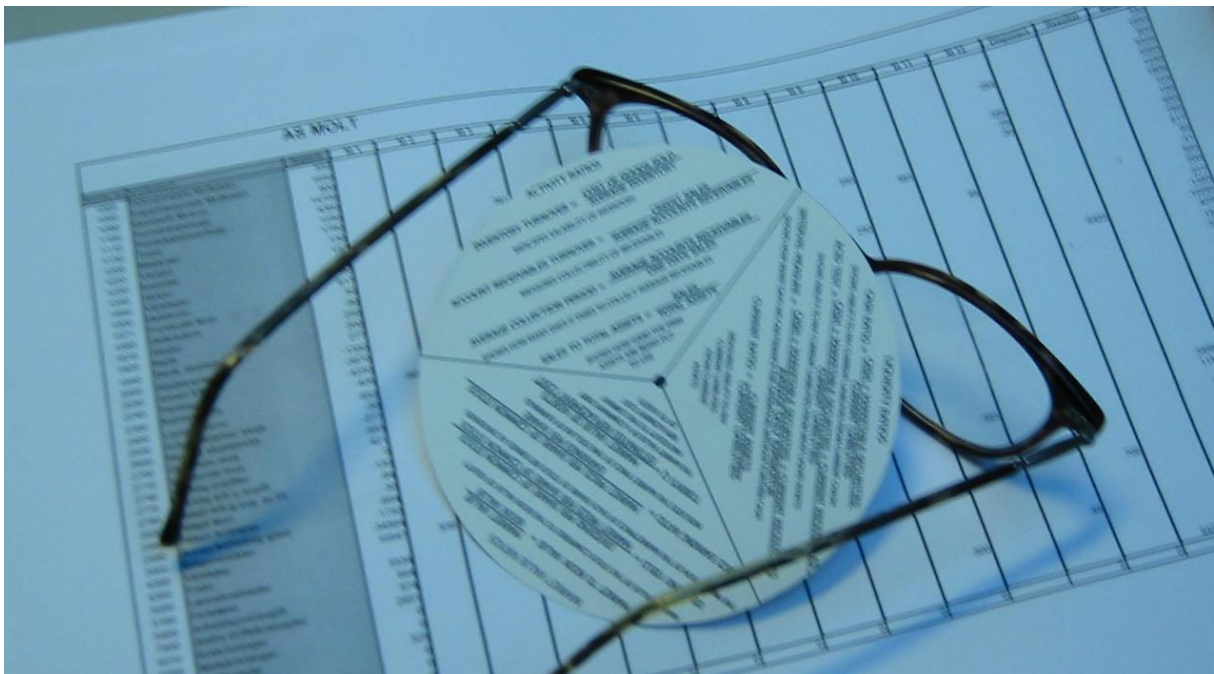


FINANCIAL RATIOS COMPUTER

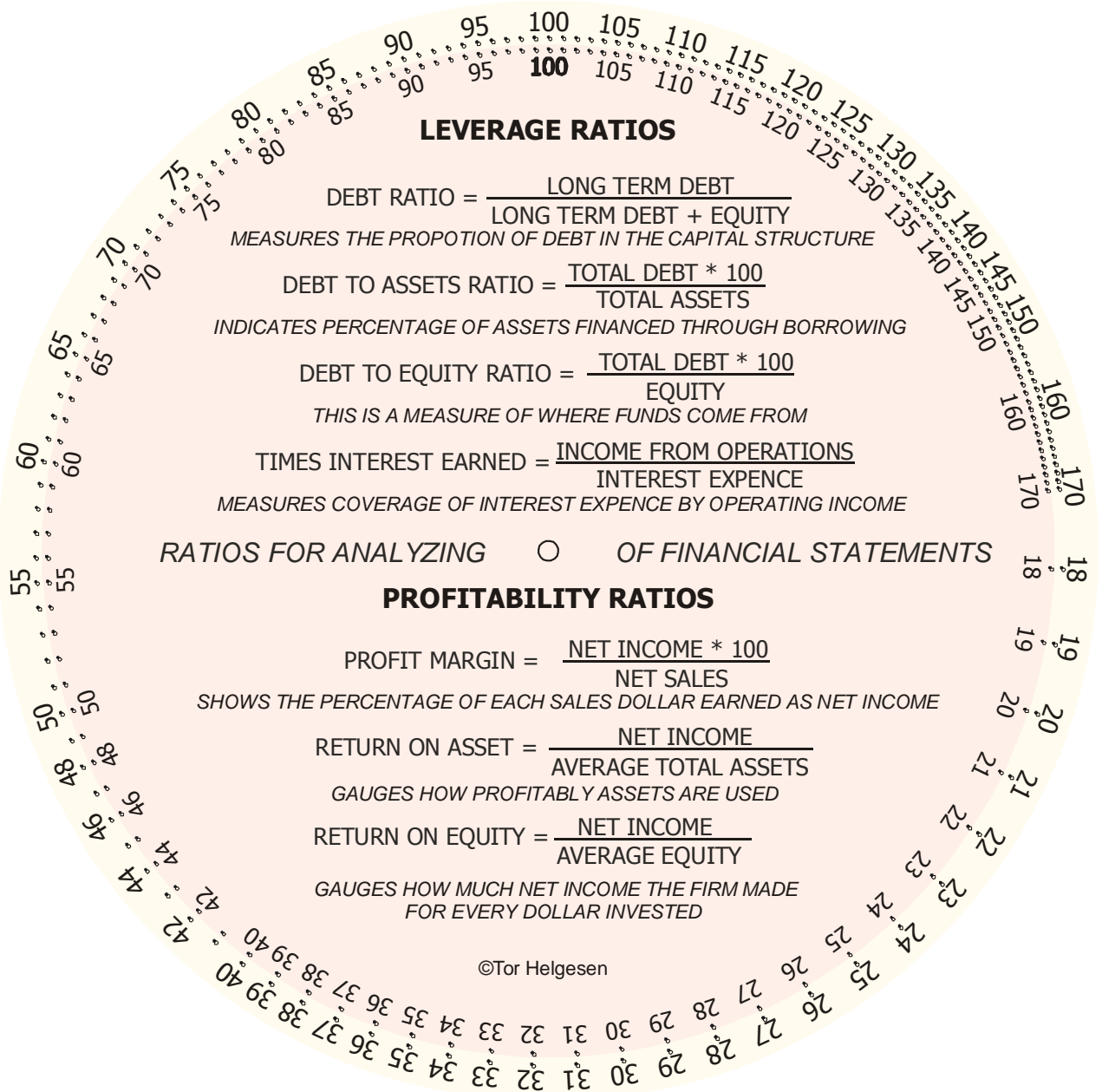
For CEO's, financial analyzers and students.
Mechanical that can calculate without using power.

Design by Tor Helgesen

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Consist of 2 PVC disks (credit card quality) that are linked together at the center, so that they can move independently.
(Diameter = 10 cm).



FRONT SIDE

Has a mechanical computer and definitions of Leverage Ratios and Profitability Ratios with comment about what each Ratio measures.

LIQUIDITY RATIOS

$$\text{CASH RATIO} = \frac{\text{CASH} + \text{MARKETABLE SECURITIES}}{\text{CURRENT LIABILITIES}}$$

SHOWS ABILITY TO PAY CURRENT LIABILITIES FROM CURRENT CASH

$$\text{ACID TEST} = \frac{\text{CASH} + \text{MARKETABLE SECURITIES} + \text{CURRENT RECEIVABLES}}{\text{CURRENT LIABILITIES}}$$

SHOWS ABILITY TO PAY CURRENT LIABILITIES FROM MOST LIQUID ASSETS

