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# The relationship between financial and non-financial ratios and bankruptcy prediction

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**Abstract:** In this study examines the relationship between financial and non-financial ratios and bankruptcy of companies listed in Tehran Stock Exchange during the years 1389 to 1393 were studied. To determine bankrupt and non-bankrupt companies Altman model was used. And given that the dependent variable is a binary variable and its value for bankrupt companies is one and a non-bankrupt companies is zero, Logistic regression was used to test the hypothesis. The results of hypotheses testing showed that the independent variables of financial variables, variables total assets (T- Assets), equity (E ratio), return on assets (ROA), the ratio of cash and Sayrdarayyhay current short-term debt (CLS ratio), the ratio of short-term debt to total assets (SDT ratio) have a significant relationship with bankruptcy. However, other financial factors, growth in total assets (G A ratio) ratio and cash flow to total assets (CFAratio) have no significant relationship with bankruptcy. Independent variables as representing the non-financial variables, including the type of industry (industry), age, environmental risks (changes in GDP and interest rates) (Inv Risk), the number of members of the Board of Directors (Board), public policy ( Disclosure policy), quality auditor (auditor quality) have a significant relationship with the probability of bankruptcy. **Keywords:** bankruptcy, Altman model, financial ratios, non-financial ratios

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