**NAME: SHITTU TAIYE FARIDA**

**MATRIC N0: 17/SMS02/060**

**COURSE: ACC 302**

**LEVEL: 300 LEVEL**

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**RATIO ANALYSIS FOR THE FOLLOWING COMPANY FOR THE YEAR 2018.**

**INDUSTRAL SECTOR:**

CUTIX PLC

BETA GLASS PLC

**BASIC MATERIAL SECTOR**:

CAP PLC

BERGER PAINTS PLC

**CONSUMER GOODS SECTOR:**

FLOOR MILL OF NIGERIA

NESTLE PLC

**TELECOMMUNICATION SECTOR:**

CWG AND MTN

**FINANCIAL SECTOR:**

ECO BANK AND ASSESS BANK

**OIL AND GAS SECTOR:**

OANDO AND CONOIL

**CONSUMER SERVICE SECTOR:**

ABC TRANSPORT AND CAPITAL HOTEL

**HEALTH SECTOR**: EKOCORP PLC AND GSK PLC

**QUESTION**

Compute all ratios on those companies and interpret the ratios as well as making compare between the two companies from a sector.

**RATIO ANALYSIS FOR COMPANIES IN THE INDUSTRIAL SECTOR**

|  |  |  |
| --- | --- | --- |
| **Ratio/formula** | **CUTIX PLC** | **BETA GLASS PLC** |
| **Short term/liquidity ratios**   * Current ratio=Current Assets/Current liabilities | 1,957,976/1,359,513  =**1.44:1** | 28,550,830/13,723,312  =**2.08:1** |
| * Acid test ratio=current assets- inventory/current liabilities | 1,957,976─1,317958/1,359,513  = **0.47:1** | 28,550,830─6,239,740/13,723,312  =**20.3:1** |
| * Receivable collection period= average trade receivables/credit sales×365 days | 525,058/5057,374×365 days  =**30.631days** | 13,438,292/26,321,014×365days  =**186.3days** |
| * Payables payment period=Average trade payables/cost of sales × 365 days | 499,300/ 3,536,685 ×365 days  =**42.04days** | 11,598,037/19,940,375×365 days  =**212.2days** |
| * Inventory turnover period= average inventory/cost of sales×365 days | 1,317,958/3,536,685× 365 days  =**124.93days** | 6,239,740/19,940,375×365days  =**114.2days** |
| * Receivable turnover =credit sales/average receivables | 5,057,374/525,058  =**11.91 times** | 26,321,014/13,438,292  =**1.9 times** |
| * Payables turnover=cost of sales/ average payables | 3,536,658/ 499,300  =**7 times** | 19,940,375/11,598,037  =**1.7 times** |
| * Inventory turnover =cost of sales/average inventory | 3,536,658/1,317,958  =**2.6 times** | 19,940,375/6,239,740  =**3.1 times** |
| **Efficiency/profitability ratios**   * ROCE= PBIT/capital employed×100% * Capital employed=total asset-current liabilities | 799,070/1,476,749×100%  =**0.54%**  2,836,262─1,359,513  =1,476,749 | 7,188,181/32356317×100%  =**0.22%**  46,079,629─13,723,312  =32356317 |
| * Gross profit margin= gross profit/sales×100% | 1,520,689/3,536,685×100%  =**0.4%** | 6,380,639/19,940,375×100%  =**0.3%** |
| * Net profit margin=net profit/sales×100% | 440,295/3,536,685×100%  =**0.12%** | 5,052,805/19,940,375×100%  =**0.25%** |
| * Expense percentage= individual expense/total expense ×100% * selling and distribution expenses * administration expenses * Impairment loss * Finance cost * Income tax expense | 221,268/799,070×100%  =**0.27%**  142,212/5,057,375×100%  =**0.02%**  613,304/799070×100%  =**0.76%**  85,887/5,057,375×100%  =**12.0%**  137,507/799070×100%  =**0.23%**  221,268/5,057,375×100%  =**0.34%** | 839,368/5,893,657×100%  =**0.14%**  81,161//19,940,375×100%  =**4.0%**  1,245,189/5,893,657×100%  **=0.25%**  135,430/5,893,657×100%  =**1.4%**  243,233/19,940,375×100%  =**0.14%**  2,135,376/19,940,375×100%  **=4.0%** |
| * Expense to sale=individual expense/ sale × 100% * selling and distribution expenses * Administration expense * Impairment loss | 221,268/3,536685×100%  =**0.06%**  142,212/5,057,374×100%  =**0.02%**  613,304/3536,685×100%  =**0.17%**  85,887/3536,685×100%  =**0.02%** | 839,368/26,321,014×100%  =**0.03%**  81,161/19,940,375×100%  =**0.4%**  1,245,189/26,321,041×100%  **=0.19%**  135,430/26,321,041×100%  =**0.05%** |
| * Finance cost | 137,507/5057,374×100%  =**0.02%** | 243,233/19,940,375×100%  =**0.5%** |
| * Income tax expense | 221,268/5,057,374×100%  =**3.5%** | 2,135,376/19,940,375×100%  =**2.4%** |
| **Investors /Shareholder Ratios**   * EPS=PAT- Preference dividend/ No of ordinary shares×100% | =**50kobo** | =**10.11kobo** |
| * Price earnings ratio=MPS/EPS | 1.47/50  =**9years** | 53.8/10.11  =**5 years** |
| * Earnings yield =EPS/MPS×100% | 50/1.47  =**34.0%** | 10.11/53.8  =**0.18%** |
| * Net asset per share=net asset-preference share/No of ordinary share | 2,836,262─104,356/1,435,802  **=₦1.9** | 46,079,629─312,847/499,972  **=₦91** |
| * Dividend per share =gross dividend /No of ordinary share | =**18kobo** | =**1.07kobo** |
| * Dividend payout ratio=DPS/EPS×100% | 18/50×100%  =**0.36%** | 1.07/10.11×100%  =**0.10%** |
| * Dividend yield=DPS/MPS×100% | 18/1.47  =**12%** | 1.07/53.8×100%  =**0.01%** |
| * Dividend covered=EPS/DPS | 50/18=**2.7 times** | 10.11/1.07=**9.4 times** |
| **Long Term Solvency Ratios** |  |  |
| * Gearing Ratio=debt/ equity * Fixed interest cover=profit before interest& tax/fixed interest | 177457/1,299,292  =**0.13**  799,070/137,507  =**5.8** | 3,389/29,627,573  =**1.14**  7,188,181/1,405,030  =**5.11** |
| * Total debt to shareholder fund= noncurrent liabilities +current liabilities/equity | 177,457+1,359,513/1,299,292  =**1.18** | 2,728,744+13,723,312/  29,627,573  =**0.55** |

