

Useful Financial Cheat Sheet

Many students and professionals are having a hard time on how they should create their financial cheat sheet. The sheet is an important aspect for easy reading and understanding. Here is a guide for you in doing it.

Useful Financial Management Cheat Sheet

Financial Cheat Sheet

Accounting Details: Different Kinds of the Financial Statements

- **Income statement:** Income statement will show the company's result of the operations. Using it, it will allow you to see if the business has loss or income during financial period. All company's expenses, gains, losses and revenue will appear on the financial statement.
- **Balance sheet:** The sheet will show health of the business from the first day of the operations to specific date of sheet report. It will reflect the financial position of the business. It will lists the company's liabilities, assets as well as equity.
- **Statement of the cash flows:** It will reveal how the company is spending and bringing cash. Potential creditors and investor use it in gauging whether the business has enough cash flow in paying dividends to investors or to repay loans that is made by creditors.

Key Terms and Definitions

Users of the financial accounting detail: The businesses or people that need to see accounting transactions in financial statements in making educated decisions.

Characteristics of the Financial Information

- **Relevant:** The detail must directly relates to facts you are trying to understand or evaluate.
- **Reliable:** You can depend on detail in steering in right direction.
- **Comparable:** The quality of information will allow users to identify similarities and differences between companies being evaluated.
- **Consistent:** The company or business use same accounting treatment for same type of the accounting transactions.

Liquidity Ratios or Short Term Solvency

Current Ratio = Current Assets divide by Current Liabilities
Quick Ratio = (Current Assets minus Inventory) /divide by Current Liabilities
Cash Ratio = Cash divide by Current Liabilities
Net Working Capital = Net Working Capital divide by Total Assets
Internal Measure = Current Assets divide by Average Daily Operating Costs
Percentage of Debt to Asset Formula = Long Term Liabilities divide by Total Assets multiplied by 100%
Debt to Equity Ratio Formula = Total Liabilities divide by Total Equity

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This cheat sheet template will guide and help you. You no longer need to have a hard time thinking what you must do because you are provided with a good guide.

Profitability:

- **Return capital employed**
= (operating profit divide by share capital plus reserves plus non-current liabilities) multiply by 100
- **Gross profit**
= sales revenue minus cost of the sales

- **Operating profit margin**
= (operating profit divide by sales revenue) multiply by 100
- **Gross profit margin**
= (gross profit divide by sales revenue) multiple by 100
- **Operating profit**
= sales revenue minus operational costs

Cheat Sheet Template: More Information

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Return on the ordinary shareholders' funds
= (net profit after the tax and the preferential dividend divide by ordinary share capital and reserves) multiply by 100

Efficiency:

- Turnover period of the average inventory
= (average inventories being held divide by cost of the sales) multiply by 365
- Period for the average settlement for the trade payables*
= (average trade payables divide by credit purchases) multiply by 365
- Period for the average settlement for the trade receivables
= (average trade receivables divide by the revenue credit sales) multiply by 365
- Revenue sales for each employee
= sales revenue divide by number of employees

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- Capital employed sales revenue
= sales revenue divide by (share capital plus reserves plus non-current liabilities)

Liquidity:

- **Interest cover ratio**
= operating profit divide by interest payable
- **Current ratio**
= current assets divide by current liabilities
- **Gearing ratio**

= (long term liabilities divide by (share capital plus the reserves plus the long term liabilities)) multiply by 100

- **Acid test**

= current assets (which exclude inventories) divide by current liabilities

Investment Cheat sheet tips: Formulas

Investment:

- **Dividend pay-out ratio**

= (dividends being announced for every year divide by earnings for each year available for dividends) multiply by 100

- **Earnings per year**

= earnings available to the ordinary shareholders divide by number of ordinary shares issued

- **Dividend cover ratio**

= (earnings for each year available for the dividends divide by dividends announced for each year) multiply by 100

- **Price or earnings ratio**

= market value of share divide by earnings for each share

- **Dividend yield**

= ((dividend for each year / (1 plus the 'dividend tax credit' rate of the income tax) divide by market value of share) multiply by 100

financial Cheat sheet tips: Cost Volume Details

Cost Volume Profit Analysis:

- Number of the units being sold at break-end point

= fixed cost or the contribution for each unit

- Break-even point

Total sales equals to total costs

- Margin of the safety

= actual sales minus sales of break-even

- Number of the units sold in achieving target profit

= (fixed cost plus target profit) divide by contribution for each unit

- Contribution

= sales revenue for each unit minus variable cost for each unit

- Contribution margin ratio

= (contribution divide by sales revenue) multiply by 100

Invest your time to know how to do a cheat because it is important, especially in finance area. This

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cheat sheet will be your help to know the formulas as well as the some ideas about investment decision, cost volume and others.

You can also check our [business cheat sheet!](#)

Use our financial cheat sheet today!