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**TERM PAPER**

**ACCOUNTING RATIOS**

**USING THE ANNUAL REPORTS FOR THE YEAR ENDED 2018**

**Basic Materials**: - Portland Paints

* BOC Gases

**Consumer Goods**: - Guinness

- Nestle Plc.

**Consumer Services:** - University Press

* Med View Airlines

**Financials**: - Union Bank

- Fidelity Bank

**Health sector**: - Pharma-Deko

- Neimeth

**Industrial sector**: - Dangote cement plc.

* Beta Glass plc.

**Oil and gas**: - Conoil plc.

- 11 Plc.

**Technology /Telecommunications**: - MTN

- E-Tranzact

**BASIC MATERIALS**

|  |  |  |
| --- | --- | --- |
| **2018** | **PORTLAND PAINTS** | **BOC GASES** |
| 1. Current Ratio | 1,718,570,000  700,439,000 =2.45:1  The company is able to meet its current liabilities with its current assets. | 2,119,056,000  1,298,954,000 =1.6:1  They can barely cover their current liabilities with their current assets. |
| 1. Quick asset ratio | 1,718,570,000 – 728,047,000  700,439,000 =1.4:1  Current liabilities can easily be met with cash converted from current assets. | 2,119,056,000-156,404,000  1,298,954,000 =1.5:1  Current liabilities can easily be met with cash converted from current assets. |
| 1. Receivables collection period | 476,180,000 x365  2,829,262,000 =61 days  Trade receivables remain uncollected for 61 days. | 425,776,000 x365  2,869,713,000 =54 days  Trade receivables remain uncollected for 54 days. |
| 1. Payables payment period | 501,988,000 x365  1,753,972,000 =104 days  Trade payables remain unpaid for 104 days. | 1,026,198,000 x365  1,425,662,000 =263 days  Trade payables remain unpaid for 263 days. |
| 1. Inventory period | 728,047,000 x365  1,753,972,000 =152 days  Inventory remains in store for an average of 152 days before being sold. | 156,404,000 x365  1,425,662,000 =40 days  Inventory remains in store for an average of 40 days before being sold. |
| 1. Receivables turnover | 2,829,262,000  476,180,000 =5.9 times  Trade receivables can be turned over 5.9 times. | 2,869,713,000  425,776,000 =6.7 times  Trade receivables can be turned over 6.7 times. |
| 1. Payables turnover | 1,753,972,000  501,988,000 =3.49 times  Trade payables can be turned over 3.49 times/year | 1,425,662,000  1,026,198,000 =1.39 times  Trade payables can be turned over 1.39 times/year. |
| 1. Inventory turnover | 1,753,972,000  728,047,000 =2.41 times  Inventory was turned over 2.41 times in the period | 1,425,662,000  156,404,000 = 9.1 times  Inventory was turned over 9.1 times in the period |
| 1. ROCE | 307,533,000  1,551,029,000 =0.2  This is the amount of capital utilized to generate profits | 558,569,000  2,662,537,000 =0.2  This is the amount of capital utilized to generate profits |
| 1. Gross profit margin | 1,075,290,000 x100  2,829,262,000 =38%  There was a 38% gross profit margin on goods sold | 1,444,051,000 x100  2,869,713,000 =50%  There was a 50% gross margin on goods sold |
| 1. Net profit margin | 206,693,000 x100  2,829,262,000 =7.3%  There was a 7.3% net profit on goods sold | 357,604,000 x100  2,869,713,000 =12%  There was a 12% net profit on goods sold |
| 1. Earnings per share | 206,693,000  793,416,000 =₦0.26  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue | 357,604,000  416,244,706 =₦0.86  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue |
| 1. Dividend per share | 39,671,000  793,416,000 =₦0.05  This is the amount of gross dividend declared on every issued ordinary share in the year | 83,249,000  416,244,706 =₦0.2  This is the amount of gross dividend declared on every issued ordinary share in the year |
| 1. Net assets per share | 1,536,981,000  793,416,000 =₦1.94  This is the amount of net assets attributable to each ordinary share in issue | 2,662,537,000  416,244,706 =₦6.4  This is the amount of net assets attributable to each ordinary share in issue |
| 1. Dividend pay-out ratio | 0.05 x100  0.26 =19.23%  19.23% of distributable earnings is paid to ordinary shareholders in form of dividend | 0.2 x100  0.86 =23.26%  23.26% of distributable earnings is paid to ordinary shareholders in form of dividend |
| 1. Dividend cover | 0.26  0.05 =5.2 times  Ordinary dividend is covered by distributable earnings 5.2 times | 0.86  0.2 =4.3 times  Ordinary dividend is covered by distributable earnings 4.3 times |
| 1. Expenses % 2. Selling and distribution 3. Administrative | 1. 264,619,000 x100   186,502,000 =32%   1. 551,883,000 x100   186,502,000 =68%  This is the relative weight of each item of expense in relation to total expense | 1. 509,929,000 x100   1,040,554,000 =49%   1. 530,625,000 x100   1,040,554,000 =51%  This is the relative weight of each item of expense in relation to total expense |
| 1. Expenses to sales 2. Selling and distribution 3. Administrative | 1. 264,619,000 x100   2,829,262,000 =9%   1. 551,883,000 x100   2,829,262,000 =20% | 1. 509,929,000 x100   2,869,713,000 =18%   1. 530,625,000 x100   1,040,554,000 =18% |