**Interpretation and Comparison for companies in industrial Sector**

a) Current Ratio: This measures the company’s ability to pay short term obligations or those due within one year from its current asset. From both companies I can say that both are doing well, its current assets can adequately cover its current liabilities. But beta glass plc. performed better than cutix plc.

b) Acid Test Ratio: it measures the relative amount of cash and other assets that can be easily converted into cash that are available to meet current liabilities. From both companies I can say beta glass plc performed better than beta glass plc, while cutix plc ratio means that if you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average.

c) Receivable Collection Period: This Ratio measures the average number of days for which receivables remain uncollected before it is received. From the ratio both companies have short receivable collection period as compared to their payment period which means that there can get their money back from their debtors in time to meet their own creditors. But cutix plc still has a better ratio in this area than beta glass plc.

d) Payable Payment Period: This ratio measures the average number of days for which trade payables remain unpaid before finally paid. From both companies there are actually running fine margins.

e) Inventory Turnover Period: This is a measure of the average number of days inventory remains in the store before being sold. From my analysis beta glass is better since it has much lower than cutix plc meaning that their goods sell out at a much shorter period.

f) Receivables Turnover: This expresses the number of times it takes receivables to turnover during a period. From both companies ratio their performed fine but cutix is still better since the higher the better than beta glass plc.

g) Payables Turnover: This ratio measures the no of times trade payables are turnover during the period. From both companies ratio their performed fine but cutix plc is still better since the lower the better

h) Inventory Turnover: This ratio measures the physical turnover of trading inventory span from the period the goods are purchased to the date sold. From both companies beta glass plc is still better because it has higher inventory turnover and is backed up with a good receivable collection and payables payment period, meaning that their company is selling goods very fast and high demand for their product exist. In General in the area of Short term solvency beta glass plc performed better than cutix Plc.

i) ROCE: Measures the overall profitability of the business. It shows the efficiency of management in utilization of the resources placed at their disposal. From the analysis from both companies cutix plc is still a better ratio than Beta glass plc because it means for every capital employed more profit is being generated.

j) Gross Profit Margin: It shows the average gross profit as a percentage of goods sold. From both companies there are actually good, But cutix still has a better edge over Beta glass plc.

k) Net Profit Margin: It expresses the relative profitability of the business after taking into account all income and expenses for that period. From the analysis both companies are actually good, but beta glass plc still has a better edge over cutix plc.

