

## Total Assets Turnover Ratio

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**Total assets turnover ratio = Total revenues for the year divided by the average total assets during the year**

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

Calculation of the **total assets turnover ratio** includes:

Total revenues from the income statement for the year ended December 31, 2022.

Average total assets computed from the balance sheet amounts during the year.

Total revenues	\$	230,000	R
<i>divided by the average</i> total assets	\$	367,200	TA
<b>= Total assets turnover ratio</b>		<b>0.63</b>	(R / TA)

### Notes:

**R** Total revenues may appear as *total sales* or as *net sales* on the income statement.

**TA** Total assets will be reported at the end of the asset section on each balance sheet.

Since the *average* total assets during the year is needed, you will need to look at the balance sheet amounts throughout the year. If the changes are not significant, you can compute a simple average of the beginning of the year amounts and the end of the year amounts. If the amount of total assets has changed significantly, **Form G3** can be used to compute a 13-month average.

If the amount of total assets was \$355,000 at December 31, 2022 and the amount was \$379,400 at December 31, 2021 and the changes occurred at a uniform rate, the average amount of total assets was \$367,200 (\$355,000 + \$379,400 = \$734,400 divided by 2).

For a blank form see **Form R11**.

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