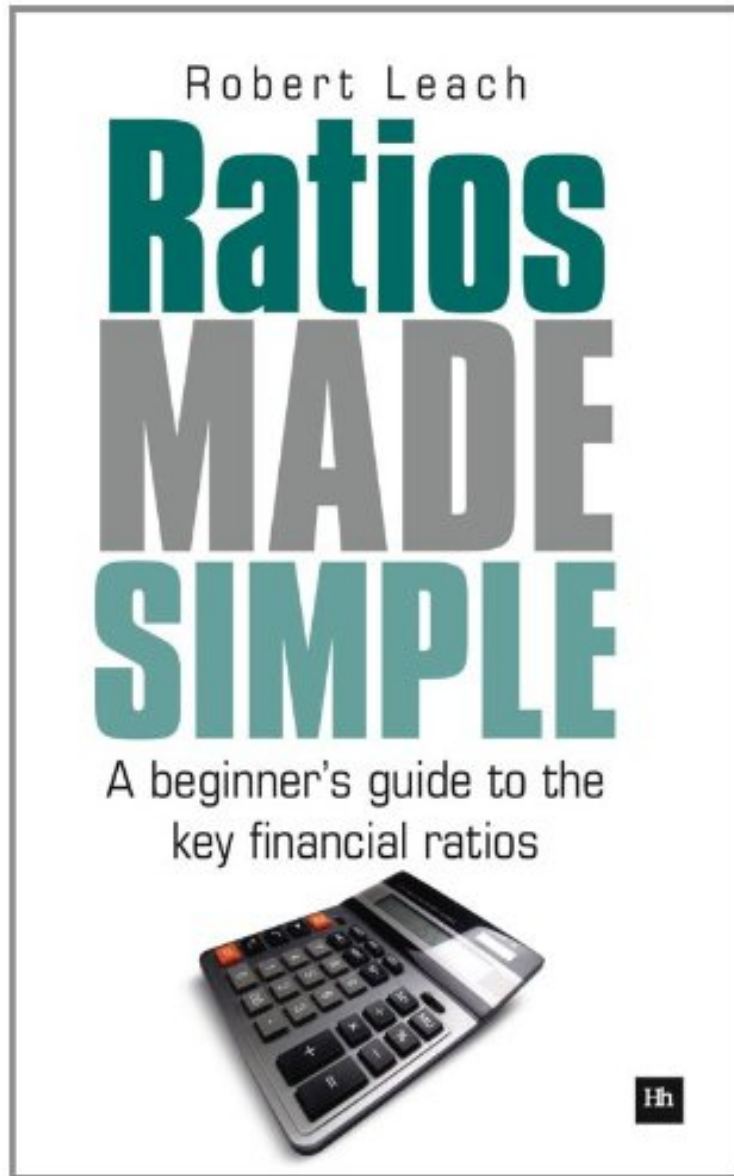


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## Ratios Made Simple: A beginner's guide to the key financial ratios

*Leach Robert*

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**Leach Robert : Ratios Made Simple: A beginner's guide to the key financial ratios** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Ratios Made Simple: A beginner's guide to the key financial ratios:

2 of 2 people found the following review helpful. Excellent MBA Resource and Weakness Indicator but UK Oriented By Let's Compare Options Preptorial Banks and investors used to have a stable of "Business Weakness Indicators" (BWI), or conversely, Business Strength Indicators. These are essentially ratios taken from financial

statements. Most of these books have gone away since a typical P and L and balance sheet, with notes, can produce over 3,000 ratios, most of which are of no value to investors. On the other hand, running a business is ALL about knowing these ratios, whether you're a Fortune 10 CEO or ma and pa proprietor. You can either pay \$300 for a comprehensive tutorial on many ratios, or get this little gem for under \$20 bucks and cut to the chase of the key "red flag" ratios! If you can get past the "pound" symbols, you'll find this well written, current, and relevant to Wall Street as well as all the other major exchanges. There are a handful of "UK only" ratios like the "Defensive Interval" (Liquid assets + daily operating expenses/indexed to time). This gives a number between 10 and 90 days or so that shows how long you'd last with NO cash coming in. Leach laughs at this as irrelevant because it would "never happen" -- which shows his prejudice as a big company guy who didn't think of the "burn" of a start up depending on investor tranches, which CAN disappear, and suddenly at that! He does make the humorous point that if your defensive ratio is too high, you're not using your cash wisely, but hoarding it! Sounds a LOT like many worried companies in this nervous era... Since he picked the indicator ratios most relevant to judging health from an investment perspective, you thus get the added benefit of the most important strength/weakness indicators for your financial operations. I know very successful investors who can look at a set of financials for 5 minutes and give an often successful nod or no to the investment. Talk to them, and their brain is internally comparing exactly these ratios. Are you "ratio obsessed"? Here are a few of the best that give a lot more detail: 200 that include a LOT of contribution margin type operating ratios: Schaum's Quick Guide to Business Formulas: 201 Decision-Making Tools for Business, Finance, and Accounting Students Ratios that are integrated with other statement aspects: Financial Statements: A Step-by-Step Guide to Understanding and Creating Financial Reports "TEXT BIBLE" on ratios, awesome but expensive: Business Ratios and Formulas: A Comprehensive Guide (Wiley Corporate FA) What good are ratio books (like many topics) that give the "how to" calculate steps, but no comparisons? Leach shines here-- he regularly gives "average good" answers to what you should be looking for in the resulting number. Of course this varies widely by industry, but is close enough to save a LOT of textbook investment elsewhere. If you're working on your MBA, this little diamond is a MUST, even with the UK slant and currency sybology. Heck, most of those folks consider the US one of their more successful colonies anyway... ;=) 3 of 3 people found the following review helpful. Accurate explanations but not well-linked to decision and action. By Equatorial I bought this as a teaching aid for my coaching practice, but feel the materials aren't sufficiently useful for practitioners- the missing element is the link to decision and action, which is how I motivate practitioners to learn. Even so, it's a useful review tool for me. 1 of 1 people found the following review helpful. great reference By heather Great little book. This is a great reference book and recomend this to anyone in the financial or accouting world.

Ratios provide an extremely effective method of understanding company accounts. At their most basic this usually involves taking one figure from the published accounts and dividing it by another - however, this seemingly simple process can reveal an enormous amount about both the nature and performance of a company. 'Ratios Made Simple' looks at ratios from the perspective of an investor, providing a toolkit for investors to use to accurately analyse a company from its accounts. This book is divided into nine chapters, with each chapter looking at a different aspect of potential concern to an investor: 1. Profitability Ratios 2. Investment Ratios 3. Dividend Cover 4. Margins 5. Gearing 6. Solvency Ratios 7. Efficiency Ratios 8. Policy Ratios 9. Volatility For each ratio, financial expert Robert Leach provides a detailed definition, explains how it works, describes its use. Investors are also given a simple explanation of how to calculate each ratio, what the ratio means and how the investor should apply the answers in making investment decisions. This book provides the investor with an essential guide to the use of these powerful analytical tools - tools that should form a vital part of an investor's decision-making process.

About the Author Robert Leach FCCA ACA is a chartered accountant, lecturer and author of more than 40 books, mainly on financial topics. His books include The Investor's Guide to Understanding Accounts. For two years he was a judge of the Stock Exchange Awards for best published accounts. He has also written encyclopaedias on tax and payroll, and written for many magazines and newsletters, and for anyone who will pay him. [www.robertleach.co.uk](http://www.robertleach.co.uk)