



# Financial Ratios: A Guide to Selected Resources

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This is a list of selected information resources that will guide you in using and understanding financial ratios. It is not intended to be a comprehensive list. If you have questions, please consult with a reference librarian.

## **What are Financial Ratios?**

Ratios provide a way to evaluate a company's performance or financial well-being by a standard comparison of items on the company's financial statements rather than a direct reading of the financial figures. They are used to evaluate aspects of profitability, solvency, and liquidity. Financial ratios for industries (or industry norms) reflect the average value for a particular type of business.

To perform ratio analysis:

1. Obtain the balance sheet and income statement of the firm, and calculate the ratios;
2. Compare the ratios to those of specific competitors; or
3. Compare the firms' ratios to industry norms or averages.
4. For assistance in calculating and using the ratios consult a resource listed under Guides to Using Ratios.

## **Finding Company Financial Ratios**

**\* Locate under "Find Articles" by clicking "Looking for a particular database."**

### ***Mergent Online\****

Search by company name or ticker symbol. Provides primary as well as multiple SIC codes for a company. Gives up to 30 annual ratios by company; you can calculate your own ratios from the ten years of annual report information.

### ***Business and Company Resource Center\****

After doing a company search, select the Investment Reports tab. Investment reports will often give multiple SIC codes. Some of the reports will contain ratios that have already been calculated. Also, use the Industry tab to search by SIC or NAICS code or by industry description for industry overviews and industry market research.

### ***Academic (Lexis-Nexis)\****

Choose <Business> and then choose <Company Financial Reports.> Search by company name. Investment reports (from Disclosure) provide primary and secondary SIC codes for a company, as well as key ratios for each company (generally three years' worth).

### ***Thomson Research (formerly Global Access)\****

Choose <Company Brief> and search by company name or ticker symbol. Some of the reports will contain ratios that have already been calculated. Also provided are real-time and historical SEC EDGAR filings, as well as, foreign exchange filings.

### ***Global Market Information Database (GMID) \****

Do a keyword search for your company name and choose <Company Factfiles> from the results list. Here you can view current and historical financial information, key events, market share, and more.

### ***Small Business Ratio Calculators***

<http://www.bankrate.com/brm/news/biz/bizcalcs/ratiocalcs.asp>

Bankrate.com provides a brief introduction to ratio analysis as well as calculators for the most common ratios.

### ***Yahoo! Finance***

<http://finance.yahoo.com/>

This website provides company and industry ratios. Search by company name or ticker symbol.

## **Finding Industry Norms and Ratios**

### ***RMA Annual Statement Studies***

Philadelphia: Robert Morris Associates, 1977-

Primary source for finding ratios and financial statements for an industry. Also provides a good definition of ratios section at the beginning of each issue.

Reference HF5681.B2 R58

(Ask at Reserves Desk)

### ***Market Insight*** (Standard & Poor's)\*

Includes information from *Standard & Poor's Industry Surveys*. Provides key industry ratios and statistics including current ratio, debt/capital ratio, price/earnings ratio, and dividend payout ratio. To use, click <Industry> at the top of the main page. Select an industry from the drop-down menu or search for an industry using the <Lookup> button.

### ***Economic Census: Concentration Ratios*** <http://www.census.gov/epcd/www/concentration.html>

Concentration ratios from the U.S. government's Economic Census classifies industries by the percent of output accounted for by the largest 4, 8, 20 and 50 companies.

## **Guides to Using Ratios**

### ***Business Ratios and Formulas: A Comprehensive Guide***

Steven M. Bragg

Hoboken, N.J.: Wiley, 2002

Reference HF5691.B73 2002

### ***How to Read a Financial Report: Wringing Vital Signs Out of the Numbers***

John A. Tracy

New York: Wiley, 1999

Available Online through PITT*Cat*

### ***Financial Analysis Tools and Techniques***

Erich A. Helfert

New York: McGraw-Hill, 2001

Available Online through PITT*Cat*

### ***Financial Statement Analysis: A Practitioner's Guide***

Martin S. Fridson

Available Online through PITT*Cat*

New York: Wiley, 2002

***The Agile Manager's Guide to Understanding Financial Statements***

Joseph T. Straub

Available Online through PITTCat

Bristol, VT: Velocity Business, 1997

**Investopedia's Ratio Analysis Tutorial** <http://www.investopedia.com/university/ratios/>

Online tutorial focusing on 20 key ratios and their use.

**Biz/ed Home – Financial Ratios** <http://www.bized.co.uk/compact/ratios/index.htm>

An online tutorial from the University of Bristol, with worksheets and answer keys to build proficiency in financial analysis using ratios.

**Finding Industry Information**

***Standard Industrial Classification Manual***

Reference HF1042.S73 1987

Available Online: <http://www.osha.gov/oshstats/sicser.html>

Search the 1987 version of the SIC manual in print or online to find the appropriate SIC Code for a specific industry.

***North American Industry Classification System: United States 2007***

Reference HF1042.N6 2007

Available Online: <http://www.census.gov/epcd/www/naics.html>

The North American Industry Classification System (NAICS) has replaced the U.S. Standard Industrial Classification (SIC) system. Use the NAICS manual in print or online to find the NAICS Code for an industry or to convert from one to the other classification system.

***Industry Resources Reports***

<http://www.valuationresources.com>

Resources available from trade associations, industry publications, and research firms, which address industry overviews, issues and trends, industry outlook, industry forecast, financial benchmarking, compensation surveys, and valuation resources.

**Note:** For more industry or company information, try searching in any of the electronic databases previously mentioned in this library guide.

**Understanding Business Information**

***Encyclopedia of Business Information Sources***

Reference HF5353.E9 2004

James Woy, ed.

Farmington Hills, MI: Gale Group, 2004

***Handbook of International Financial Terms***

Reference HG3881.M578 1996

Peter Moles

Oxford, England: Oxford UP, 1996

***Dictionary of Business***

P.H. Collin

Teddington: Peter Collin, 2001

Reference HF1001 .C62 2001

**Guides to Business Research**

***Core Business Web: A Guide to Key Information Resources***

Gary White, ed.

New York: Haworth Information Press, 2003

Reference HD30.37.C67 2003

***Strauss's Handbook of Business Information***

Rita Moss, ed.

Westport, Conn.: Libraries Unlimited, 2004

Reference Z7164.C81 S7796 2004

***Doing Business Research at the University of Pittsburgh***

<http://www.library.pitt.edu/guides/business/>

A web guide for University of Pittsburgh students conducting company and industry research using print, electronic, and online resources.

**More Library Resources**

To find more resources pertaining to financial ratios, search *PITTCat* under the following keywords and/or subject headings:

Financial statements  
Ratio analysis  
Business mathematics  
Finance

Cash flow  
Corporations -- finance  
Business enterprises -- finance