**COMPARISON OF THE RATIOS**

1. Current ratio: Portland paints were able to fully utilize their current assets better; hence they have a better current ratio.
2. Quick assets ratio: Both companies have a good quick asset ratio.
3. BOC Gases has better receivables collection period of 54 days compares to that of Portland paints which is 61 days.
4. Portland paints pay its debts (trade payables) quicker.
5. It takes BOC Gases lesser number of days to sell its inventory.
6. BOC Gases turns over more its receivables.
7. Portland Paints turns over its payables quicker
8. BOC Gases turns over its inventory faster than Portland Paints
9. The overall profitability of both companies is the same.
10. BOC Gases makes more gross profit from goods sold.
11. BOC Gases earns more net profit from goods sold.
12. BOC Gases earnings per share are higher than that of Portland paints.
13. BOC Gases has grosser dividend declared on ordinary share in issue.
14. BOC Gases has more net assets attributable to each ordinary share in issue.
15. The distributable earning paid to ordinary shareholders in BOC Gases is higher.
16. The number of times ordinary dividend is covered by distributable earnings in Portland paints is higher

**CONCLUSION**

I would advise any potential investors to invest their money into BOC gases because it has better profitability ratios compared to Portland Paints

**CONSUMER GOODS**

|  |  |  |
| --- | --- | --- |
|  | **GUINNESS** | **NESTLE PLC** |
| 1. Current ratio | 54,610,047,000  42,847,115,000 =1.27:1  The company is able to meet its current liabilities with its current assets. | 82,734,317,000  92,117,501,000 =0.9:1  The company can barely meet its current liabilities with its current assets. |
| 1. Quick asset ratio | 54,610.047,000-19,032,362,000  42,847,115,000 =0.8:1  Current liabilities can be met with cash converted from current assets. | 82,734,317,000-23,124,020,000  92,117,501,000 =0.6:1  Current liabilities can be met with cash converted from current assets. |
| 1. Receivables collection period | 23,890,340,000 x365  142,975,792,000 =61 days  It takes 61 days to collect trade receivables | 42,175,062,000 x365  266,274,621,000 58 days  It takes 58 days to collect trade receivables |
| 1. Payables payment period | 31,175,725,000 x365  94,350,387,000 =121 days  It takes 121 days to pay trade payables | 60,384,454,000 x365  152,354,445,000 =145 days  It takes 145 days to pay trade payables |
| 1. Inventory period | 19,032,362,000 x365  94,350,387,000 =74 days  Inventory remains in store for an average of 74 days before being sold. | 23,124,020,000 x365  152,354,445,000 =55 days  Inventory remains in store for an average of 55 days before being sold. |
| 1. Receivables turnover | 142,975,792,000 x365  23,890,304,000 =5.98 times  Trade receivables can be turned over 5.98 times. | 266,274,621,000 x365  42,175,062,000 =6.3 times  Trade receivables can be turned over 6.3 times. |
| 1. Payables turnover | 94,350,387,000  31,175,725,000 =3.03 times  Trade payables can be turned over 3.03 times/year | 152,354,445,000  60,384,454,000 =2.52 times  Trade payables can be turned over 2.52 times/year |
| 1. Inventory turnover | 94,350,387,000  19,032,362,000 =5 times  Inventory was turned over 5 times in the period | 125,354,445,000  23,124,020,000 =7 times  Inventory was turned over 7 times in the period |
| 1. ROCE | 9,943,164,000  110,407,853,000 =0.09  This is the amount of capital utilized to generate profits | 59,750,846,000  70,216,921,000 =0.85  This is the amount of capital utilized to generate profits |
| 1. Gross profit margin | 48,625,405,000 x100  142,975,792,000 =34%  There was a 34% gross profit margin on goods sold | 113,920,176,000 x100  266,274,621,000 =43%  There was a 43% gross profit margin on goods sold |
| 1. Net profit margin | 9,943,164,000 x100  142,975,792,000 =6.95%  There was a 6.95% net profit on goods sold | 59,750,846,000 x100  266,274,621,000 =22%  There was a 22% net profit on goods sold |
| 1. Earnings per share | 6,717,605,000  2,034,731,000 =₦3.30  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue | 43,008,026,000  792,656,252 =₦54  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue |
| 1. Dividend per share | 963,768,000  1,505,888,188 =₦0.64  This is the amount of gross dividend declared on every issued ordinary share in the year | 37,651,172,000  792,656,252,000 =₦48  This is the amount of gross dividend declared on every issued ordinary share in the year |
| 1. Dividend pay-out ratio | 0.64 x100  3.30 =19.3%  88% of distributable earnings is paid to ordinary shareholders in form of dividend | 48 x100  54 =88%  88% of distributable earnings is paid to ordinary shareholders in form of dividend |
| 1. Dividend cover | 3.30 x100  0.64 =5.16 times  Ordinary dividend is covered by distributable earnings 5.16 times | 54 x100  48 =1.14 times  Ordinary dividend is covered by distributable earnings 1.14 times |
| 1. Expenses % 2. Marketing and distribution 3. Administrative | 1. 26,012,074,000 x100   35,907,520,000 =72%   1. 9,895,446,000 x100   35,907,520,000 =28%  This is the relative weight of each item of expense in relation to total expense | 1. 43,489,890,000 x100   53,279,445,000 =82%   1. 9,789,555,000 x100   53,279,445,000 =18%  This is the relative weight of each item of expense in relation to total expense |
| 1. Expenses to sales 2. Marketing and distribution 3. Administration | 1. 26,012,074,000 x100   142,975,792,000 =18%   1. 9,895,446,000 x100   142, 975,792,000 =7% | 1. 43,489,890,000 x100   266,274,621,000 =16%   1. 9,789,555,000 x100   266,274,621,000 =4% |

