

Who is interested in ratios

6. Suppliers

Working capital ratio - to see if the business is liquid and if it can repay its short-term loans

Acid test ratio - to see if businesses can pay suppliers immediately

7. Revenue commissioners

Require accounts and information to accurately calculate the tax liability of a firm

1. Investors

NPP to see if they could get a good dividend

ROI - to see if it exceeds return on investment from risk free investments

5. Lenders

Liquidity ratios- to see if the business can repay interest on their loans.....

Debt-equity - to see if the business is worthy of another loan.....

2. Shareholders

NPP to see if they will get a decent dividend.....

ROI to see whether it exceeds roi available from risk free investments....

4. Employees

Profitability Ratios - to see if the business can afford to give them a pay rise

Debt/Equity ratio - to see if the business is in danger of bankruptcy and hence how safe their jobs are

3. Management

Important to management in assessing the performance of the business

Useful in decision-making process