

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

Calculation of the **debt to total assets ratio** from the balance sheet dated \_\_\_\_\_.

Total liabilities	\$ _____	<b>TL</b>
<i>divided by</i> total assets	\$ _____	<b>TA</b>
<b>= Debt to total assets ratio</b>	<b>_____ : 1</b>	<b>DTA (TL / TA)</b>

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.

See **Filled-In Form R12** for an illustration.

Learn more about financial ratios at [www.AccountingCoach.com](http://www.AccountingCoach.com).