**COMPARISON OF THE RATIOS**

1. Guinness is were fully able to utilize their current assets
2. The two companies have a good quick asset ratio; but that of Guinness is better
3. Nestle takes less number of days to collect its trade receivables
4. Guinness pays its debt quicker
5. Inventory in nestle gets sold quicker than Guinness
6. Nestle turns over its receivables faster
7. Guinness turns over its debts faster
8. Nestle sold its inventories more times in the year (7 times); compare to Guinness which sold its inventories 5 times in the year
9. Nestle utilized more capital to generate profit than Guinness
10. Nestle earned more gross profit from goods sold compared to Guinness
11. Nestle earned more net profit from goods sold compared to Guinness
12. Nestle had more net profit after tax and pref. dividend attributable to each ordinary share in issue compared to Guinness
13. Nestle had a higher amount of gross dividend declared on every issued ordinary share in the year compared to Guinness
14. The distributable earnings paid to shareholders in nestle is higher
15. Ordinary dividend is covered by distributable earnings more times in Guinness

**CONCLUSION**

A Potential investor is advised to invest in nestle plc. The investors ratios computed for Nestle are better than those computed for Guinness

**CONSUMER SERVICES**

|  |  |  |
| --- | --- | --- |
|  | **UNIVERSITY PRESS** | **MED VIEW AIRLINES PLC** |
| 1. Current ratio | 1,898,822,000  742,124,000 =2.6:1  University press is able to meet its current liabilities as they fail due out of its current assets | 2,314,839,000  20,454,680,000 =0.1:1  The company is unable to meet its current liabilities with its current assets |
| 1. Quick asset ratio | 1,898,822,000-1,231,608,000  742,124,000 =0.9:1  Current liabilities can be met with cash converted from current assets. | 2,314,839,000-108,550,000  20,454,680,000 =0.1:1  Current liabilities cannot be met with cash converted from current assets. |
| 1. Receivables collection period | 139,914,000 x365  1,081,315,000 =47 days  Trade receivables was be turned over 47 times in the year | 2,347,982,000 x365  9,562,197,000 =90 days  Trade receivables was be turned over 90 times in the year |
| 1. Payables payment period | 26,244,000 x365  686,515,000 =14 days  It takes 14 days to pay trade payables | 18,845,517,000 x365  12,538,709,000 =549 days  It takes 549 days to pay trade payables |
| 1. Inventory period | 1,231,608,000 x365  686,515,000 =655 days  Inventory remains in store for an average of 655 days before being sold. | 108,550,000 x365  12,538,709,000 =3 days  Inventory remains in store for an average of 3 days before being sold. |
| 1. Receivables turnover | 1,081,315,000  139,914,000 =7.7 times  Trade receivables was be turned over 7.7 times in the year | 9,562,197,000  2,347,982,000 =4 times  Trade receivables was be turned over 4 times in the year |
| 1. Payables turnover | 686,515,000  26,244,000 =26 times  Trade payables was be turned over 26 times/year | 12,538,709,000  18,845,517,000 =0.7 times  Trade payables was be turned over 0.7times/year |
| 1. Inventory turnover | 686,515,000  1,231,608,000 =0.6 times  Inventory was turned over 0.6 times in the period | 12,538,709,000  108,550,000 =116 times  Inventory was turned over 116 times in the period |
| 1. ROCE | 345,625,000  2,670,868,000 =0.13  This is the amount of capital utilized to generate profits | (10,331,365,000)  (2,712,762,000) =3.8  This is the amount of capital utilized to generate profits |
| 1. Gross margin | 1,114,800,000 x100  1,801,315,000 =62%  There was a 62% gross profit margin on goods sold | (2,976,513,000) x100  9,562,197,000 = -31%  There was a 31% gross loss margin on goods sold |
