?
10. Gloria's Glasses has \$300,000 in total liabilities and \$1,200,000 in shareholder equity. What is the capital structure ratio? What does this mean?
11. The Little House has \$250,000 of net operating income and \$100,000 of total debt service. What is their debt service coverage ratio?