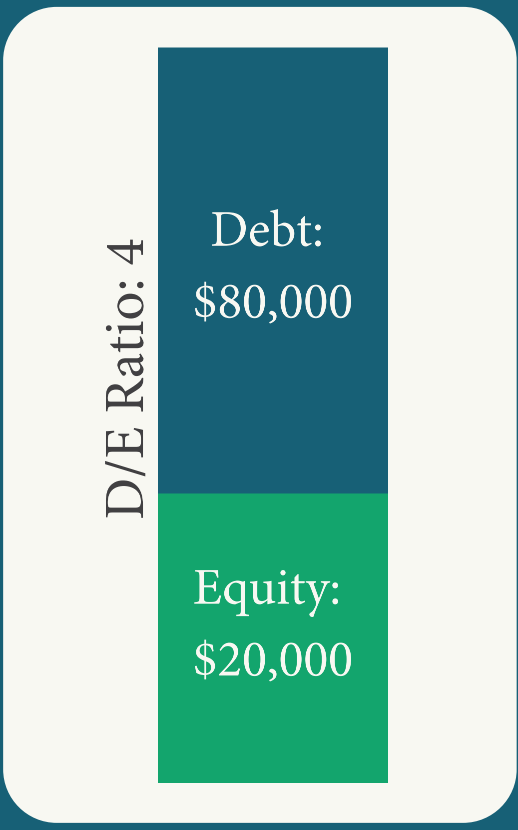
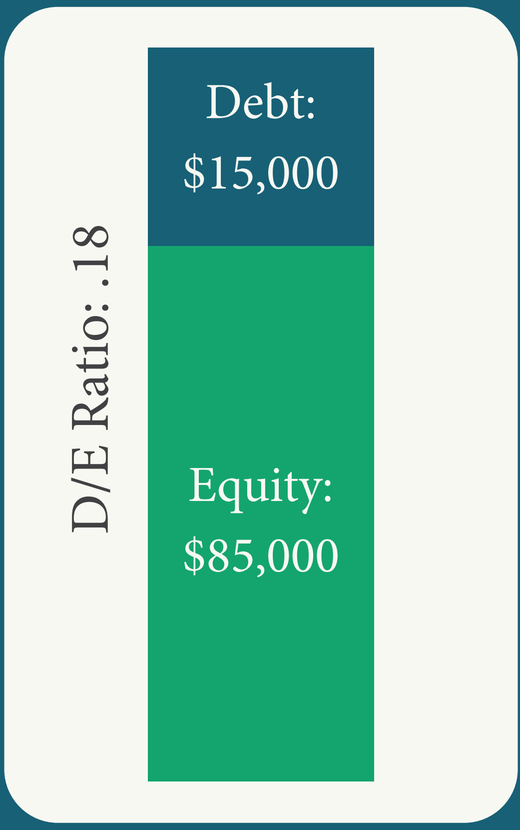
FINANCIAL SCAVENGER HUNT

Debt to Equity Ratio

A measure of a company's financial leverage.

Higher Debt to Equity Ratio = More Risk





We Rock Landscaping LLC

Balance Sheet

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	$2,001.00
Accounts Receivable	$5,281.52
Other Current Assets	$2,658.77
Total Current Assets	**$9,941.29**
Fixed Assets	$13,495.00
TOTAL ASSETS	**$23,436.29**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	$1,602.67
Credit Cards	$157.72
Other Current Liabilities	$4,370.94
Total Current Liabilities	**$6,131.33**
Long-Term Liabilities	$25,000.00
Total Liabilities	**$31,131.33**
Equity	
Opening Balance Equity	-9,337.50
Retained Earnings	195.18
Net Income	1,447.28
Total Equity	**$ -7,695.04**
TOTAL LIABILITIES AND EQUITY	**$23,436.29**

Look here!

"The optimal debt-to-equity ratio will tend to vary widely by industry, but the general consensus is that it should not be above a level of 2.0."
Investopedia

So, how do I improve?

We've compiled a list of 5 ways you can work to improve your debt to equity ratio.

1. Increase Revenues – Raise Prices, increase sales
2. Improve Profitability – reduce costs
3. Better Management of Inventory – Increase inventory turnover, keep less inventory on hand
4. Debt Restructuring – Refinance for lower interest rates
5. Owner Capital Infusion – Contribute funds to the business to pay down debt