

Your finances explained with ratios

Ratios are used to determine the overall financial health of a business. When your accounts or projections are reviewed by investors, banks and others, they are likely to calculate a number of key ratios. They will also use those ratios to benchmark your business against others in your sector.

The [ThinkBusiness.ie ratios template](#) will help you to calculate the main ratios for your business, based on your projected or actual profit and loss account, and your balance sheet. But what do these ratios mean?

Ratios fall into six groups. Here's our quick guide: