

PROFITABILITY RATIOS

Return On Capital Employed

$$\text{Profit Before Taxation} \div \text{Capital Employed} * 100 \\ 200000 \div 900000 * 100 = 22.2$$

Return On Equity

$$\text{Profit After Taxation} \div \text{Share Capital And Reserves} * 100 \\ 112000 \div 700000 * 100 = 16$$

LIQUIDITY RATIOS

Current Ratio

$$\text{Current Assets} \div \text{Current Liabilities} \\ 760000 \div 700000 = 1.085$$

Acid Test Ratio

$$\text{Current Assets} - \text{Inventory} \div \text{Current Liabilities} \\ 760000 - 500000 \div 700000 = 0.371$$

WORKING CAPITAL EFFICIENCY RATIOS

Average Collection period

$$\text{Trade Receivables} \div \text{Credit Sales} * 365 \text{ days} \\ 200000 \div 2000000 * 365 = 36.5 \text{ days}$$

Inventory Turnover Period

$$\text{Inventory} \div \text{Cost Of Sales} * 365 \text{ days} \\ 500000 \div 1500000 * 365 = 121.67 \text{ days}$$

Average Payable Period

$$\text{Trade Payable Period} \div \text{Purchase} * 365 \text{ days} \\ 172800 \div 1080000 * 365 = 58.4 \text{ days}$$

NAME: UMEAKU WILLIAMS KENECHUKWU

MATRIC NO: 19/SMS03/025

DEPT: BUSINESS ADMINISTRATION