

Important Asset Management Formulas PDF



Formulas Examples with Units

List of 17 Important Asset Management Formulas

1) Allowance Method of Doubtful Accounts Formula

Formula

$$\text{NAR} = \text{GAR} - \text{ADA}$$

Example

$$395000 = 415000 - 20000$$

Evaluate Formula 

2) Amortization of Intangible Assets Formula

Formula

$$\text{AE} = \frac{\text{HCIA} - \text{RV}}{\text{ULA}}$$

Example

$$100 = \frac{2500 - 1800}{7}$$

Evaluate Formula 

3) Basic Earnings Power Ratio Formula

Formula

$$\text{BEPR} = \frac{\text{OI}}{\text{TA}}$$

Example

$$0.917 = \frac{420000}{458000}$$

Evaluate Formula 

4) Capital Structure Formula

Formula

$$\text{CS} = \text{CEW} + \text{DW} + \text{PSW}$$

Example

$$1.15 = 0.25 + 0.35 + 0.55$$

Evaluate Formula 

5) Cash Available for Distribution Formula

Formula

$$\text{CAD} = \text{FFO} + \text{NRI} - \text{CAPEX}$$

Example

$$480000 = 360000 + 430000 - 310000$$

Evaluate Formula 

6) Conversion Price Formula

Formula

$$\text{CP} = \frac{\text{PV}}{\text{CR}}$$

Example

$$6 = \frac{30}{5}$$

Evaluate Formula 

7) Depreciable Cost of Asset Formula

Formula

$$\text{DC} = \text{PC} - \text{SV}$$

Example

$$365000 = 410000 - 45000$$

Evaluate Formula 



8) Expense Ratio Formula

Formula

$$ER = \frac{AOE}{AFA}$$

Example

$$1.8832 = \frac{258000}{137000}$$

Evaluate Formula 

9) Internal Growth Rate Formula

Formula

$$IGR = RR \cdot ROA$$

Example

$$17.5 = 0.5 \cdot 35$$

Evaluate Formula 

10) Inventory Days Formula

Formula

$$ID = \left(\frac{AI}{COGS} \right) \cdot 365$$

Example

$$488.6531 = \left(\frac{328000}{245000} \right) \cdot 365$$

Evaluate Formula 

11) Inventory Write-Down Formula

Formula

$$IWD = HC - LCRV$$

Example

$$15000 = 345000 - 330000$$

Evaluate Formula 

12) Net Capital Spending Formula

Formula

$$NCS = ENFA - BNFA + Dep^n$$

Example

$$155000 = 450000 - 320000 + 25000$$

Evaluate Formula 

13) Net Identifiable Assets Formula

Formula

$$NIA = IA - TL$$

Example

$$240000 = 425000 - 185000$$

Evaluate Formula 

14) Net Realizable Value Formula

Formula

$$LCRV = ESP - Disp.C$$

Example

$$33000 = 56000 - 23000$$

Evaluate Formula 

15) Operating Working Capital Formula

Formula

$$OWC = OCA - OCL$$

Example

$$710000 = 1050000 - 340000$$

Evaluate Formula 

16) Residual Income Formula

Formula

$$RI = OI - MRRR \cdot AOA$$

Example

$$400000 = 420000 - 0.40 \cdot 50000$$

Evaluate Formula 



17) Seller's Discretionary Earnings Formula

Evaluate Formula 

Formula

$$\text{SDE} = \text{PTI} + \text{OS} + \text{NIE} + \text{D\&A} + \text{DE} + \text{NRE}$$

Example

$$402760 = 235000 + 78000 + 4560 + 26500 + 36700 + 22000$$



Variables used in list of Asset Management Formulas above

- **ADA** Allowance for Doubtful Accounts
- **AE** Amortization Expense
- **AFA** Average Fund Assets
- **AI** Average Inventory
- **AOA** Average Operating Assets
- **AOE** Annual Operating Expenses
- **BEPR** Basic Earnings Power Ratio
- **BNFA** Beginning Net Fixed Assets
- **CAD** Cash Available for Distribution
- **CAPEX** Capital Expenditures
- **CEW** Common Equity Weight
- **COGS** Cost Of Goods Sold
- **CP** Conversion Price
- **CR** Conversion Ratio
- **CS** Capital Structure
- **D&A** Depreciation and Amortization
- **DC** Depreciable Cost
- **DE** Discretionary Expenses
- **Depⁿ** Depreciation
- **Disp.C** Disposal Costs
- **DW** Debt Weight
- **ENFA** Ending Net Fixed Assets
- **ER** Expense Ratio
- **ESP** Expected Sale Price
- **FFO** Funds from Operations
- **GAR** Gross Accounts Receivables
- **HC** Historical Cost
- **HCIA** Historical Cost of Intangible Asset
- **IA** Identifiable Assets
- **ID** Inventory Days
- **IGR** Internal Growth Rate
- **IWD** Inventory Write Down
- **LCRV** Lower of Cost or Net Realizable Value
- **MRRR** Minimum Required Rate of Return
- **NAR** Net Accounts Receivables
- **NCS** Net Capital Spending
- **NIA** Net Identifiable Assets



- **NIE** Net Interest Expenses
- **NRE** Non Recurring Expenses
- **NRI** Non-Recurring Items
- **OCA** Operating Current Assets
- **OCL** Operating Current Liabilities
- **OI** Operating Income
- **OS** Owner's Salary
- **OWC** Operating Working Capital
- **PC** Purchase Cost
- **PSW** Preferred Stock Weight
- **PTI** Pre-Tax Income
- **PV** Par Value
- **RI** Residual Income
- **ROA** Return on Assets
- **RR** Retention Ratio
- **RV** Residual Value
- **SDE** Seller Discretionary Earnings
- **SV** Salvage Value
- **TA** Total Assets
- **TL** Total Liabilities
- **ULA** Useful Life Assumption



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