$$\text{INTERVAL MEASURE} = \frac{\text{CASH} + \text{MARKETABLE SECURITIES} + \text{CURRENT RECEIVABLES}}{\text{AVERAGE DAILY EXPENDITURE}}$$

SHOWS HOW MANY DAYS WE CAN FINANCE THE OPERATION, WITHOUT FURTHER CASH

$$\text{CURRENT RATIO} = \frac{\text{CURRENT ASSETS}}{\text{CURRENT LIABILITIES}}$$

MEASURES ABILITY TO PAY
CURRENT LIABILITIES
FROM CURRENT
ASSETS

ACTIVITY RATIOS

$\text{ACCOUNT RECEIVABLES TURNOVER} = \frac{\text{CREDIT SALES}}{\text{AVERAGE ACCOUNTS RECEIVABLES}}$
INDICATES SALABILITY OF RECEIVABLES

$\text{INVENTORY TURNOVER} = \frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE INVENTORY}}$

$\text{RECEIVABLES TURNOVER} = \frac{\text{SALES}}{\text{AVERAGE ACCOUNTS RECEIVABLES}}$
MEASURES COLLECTIBILITY OF RECEIVABLES

$\text{SALES TO TOTAL ASSETS} = \frac{\text{SALES}}{\text{TOTAL ASSETS}}$
SHOWS HOW MANY DAYS IT TAKES TO COLLECT AVERAGE RECEIVABLES
ASSETS ARE BEING PUT TO USE

$\text{AVERAGE COLLECTION PERIOD} = \frac{\text{365}}{\text{RECEIVABLES TURNOVER}}$
SHOWS HOW HARD THE FIRM
HAS TO USE

MARKET VALUE RATIOS

$\text{MARKET VALUE TO BOOK VALUE} = \frac{\text{MARKET VALUE}}{\text{BOOK VALUE}}$
PROPORTION OF THE STOCK COMPARED TO THE BOOK VALUE

$\text{DIVIDEND YIELD} = \frac{\text{DIVIDEND PER SHARE}}{\text{MARKET PRICE PER SHARE}}$
INDICATES THE MARKET PRICE OF EACH SHARE OF THE STOCK COMPARED TO THE BOOK VALUE

$\text{PRICE EARNING RATIO} = \frac{\text{MARKET PRICE PER SHARE}}{\text{EARNINGS PER SHARE}}$
INDICATES THE MARKET PRICE OF EACH SHARE OF THE STOCK COMPARED TO THE BOOK VALUE

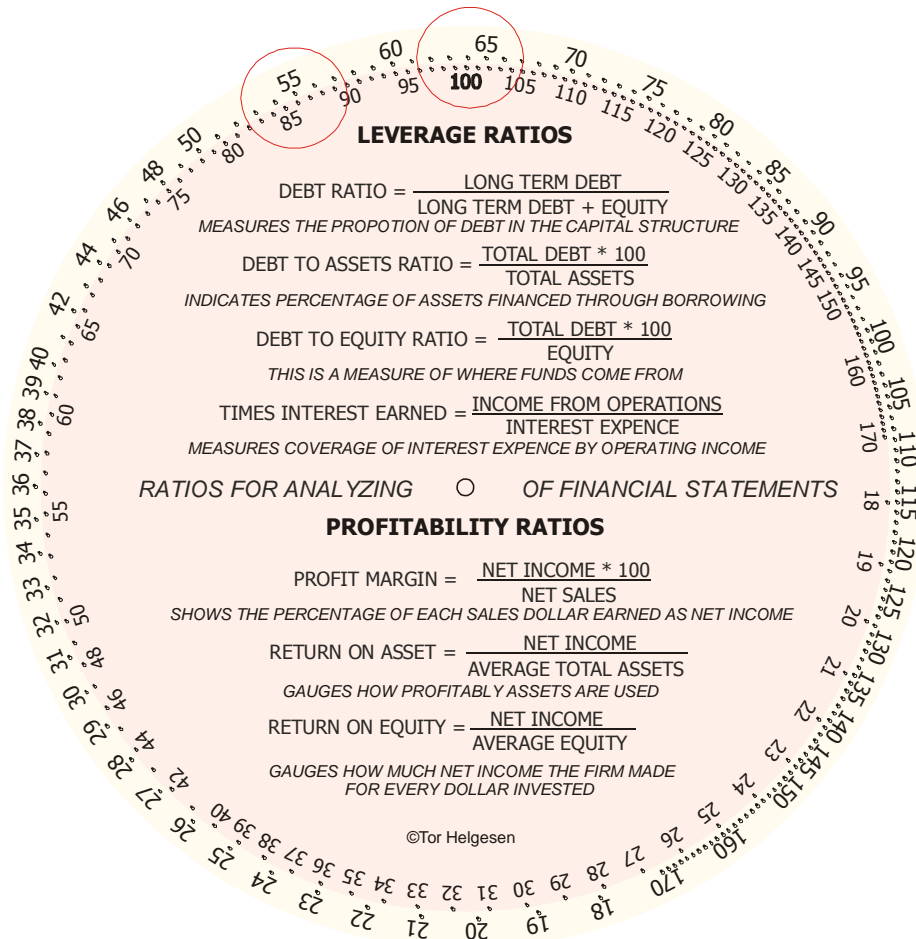
$\text{TOBIN'S Q} = \frac{\text{MARKET VALUE OF COMMON STOCK}}{\text{REPLACEMENT COST OF ASSETS}}$
THE MARKET VALUE OF ONE DOLLAR OF EARNINGS
AND EQUITY TO THE CURRENT
REPLACEMENT COST
OF ITS ASSETS

BACK SIDE

Definitions of Activity Ratios, Market Ratios and Liquidity Ratios with comment about what each Ratio measures.

Example

Calculate the ratio 55/86 by moving the bottom scales number 55 to align with the top scale 86. Then the result is shown opposite the number 100 on the top scale, in this case 64.



The calculations are based on two logarithmic scales that can do multiplication and division just like the old slide rules. Each number has floating point (meaning 3.3, 33 and 3300 is the same, you just have to keep the decimal point in your head just like in the old days)