Leaving Certificate Accounting
Interpretation of Accounts Ratios

Profitability

Profitability ratios assess how effective a company is at generating profits and how efficiently a company uses its capital to generate those profits.

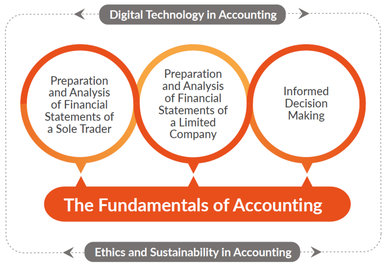
Ratio	Formula	Expressed As
Gross Profit Margin	Gross Profit / Revenue	%
Net Profit Margin	Net Profit / Revenue	%
Return on Capital Employed (*limited company only*)	Operating Profit / (Equity + Non-Current Liabilities)	%

Activity [Efficiency] Ratios

Activity ratios assess how efficient a company is at using its assets to generate revenue and cash.

Ratio	Formula	Expressed As
Inventory Days	Average Inventory x 365 / Cost of Sales	Days
Receivables Days	Average Trade Receivables x 365 / Credit Sales	Days
Payables Days	Average Trade Payables x 365 / Credit Purchases	Days
Cash Conversion Cycle*	Inventory Days + Receivables Days – Payables Days	Days
Asset Turnover	Total Sales / Average Total Assets	X:1

Appendix 3 outlines the ratios and formulas that should be used for interpretation, and these are provided for students both within the classroom and assessment settings. (Specification, p.13)



Liquidity Ratios

Liquidity ratios assess the ability of a Business to pay its short terms debts as they fall due.

Ratio	Formula	Expressed As
Current Ratio	Current Assets / Current Liabilities	X:1
Acid Test [Quick] Ratio	(Current Assets – Inventories) / Current Liabilities	X:1

Solvency

Solvency ratios assess a company's ability to meet long-term obligations.

Ratio	Formula	Expressed As
Gearing [Debt to Equity] (*limited company only*)	Total Financial Debt / Equity	Number*
Interest Cover (*limited company only*)	Operating Profit / Interest Payable	Multiple (Times)

*Example: D/E = 0.8 therefore for every €1 of equity there is 80 cent of debt.

Investor Ratios

These ratios measure the returns a company is generating for its ordinary shareholders.

Ratio	Formula	Expressed As
Dividend Cover (*limited company only*)	Profit attributable to equity holders / Total ordinary dividends	Multiple (times)
Dividends Per Share (DPS) (*limited company only*)	Total Ordinary Dividend / Number of issued ordinary shares	Euros and cents
Earnings Per Share (EPS) (*limited company only*)	Profit attributable to equity holders / Number of issued ordinary shares	Euros and cents

CC BY NC

Adapted from: NCCA (2025) Curriculum Specification for Leaving Certificate Accounting.

Oide
Tacú leis an bhFoghlaim Ghairmiúil i measc Ceannairí Scoile agus Múinteoirí
Supporting the Professional Learning of School Leaders and Teachers

Cuntasaíocht na hArdteistiméireachta

Léirmhíniú ar Chóimheasa Cuntas

Brabúsacht

Le cóimheasa brabúsachta déantar measúnú ar cé chomh héifeachtach atá cuideachta maidir le brabúis a ghiniúint agus cé chomh héifeachtúil atá an chuideachta maidir le húsáid a bhaint as a caipiteal chun na brabúis sin a ghiniúint.

Cóimheas	Foirmle	A Shloinntear Mar a Leanas
Ollchorrlach Brabúis	Ollbhrabús / Ioncam	%
Glanchorrlach Brabúis	Glanbhrabús / Ioncam	%
An Toradh ar Chaipiteal in Úsáid (*cuideachta theoranta amháin*)	Barrachas Oibriúcháin / (Cothromas + Dliteanais Neamhreatha)	%

Cóimheasa Gníomhaíochta [Éifeachtúlachta]

Le cóimheasa gníomhaíochta déantar measúnú ar cé chomh héifeachtúil atá cuideachta maidir le húsáid a bhaint as a sócmhainní chun ioncam agus airgead tirim a ghiniúint.

Cóimheas	Foirmle	A Shloinntear Mar a Leanas
Laethanta Fardail	Meánfhardail x 365 / Costas Díolachán	Laethanta
Laethanta Infhála	Meántrádálacha Infhála x 365 / Díolacháin Chreidmheasa	Laethanta
Laethanta Iníoctha	Meántrádálacha Iníoctha x 365 / Ceannacháin Chreidmheasa	Laethanta
Timthriall Tiontaithe Airgid Thirim*	Laethanta Fardail + Laethanta Infhála – Laethanta Iníoctha	Laethanta
Láimhdeachas Sócmhainní	Díolacháin Iomlána / Meán na Sócmhainní Iomlána	X:1

Tugtar breac-chuntas in **Aguisín 3** ar chóimheasa agus foirmlí ba cheart a úsáid don léirmhíniú, agus cuirtear iad sin ar fáil do na scoláirí sa seomra ranga agus i suíomhanna measúnaithe araon. (Sonraíocht Churaclaim, L.13)



Cóimheasa Leachtachta

Le cóimheasa leachtachta, déantar measúnú ar chumas Gnólachta chun a chuid fiach gearrthéarma a íoc nuair atá siad dlite.

Cóimheas	Foirmle	A Shloinntear Mar a Leanas
Cóimheas Reatha	Sócmhainní Reatha / Dliteanais Reatha	X:1
Cóimheas [Mear] Fíorthástála	(Sócmhainní Reatha – Fardail) / Dliteanais Reatha	X:1

Sócmhainneacht

Le cóimheasa sócmhainneachta, déantar measúnú ar chumas cuideachta chun oibleagáidí fadtéarmacha a chomhlíonadh.

Cóimheas	Foirmle	A Shloinntear Mar a Leanas
Giaráil [Fiachas/Cothromas] (*cuideachta theoranta amháin*)	Fiachas Airgeadais Iomlán / Cothromas	Uimhir*
Cumhdach Úis (*cuideachta theoranta amháin*)	Barrachas Oibriúcháin / Ús Iníoctha	Iolra (Uaireanta)

*Sampla: F/C =0.8, mar sin i gcás gach €1 de chothromas, tá 80 cent d'fhiachas.

Cóimheasa Infheisteora

Leis na cóimheasa seo, tomhaistear na fáltais atá á nginiúint ag a gcuideachta dá sealbhóirí gnáthscaireanna.

Cóimheas	Foirmle	A Shloinntear Mar a Leanas
Cumhdach Díbhinní (*cuideachta theoranta amháin*)	Brabús inchurtha i leith sealbhóirí cothromais / Gnáthdhíbhinní iomlána	Iolra (uaireanta)
Díbhinní in Aghaidh na Scaire (*cuideachta theoranta amháin*)	Gnáthdhíbhinní Iomlána / An líon gnáthscaireanna i gceist	Euro agus centanna
Tuilleamh in Aghaidh na Scaire (*cuideachta theoranta amháin*)	Brabús inchurtha i leith sealbhóirí cothromais / An líon gnáthscaireanna eisithe	Euro agus centanna

CC BY NC

Oide
Tacú leis an bhFoghlaim Ghairmiúil i measc Ceannairí Scoile agus Múinteoirí
Supporting the Professional Learning of School Leaders and Teachers