| 1. Net profit margin | 354,625,000 x100  1,801,315,000 =20%  There was a 39% net profit on goods sold | (10,331,365,000)  9,750 640,000 = -108%  There was a 39% net profit on goods sold |
| 1. Earnings per share | 207,411,000  431,410,000 =₦0.4808  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue | (10,357,133,000)  9,750,649,400 = -₦1.06  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue |
| 1. Net assets per share | 2,609,094,000  432,410,000 =₦6.05  This is the amount of net assets attributable to each ordinary share in issue | (3,263,703,000)  9,750,649,000 = -₦0.37  This is the amount of net assets attributable to each ordinary share in issue |
| 1. Dividend per share | 64,712,000  431,410,000 =₦0.15  This is the amount of gross dividend declared on every issued ordinary share in the year | (292,519,000)  9,750,649,000 = -₦0.03  This is the amount of gross dividend declared on every issued ordinary share in the year |
| 1. Dividend pay-out ratio | 0.15 x100  0.4808 =31%  31% of distributable earnings is paid to ordinary shareholders in form of dividend | (0.03) x100  (0.33) = 9.09%  9.09% of distributable earnings is paid to ordinary shareholders in form of dividend |
| 1. Dividend cover | 0.4808  0.15 =3.2 times  Ordinary dividend is covered by distributable earnings 11 times | (0.33)  (0.03) = 11 times  Ordinary dividend is covered by distributable earnings 11 times |
| 1. Gearing ratio | 40,565,000  2,609,094,000 =0.02 | 1,614,915,000  3,063,703,000 =0.5 |

**COMPARISON OF THE RATIOS**

1. University press were fully able to utilize their current assets
2. University press was able to better utilize its cash gotten from current assets
3. It takes less number of days to collect its trade receivables in university press
4. University press pays its debt quicker
5. Both companies don’t have a good inventory period. Med view airlines could have been overtrading in order to sell its inventory quickly
6. Trade receivables gets turned more in university press
7. Med view airlines turns over its debts faster
8. Both companies don’t have a good inventory turnover
9. Med view utilized more capital to generate profit compared to
10. University press earned more gross profit from goods sold
11. University press earned more net profit from goods sold
12. University press had more net profit after tax and pref. dividend attributable to each ordinary share in issue
13. The net assets attributable to ordinary shares on issue in university press is significantly higher
14. University press had a higher amount of gross dividend declared on every issued ordinary share in the year
15. The distributable earnings paid to shareholders in university press is higher
16. Ordinary dividend was covered by distributable earnings more times in med view airlines

**CONCLUSION**

The average potential investor is hereby advised to invest in university press rather than med view airlines

**FINANCIALS**

|  |  |  |
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|  | **UNION BANK** | **FIDELITY BANK** |
| 1. ROCE | 18,660,000,000 200,087,000,0000 =0.08  The overall profitability of the business is 0.08 | 19,213,000,000  194,416,000,000 =0.1  this is the overall profitability of the company |
| 1. Earnings Per share | 18,438,000,000  29,121,000,000 =₦0.63 ₦ 0.63 net profit after and pref. Dividend attributable to each Ordinary share in issue | 17,768,000,000  28,963,000,000 =₦ 0.61 ₦0.61  Net profit after tax and pref. Dividend is attributable to each ordinary share in issue |
| 1. Net assets   Per share | 200,087,000,000  29,121,000,000 =₦6.9 ₦6.9  Net assets is attributable to each ordinary share in issue | 194,416,000,000  28,963,000,000 =₦6.7  ₦6.7 net assets is attributable to each ordinary share in issue |