l) Expenses Percentage: This ratio shows the relative weight of each item of expense in relation to total expenses.

m) Expenses to Sales: This ratio helps to highlight the sources of the improvement or deterioration in the net profit to sales percentage, from both companies you can see that it shows a deterioration in net profit percentage, meaning that the expenses has risen at more proportion making profit to reduce in relation to sales. But Cutix still has a better ratio. In General in the area of Profitability ratios Cutix plc performed better than Beta glass Plc.

n) Earnings per Share: This ratio gives an indication of the amount of the PAIT and preference dividend attributable to each ordinary share in issue. So from the analysis Cutix plc still has a better EPS ratio than beta glass plc since theirs is higher.

o) Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis cutix Plc is better than beta glass plc.

p) Earning yield: This ratio shows potential return on the shareholder investment. From analysis Beta glass performed better in this ratio than Cutix plc, meaning that shareholder get a higher potential return on their investment as compared to Cutix plc.

q) Net Asset Per share: This ratio indicates the amount of net asset attributable to each ordinary share in issue. From the ratios Beta glass plc has a better ratio since it is higher than that of Cuitx plc meaning that for every ordinary share in issue ₦91 is the per value in relation to Net asset.

r) Dividend per share: This ratio shows the amount of gross dividend declared on every issue ordinary share. From the analysis for both companies Cutix plc did better since it has higher DPS ratio

s) Dividend Pay out Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies cutix plc has a higher DPR ratio than Beta plc which means Cutix is better because it will indicate that Investors/shareholders get high pay in form of dividend as compared to Betar glass plc that pays a low percentage which may not be attractive to investors.

t) Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Cutix plc is better, since it has a higher percentage of return on shareholders’ investment.

u) Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis both companies have a good dividend covered ratio since both are greater than 1 but Beta glass ratio is better as it has a higher ratio.

v) Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis cutix plc has a better Gearing ratio by far since is less than 1 which means that it is lowly geared that is has more of equity capital in relation to fixed interest capital.

w) Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis cutix plc is still better due to the low ratio indicating that the company is stable while beta glass plc ratio is not good because it means the company may run into risk in the future of liquidating

x) Fixed Interest Covered: This Ratio is a Measure of the no of times fixed Interest is covered by Profit. The higher this ratio the higher the level of confidence of lenders in the ability of the company to pay loan granted and vice versa. From my ratio analysis Cutix plc is better, In General in the area of long term solvency ratios Beta plc performed better than cutix Plc.

**Ratio Analysis for Companies in Basic Material Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **BERGER PAINTS PLC** | **CAP PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 1,646,124**/**1,285,038= **1.28:1** | 5,545,093/3,375,254=**1.64:1** |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 1,646,124-606,712**/**1,285,038= **0.80:1** | 5,545,093-884,115/3,375,254=**1.38:1** |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 190,982**/**3,377,223 x 365days= **21days** | 172,488/7,764,534 x 365days=**8days** |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 622,491**/** 1,896,862 x 365days= **120days** | 1,559,016/4,034,516 x365days= **141days** |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 606,712**/** 1,896,862 x 365days= **117days** | 884,115/4,034,561 x 365days= **80days** |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 3,377,223**/**190,982= **17.7times** | 7,764,534/172,488=**45times** |
| ● Payables Turnover= Cost of Sales**/**Average payables | 1,896,862**/**622,491**= 3times** | 4,034,561/1,559,016=**2.6times** |
| ● Inventory Turnover= Cost of Sales**/**Average Inventory | 1,896,862**/** 606,712= **3times** | 4,034,561/1,559,016=**4.6times** |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | 454,328/3,250,261x100%=**14%** | 2,597,832/2,935,992x100%=**88%** |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 1,480,361/3,377,223 x 100%= **44%** | 3,729,973/7,764,534 x100%=**48%** |
| ●Net Profit Margin= Net profit**/**Sales x100% | 320,509/3,377,223 x 100%= **9.5%** | 2,029,343/7,764,534 x100%=**26%** |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Selling and Distribution expenses  Administration Expense  Impairment loss  Finance Cost  Income Tax Expense | 237,375/1,234,862 x100%=**19%**  829,609/1,234,862 x100%= **67%**  14,899/1,234,862 x100%= **1.2%**  19,160/1,234,862 x100%= **1.6%**  133,819/1,234,862 x100%= **11%** | 356,737/2,089,716 x 100%=1**7%**  1,149,872/2,089,716 x100%=**55%**  14,618/2,089,716 x100%=**0.7%**  568,489/2,089,716 x100%=**27%** |
| ● Expense to Sales= Individual expense/ Sales x 100%  Selling and Distribution expenses  Administration Expense  Impairment loss  Finance Cost  Income Tax Expense | 237,375/3,377,223 x100%= **7%**  829,609/3,377,223 x 100%= **25%**  14,899/3,377,223 x 100%= **0.44%**  19,160/3,377,223 x100%= **0.57%**  133,819/3,377,233 x100%**=4%** | 356,737**/**7,764,534 x100%=**5%**  1,149,872/7,764,534 x100%=**15%**  14,618/7,764,534 x 100%=**0.19%**  568,489/7,764,534 x100%=**7%** |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | 320,509-0/289,823 x 100=  **111kobo** | 2,029,343/700,000 x100=**290kobo** |
| ●Price Earnings Ratio= MPS/EPS | 7.45/1.11=**6years 7month** | 20.65/2.9=**7years** |
| ●Earning Yield=EPS/MPS x 100% | 1.11/7.45 x100%= **15%** | 2.9/20.65 x100%= **14%** |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 4,535,299-0/289,823=**₦16** | 6,311,246-0/700,000=**₦9** |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 144,912/289,823=**₦0.5** | 175,000/700,000=**₦2.5** |
| ●Dividend Payout Ratio=DPS/EPS x100% | 50/111 x100%= **45%** | 250/290 x100%= **86%** |
| ● Dividend Yield=DPS/MPSX100% | 0.5/7.45x 100%= **7%** | 2.5/20.65 x100%=12% |
| ●Dividend Covered= EPS/DPS | 111/50=**2.2times** | 290/250=**1.2times** |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 1,722,247/2,813,052=**0.61** | 3,502,307/2,808,939=**1.24** |
| ●Fixed Interest Covered=PBIT/Finance cost | 454,328/19,160=**24times** | 2,597,832/14,618=**178times** |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 437,209+1,285,038/2,813,052=  **0.61** | 127,053+3,375,254/2,808,939=  **1.24** |

