Liquidity Calculator
(Current Ratio or Working Capital Ratio)

Please read this information before proceeding to the calculator at the bottom of this page.

Definition and Explanation
Current Ratio, also known as the Working Capital Ratio, shows the relationship between an organization's cash, plus other liquid resources, and its current liabilities. The typical formula is:

\[
\text{Current Ratio} = \frac{\text{Cash in Hand} + \text{Cash at Bank} + \text{Receivables} + \text{Inventories} + \text{Marketable Securities}}{\text{Current Liabilities}}
\]

Current Ratio shows the extent of cash and other current assets that are readily convertible into cash in comparison to the short term obligations of an organization. A result of 0.5 would suggest that a company is able to settle half of its current liabilities instantaneously.

Unlike the Acid Test Ratio calculation, Current Ratio includes assets not readily convertible into cash, such as inventory and deferred tax credits.

Disclaimer
The Liquidity Calculator, provided by Genworth Mortgage Insurance, assists in analyzing whether the borrower’s business may have the ability to meet immediate debt obligations with the cash or cash-equivalent assets available, using values from the business’s balance sheet. Schedule L of the business return and/or current balance sheet solvency is one of many indicators that should be considered when evaluating the current health of a business. This calculator provides suggested guidance only and does not replace Lender, Investor or GSE instructions or applicable guidelines.

IN NO EVENT SHALL GENWORTH BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES OF ANY KIND WHATSOEVER WITH RESPECT TO THE USE OF THIS CALCULATOR.

I have read the above information completely and wish to use the Calculator

Access Calculator