**COMPARISON OF THE RATIOS**

1. The capital which was utilized to improve profitability is significantly higher in union bank than in Fidelity
2. Union bank had more net profit after tax and pref. dividend attributable to each ordinary share in issue than Fidelity
3. The net assets attributable to ordinary shares on issue in union bank is significantly higher than in Fidelity

**CONCLUSION**

Any potential investors are hereby advised to invest their money in union bank as it has higher chances of returns

**HEALTH CARE**

|  |  |  |
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|  | **PHARMA DEKO** | **NEIMETH** |
| 1. Current ratio | 510,849,000  545,790,000 =0.9:1  The business barely has the ability to meet its current liabilities with its current assets. | 1593943,000  1067184000 =1.5:1  The business can cover their current liabilities with their current assets. |
| 1. Quick assets ratio | 510,849,000-255,224,000  545,790,0000 ==0.47:1  Current liabilities with quick can’t easily be meet | 1,593,943,000-683,456,000  1067184,000 =0.85:1  Current liabilities can easily be met with quick cash from current assets |
| 1. Receivables collection period | 169,522,000 x365  1,023,806,000 =60 days  It takes 60 days for receivables to be collected | 590,002,000 x365  2,269,004,000 =95 days  It takes 95 days for receivables to be collected |
| 1. Payables payment period | 68,098,000 x365  622,439,000 =40 days It takes 40 days to pay trade payables | 363,956,000 x365  1,107,522,000 =120 days  It takes 120 days for trade payables to be paid |
| 1. Inventory period | 255,224,000 x365  622,439,000 =150 days  It takes 150 days for inventory to be sold | 683,456,000 x365  1,107,522,000 =225 days  It takes 225 days for inventory to be sold |
| 1. Receivables turnover | 1,023,806,000  169,522,000 = 6 times  Trade receivables was turned over 6 times | 2,269,004,000  590,002,000 =4 times  Trade receivables was turned over 4 times |
| 1. Payables turnover | 622,439,000  68,098,000 =9 times  Trade receivables were turned over 9 times | 1,107,522,000  363,956,000 =3 times  Trade payables were turned over 3 times |
| 1. Inventory turnover | 622,439,000  255,224,000 =2 times  Inventory was turned over 2 times in the period | 683,456,000  1,107,522,000 =0.6 times  Inventory was turned over 0. 6 times in the period |
| 1. ROCE | (255,983,000)  1,590,356,000 = -0.16  This is the overall profitability of the company from capital employed | 202,479,000  1,241,136,000 =0.16  This is the overall profitability of the company from capital employed |
| 1. Gross profit margin | 401,367,000 x100  1,023,806,000 =39%  There was a 39% gross profit margin on goods sold | 1,161,472,000 x100  2,269,004,000 =51%  There was a 51% gross profit margin on goods sold |
| 1. Net profit margin | 401,367,000 x100  1,023,806,000 =39%  There was a 39% net profit on goods sold | 184,035,000 x100  2,269,004,000 =8%  There was an 8% net profit on goods sold |
| 1. Expenses % 2. Selling and distribution 3. Administrative | 1. 92,181,000 x100   667,642,000 =14%  b.575,461,000 x100  667,642,000 =86%  This is the relative weight of each item of expense in relation to total expense | 1. 361,841,000 x100   904,804,000 =40%   1. 542,963,000 x100   904,804,000 =60%  This is the relative weight of each item of expense in relation to total expense |
| 1. Expenses to sales 2. Selling and distribution 3. Administrative | 1. 92,181,000 x100   1,023,806,000 =9%   1. 575,461,000 x100   1, 023,806,000 =56% | 1. 361,841,000 x100   2, 269,004,000 =16%  b.542,963,000 x100  2,269,004,000 =24% |

**COMPARISON OF THE ABOVE RATIOS**

1. Neimeth had a higher current ratio and as well has the ability to cover its current liabilities with its current assets
2. Neimeth had a better quick assets ratio of 0.85:1 as compared to that of Pharma-Deko which was 0.47:1
3. Trade receivables were collected faster in Pharma-Deko than in Neimeth
4. Trade payables were paid quicker in Pharma-Deko compared to Neimeth
5. Inventories which were in store were sold quicker on Pharma-Deko compared to Neimeth
6. More trade receivables are turned over in Pharma-Deko than in Neimeth
7. Pharma-Deko turned over more trade payables in the turned compared to Neimeth
8. Inventories were turned over more times in Pharma-Deko
9. Neimeth had more profit generated from capital employed
10. There was more gross profit gotten from goods sold in Neimeth
11. There was 39% net profit in Pharma-Deko which is high compared to that of Neimeth which was 8%

**CONCLUSION**

I would advise any interested/ potential investor willing and ready to invest in any of these two businesses to invest in Neimeth.

