Farm Financial Ratios Guide

A reference guide to common farm financial ratios, what each one measures and how to read it. Helps owners and lenders judge liquidity, solvency, profit and efficiency.

Farm / unit: _____ Date: _____ By: _____

1. Gather your balance sheet and income statement
2. Work out liquidity measures such as current ratio
3. Check solvency with debt to asset ratio
4. Review profitability, including return on assets
5. Look at efficiency measures
6. Compare ratios to prior years
7. Compare with peer farms of your type
8. Note ratios that need attention
9. Discuss findings with your lender

YOUR NOTES

TIP Track ratios over several years rather than one. Ask your lender or extension office for the benchmark ranges they use.