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MATRIC NO: 17/SMS02/026

LEVEL: 300

NO 1

iv. Gearing ratios;

- Debt to equity ratios =
$$\frac{\text{non-current liabilities}}{\text{Shareholders' equity}} \times 100$$

$$= \frac{200,000}{20,000} \times 100$$

$$= 28.6\%$$

- Interest cover =
$$\frac{\text{profit before income \& tax}}{\text{Interest charges in the yr}} \times 100$$

$$= \frac{200,000}{20,000} \times 100$$

$$= 10$$

v. investors ratios;

- Basic earnings per share=
$$\frac{\text{Profit after tax for ordinary shareholders}}{\text{Number of issued ordinary shares}}$$

$$= \frac{112,000}{200,000}$$

$$= 0.56$$

- Dividend per share =
$$\frac{\text{Dividend of the period}}{\text{Number of issued shares}}$$

$$= \frac{178,000}{200,000}$$

$$= 0.89$$

- Price/earning ratio =

$$\frac{\text{Share price}}{\text{Earning per share}}$$

$$= \frac{4}{0.56}$$

$$= 7.14 \text{ times}$$

- Earning yield =

$$\frac{\text{Earning per share}}{\text{Share price}}$$

$$= \frac{0.56}{4}$$

$$= 0.14$$

- Dividend yield =

$$\frac{\text{Dividend per share} \times 100}{\text{Share price}}$$

$$= \frac{0.89 \times 100}{4}$$

$$= 22.3\%$$

- Dividend cover (payout ratio)

$$\frac{\text{Earnings per share}}{\text{Dividends per share}}$$

$$= \frac{0.56}{0.89}$$

$$= 0.63 \text{ times}$$

vi. Activity ratio;

- Inventory turnover =

$$\frac{\text{Cost of sales} \times 365}{\text{Average turnover}}$$

$$= \frac{1,500,000 \times 365}{500,000}$$

$$= 1,095$$

- Assets turnover =

$$\frac{\text{Revenue}}{\text{Total assets}}$$

$$= \frac{2,000,000}{1,600,000}$$

$$= 1.25$$