

Debt to total assets ratio = Total liabilities divided by **total assets**

*The amounts used on this form are taken from **Filled-In Form R0**.*

Calculation of the **debt to total assets ratio** from the balance sheet dated Dec. 31, 2022.

Total liabilities	\$ 161,000	TL	
<i>divided by</i> total assets	\$ 355,000	TA	
= Debt to total assets ratio	0.45 : 1	DTA	(TL / TA)

Notes:

- TL** The amount of total liabilities is reported on the balance sheet just above the start of the stockholders' or owner's equity section.
- TA** The amount of total assets appears at the end of the asset section of the balance sheet.
- DTA** The debt to total assets ratio is an indicator of financial leverage. It shows the percentage of total assets that is from creditors. The larger the ratio, the greater the degree of financial leverage and risk.