**INDUSTRIALS**

|  |  |  |
| --- | --- | --- |
|  | **DANGOTE CEMENT PLC** | **BETA GLASS PLC** |
| 1. Current ratio | 441,026,000,000  284,756,000,000 =1.55:1  The company is able to meet its current liabilities with its current assets. | 28,550,830,000  13,723,312,000 =2.1:1  The company is able to meet its current liabilities with its current assets. |
| 1. Quick asset ratio | 441,026,000,000 – 59,820,000,000  284,756,000,000 =1.3:1  Current liabilities can be met with cash converted from current assets. | 28,550,830,000 – 6,239,740,000  13,723,312,000 =1.6:1  Current liabilities can be met with cash converted from current assets. |
| 1. Receivables collection period | 11,046,000,000 x365  618,310,000,000 = 7 days  It takes 7 days to collect trade receivables | 13,438,292,000 x365  26,321,104,000 =186 days  It takes 186 days to collect trade receivables |
| 1. Payables payment period | 92,876,000,000 x365  170,288,000,000 =199 days  It takes 199 days to pay trade payables | 11,598,037,000 x365  19,940,375,000 =212 days  It takes 61 days to pay trade payables |
| 1. Inventory period | 59,820,000,000 x365  170,288,000,000 =128 days  Inventory remains in store for an average of 128 days before being sold. | 6,239,740,000 x365  19,940,375,000 =114 days  Inventory remains in store for an average of 114 days before being sold. |
| 1. Receivables turnover | 618,301,000,000  11,046,000,000 =60 times  Trade receivables was be turned over 60 times in the year | 26,321,014,000  13,438,292,000 = 2 times  Trade receivables was be turned over 2 times in the year |
| 1. Payables turnover | 170,288,000,000  92,876,000,000 =1.8 times  Trade payables was be turned over 1.8 times/year | 19,940,375,000  11,598,037,000 =1.7 times  Trade payables was be turned over 1.7 times/year |
| 1. Inventory turnover | 170,288,000,000  59,820,000,000 =2.8 times  Inventory was turned over 2.8 times in the period | 19,940,375,000  6,239,740,000 =3.2 times  Inventory was turned 3.2 times in the period |
| 1. ROCE | 392,223,000,000  1,293,548,000,000 =0.30  This is the amount of capital utilized to generate profits | 7,188,181,000  26,627,573,000 =0.27  This is the amount of capital utilized to generate profits |
| 1. Gross profit margin | 448,013,000,000 x100  618,301,000,000 =72%  There was a 72% gross profit margin on goods sold | 6,380,639,000 x100  26,321,014,000 = 24%  There was a 24% gross profit margin on goods sold |
| 1. Net profit margin | 392,223,000,000 x100  618,301,000,000 =63%  There was a 19% net profit on goods sold | 5,052,805,000 x100  26,321,014,000 =19%  There was a 19% net profit on goods sold |
| 1. Earnings per share | 481,456,000,000  17,041,000,000 =₦28.25  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue | 5,052,805,000  499,972,000 =₦10  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue |
| 1. Expenses % 2. Selling and distribution 3. Administrative | 1. 89,278,000,000 x100   116,386,000,000 = 77%   1. 27,108,000,000 x100   116,386,000,000 =23%  This is the relative weight of each item of expense in relation to total expense | 1. 81,161,000 x100   1,326,350,000 =6%   1. 1,245,189,000 x100   1,326,350,000 =94%  This is the relative weight of each item of expense in relation to total expense |
| 1. Expenses to sales 2. Selling and distribution 3. Administrative | 1. 89,278,000,000 x100   618,301,000,000 =14%   1. 27,108,000,000 x100   618,301,000,000 =4% | 1. 81,161,000 x100   26,321,014,000 =0.3%   1. 1,245,189,000 x100   26,321,014,000 =5% |

