

NAME Ebenezer Omasirichi Destiny  
 MATRIC NO 18/sms02/018  
 DEPARTMENT Accounting  
 COURSE ACC201

The performance of Ajanaku plc

Stability ratio

	Long term debt	Share capital	Reserver		
Debt to equity ratio Long term debt/share capital+ reserver*100	200000	400000	500000	100	<u>22.22222</u>
Gearing ratio Debt /(sharing capital+reserve+long term debt)*100	200000	400000	500000	200000	100 <u>18.18182</u>
Investors Ratio DPS:Total dividend/Numbers or ordinary shares in issue	53600	200000			<u>0.268</u>
Dividend yield Dividend per share/market price per share	0.268	4			<u>0.067</u>
Activity ratio Inventory turnover=cost of sales/average inventory*365	1,500,000	250,000	365		<u>2190</u>
Asset turn Revenue/total asset	200000	1600000			<u>0.125</u>
Basic earnings per share Profit attributable to ordinary share/weighed no of shares in issue	112000	200000			<u>0.56</u>
Price earnings ratio Market price per share/Earnings per share	4	0.56			<u>7.142857</u>
Earnings yield Earnings per share/market price per share	0.56	4			<u>0.14</u>

b. The gearing ratio is good, which means that the company ratio of funding it's activity with debt is very good and if the company continues with its current ratio it will not run into bankruptcy.