What are other ratios used in financial reporting

The dividend yield ratio tells investors how much cash income they're receiving on their stock investment in a business. This is calculated by dividing the annual cash dividend per share by the current market price of the stock. This can be compared with the interest rate on high-grade debt securities that pay interest, such as Treasure bonds and Treasury notes, which are the safest.

Book value per share is calculated by dividing total owners' equity by the total number of stock shares that are outstanding. While EPS is more important to determine the market value of a stock, book value per share is the measure of the recorded value of the company's assets less its liabilities, the net assets backing up the business's stock shares. It's possible that the market value of a stock could be less than the book value per share.

The return on equity (ROE) ratio tells how much profit a bus8iness earned in comparison to the book value of its stockholders' equity. This ratio is especially useful for privately owned businesses, which have no way of determining the current value of owners' equity. ROE is also calculated for public corporations, but it plays a secondary role to other ratios. ROE is calculated by dividing net income by owners' equity.

The current ratio is a measure of a business's short-term solvency, in other words, its ability to pay it liabilities that come due in the near future. This ratio is a rough indicator of whether cash on hand plus the cash to be collected from accounts receivable and from selling inventory will be enough to pay off the liabilities that will come due in the next period. It is calculated by dividing the current assets by the current liabilities. Businesses are expected to maintain a minimum 2:1 current ratio, which means its current assets should be twice its current liabilities.cifics.