**COMPARISON OF THE RATIOS COMPUTED ABOVE**

1. Beta Glass had more of the ability to utilize its current assets to meets its current liabilities than Dangote
2. Both companies had an ideal quick asset ratio; but that of Beta Glass was better
3. It took less number of days for Dangote Cements to collect its trade receivables compared to how long it took Beta Glass
4. It took an average of 199 days for Dangote cements to pay its debts compared to Beta Glass which it took an average of 212 days for it to pays its debts
5. Beta Glass an average of 114 days to sell off its inventory; while its Dangote cements an average of 128 days
6. Dangote cements turned over more of its trade receivables in the period
7. Dangote cements turned over more trade payables than Beta Glass in the period
8. Beta Glass turned over more of its inventory
9. Dangote generated more profits from capital employed compared to Beta Glass
10. More gross profit was earned from goods sold in Dangote than in Beta Glass
11. More net profit was earned from goods sold in Dangote than in Beta Glass
12. Dangote had more net profit after tax and preference dividend attributable to each ordinary share in issue than Beta Glass

**CONCLUSION**

I would advise a potential investor to invest in Dangote Cements PLC because it has better investors ratio

**OIL AND GAS**

|  |  |  |
| --- | --- | --- |
|  | **CONOIL** | **11 PLC** |
| 1. Current ratio | 54,908,451,000  41,641,699,000 =1.3:1  The company is able to meet its current liabilities with its current assets | 34,183,632,000  19,327,761,000 =1.8:1  The company is able to meet its current liabilities with its current assets |
| 1. Quick asset ratio | 54,908,451,000 – 9,141,599,000  41,641,699,000 =1.09:1  Current liabilities can be met with cash converted from current assets. | 34,183,632,000 – 17,918,599,000  19,327,761,000 =0.8:1  Current liabilities cannot easily be met with cash converted from current assets. |
| 1. Receivables collection period | 30,295,096,000 x365  122,213,014,000 =90 days  Trade receivables remain uncollected for 90 days. | 11,513,890,000 x365  164,609,535,000 =26 days  Trade receivables remain uncollected for 26 days. |
| 1. Payables payment period | 35,065,872,000 x365  109,442,111,000 =117 days  Trade payables remain unpaid for 61 days | 8,212,101,000 x365  148,015,916,000 =20 days  Trade payables remain unpaid for 61 days |
| 1. Inventory period | 9,141,599,000 x365  109,422,111,000 =30 days  Inventory remains in store for an average of 152 days before being sold. | 17,918,599,000 x365  148,015,916,000 =44 days  Inventory remains in store for an average of 152 days before being sold. |
| 1. Receivables turnover | 122,213,014,000  30,295,096,000 =4 times  Trade receivables was be turned over 4 times in the year | 164,609,535,000  11,513,890,000 ==14 times  Trade receivables was be turned over 14 times in the year |
| 1. Payables turnover | 109,442,111,000  35,065,875,000 =3 times  Trade payables was be turned over 3.49 times/year | 148,015,916,000  8,212,101,000 =18 times  Trade payables was be turned over 3.49 times/year |
| 1. Inventory turnover | 109,442,111,000  9,141,599,000 =11 times  Inventory was turned over 2.41 times in the period | 148,015,916,000  17,918,599,000 =8.3 times  Inventory was turned over 2.41 times in the period |
| 1. ROCE | 2,566,765,000  19,255,547,000 =0.1  This is the amount of capital utilized to generate profits | 13,695,459,000  51,333,037,000 =0.3  This is the amount of capital utilized to generate profits |
| 1. Gross profit margin | 12,770,902,000 x100  122,213,014,000 =10.4%  There was a 10.4% gross profit margin on goods sold | 16,593,619,000 x100  164,609,535,000 =10.1%  There was a 10.1% gross profit margin on goods sold |
| 1. Net profit margin | 1,796,042,000 x100  122,213,014,000 =1.5%  There was a 7.3% net profit on goods sold | 9,328,935,000 x100  360,595,261,000 =2.59%  There was a 7.3% net profit on goods sold |
| 1. Earnings per share | 1,796,042,000  693,952,117,000 =₦2.59  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue | 9,328,935,000  360,595,261,000 =₦0.26  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue |
| 1. Net assets per share | 18,301,074,000  693,952,117,000 =₦0.03  This is the amount of net assets attributable to each ordinary share in issue | 33,772,775,000  360,595,261,000 =₦0.09  This is the amount of net assets attributable to each ordinary share in issue |
| 1. Expenses % 2. Selling and distribution 3. Administrative | 1. 2,571,260,000 x100   8,809,784,000 =29%   1. 6,238,524,000 x100   8,809,784,000 =71%  This is the relative weight of each item of expense in relation to total expense | 1. 6,924,989,000 x100   11,949,623,000 =60%   1. 5,024,634,000 x100   11,949,623,000 =42%  This is the relative weight of each item of expense in relation to total expense |
| 1. Expenses to sales 2. Selling and distribution 3. Administrative | 1. 2,571,260,000 x100   122,213,014,000 =2%   1. 6,238,524,000 x100   122,213,014,000 =5% | 1. 6,924,989,000 x100   164,609,535,000 =4%   1. 5,024,634,000 x100   164,609,535,000 =3% |

**COMPARISON OF THE ABOVE RATIOS COMPUTED**

1. 11 Plc. were more able to use their current assets to meet their current assets compared to Conoil
2. Conoil had a better quick assets ratio compare to 11 plc.
3. Trade receivables were collected quicker in 11 Plc. than in Conoil
4. Trade Payables were collected quicker in 11 plc. than in Conoil
5. Inventories were sold faster in Conoil than in 11 Plc.
6. Trade receivables were turned over more times in 11 plc. than in Conoil
7. Trade payables were turned over more times in 11 plc. than in Conoil
8. Inventories were turned over more times in Conoil than in 11 plc.
9. 11 plc. utilized more capital than Conoil to generate profits
10. Conoil earned more gross profit from goods sold
11. 11 plc. earned more net profit from goods sold
12. Conoil had more net profit after tax and preference dividend attributable to each ordinary share in issue than 11 plc.
13. 11 plc. had significantly more net assets attributable to ordinary shares in issue

**CONCLUSION**

A potential investor is advised to invest in 11 plc. rather than in Conoil

**TECHNOLOGY / TELECOMMUNICATIONS**

|  |  |  |
| --- | --- | --- |
|  | **MTN** | **E-TRANZACT** |
| 1. Current ratio | 548,000,000  2,865,000,000 =0.19:1  The company is unable to meet its current liabilities with its current assets | 4,105,003,000  5,630,715,000 =0.75:1  The company is unable to meet its current liabilities with its current assets |
| 1. Quick asset ratio | 548,000,000  2,865,000,000 =0.19:1  Current liabilities cannot be met with cash converted from current assets. | 4,105,003,000 - 401,048,000  5,630,715,000 =0.66:1  Current liabilities can be met with cash converted from current assets. |
| 1. Receivables collection period | 328,000,000  11,992,000,000 =10 days  It takes 10 days to collect trade receivables | 1,075,193,000  18,621,653,000 =21 days  It takes 21 days to collect trade receivables |
| 1. Payables turnover | 11,992,000,000  328,000,000 = 37 times  Trade payables was be turned over 37 times in the year | 18,621,653,000  1,075,193,000 =17 times  Trade payables was be turned over 17 times in the year |
| 1. ROCE | 11,972,000,000  21,491,000,000 =0.56  This is the amount of capital utilized to generate profits | (3,277,655,000)  336,684,000 = -9.7  This is the amount of capital utilized to generate profits |
| 1. Earnings per share | 11,957,000,000  1,884,269,000 =₦6  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue | (3,136,413,000)  4,200,000,000 = -₦0.75  This is the amount of net profit after tax and pref. dividend attributable to each ordinary share in issue |
| 1. Net assets per share | 21,490,000,000  1,884,269,000 = ₦11  This is the amount of net assets attributable to each ordinary share in issue | 159,667,000  4,200,000,000 = -₦0.04  This is the amount of net assets attributable to each ordinary share in issue |
| 1. Net profit margin | 11,957,000,000  11,992,000,000 =100%  There was a 7.3% net profit on goods sold | (3,136,413,000) x100  18 621,653,000 = -17%  There was a -17% net loss on goods sold |

**COMPARISON OF THE RATIOS COMPUTED ABOVE**

1. Both companies were both unable to fully utilize their current; but the current ratio of E-Tranzact was better
2. E-Tranzact were better fitted to meet their current liabilities with cash easily converted current assets
3. It took MTN less number of days to collect trade receivables due compared to E-Tranzact
4. E-Tranzact paid its trade payables quicker than MTN did
5. MTN generated more profit from capital employed compared to E-Tranzact that generated a loss
6. MTN had more net profit after tax and preference dividend attributable to each ordinary share in issue than E-Tranzact
7. MTN had significantly more net assets attributable to ordinary shares in issue
8. MTN earned more net profit from goods sold compare to the net loss gotten by E-Tranzact

**CONCLUSION**

A potential investor is advised to invest funds in MTN rather than E-Tranzact; because MTN is better fitted to make returns.