**Interpretation and Comparison for companies in Basic Material Sector**

1) **Current Ratio:** Analysing the companies burger paint Performed less than CAP since CAP’s ratio was above the industrial average for basic material sector of 1.59:1.while Performed better than Berger paint since its ratio was above the industrial average for basic material sector of 1.59:1.

2) **Acid Test Ratio:** From the analysis of both companies CAP plc performed better than Berger paint since its ratio meets the general rule of 1:1 and the industrial average for basic material sector of 1.06:1. While Berger paint ratio means that if you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average.

3) **Receivable Collection Period:** This Ratio measures the average number of days for which receivables remain uncollected before it is received. Berger paint Its ratio is good in this area but not better than CAP’s while It still has a better ratio than berger paint in this area.

4) **Payable Payment Period:** This ratio measures the average number of days for which trade payables remain unpaid. Berger paint Its better because it’s more for CAP It isn’t not better because its lesser.

5**) Inventory Turnover Period:** This is a measure of the average number of days inventory remains in the store before being sold. From my analysis CAP is better since it has much lower than Berger meaning that their goods sell out at a much shorter period.

6) **Receivables Turnover:** This expresses the number of times it takes receivables to turnover during a period. From both companies ratio their performed fine but CAP is still better since the higher the better

7) **Payables Turnover:** This ratio measures the no of times trade payables are turnover during the period. From both companies ratio their performed fine but CAP is still better since the lower the better

8) **Inventory Turnover:** This ratio measures the physical turnover of trading inventory span from the period the goods are purchased to the date they are sold. From both companies CAP plc is still better because it has higher inventory turnover and is backed up with a good receivable collection and payables payment period. In General in the area of Short term solvency CAP plc performed better than Berger Plc.

9) **ROCE:** Measures the overall profitability of the business. It shows the efficiency of management in utilization of the resources placed at their disposal. berger plc it isn’t better in the comparison because its capital is lesser, for It is still a better ratio than Berger because it means for every capital employed more profit is being generated.

10) **Gross Profit Margin:** It shows the average gross profit as a percentage of goods sold. From both companies there are actually good since there were higher than the industry average for basic material sector for last year. But CAP still has a better edge over Berger Paint plc.

11) **Net Profit Margin:** It expresses the relative profitability of the business after taking into account all income and expenses for that period. Berger paint plc doesn’t have a better edge over CAP plc. While CAP plc still has a better edge over Berger Paint plc.

12) **Expenses Percentage:** This ratio shows the relative weight of each item of expense in relation to total expenses.

13) **Expenses to Sales:** This ratio helps to highlight the sources of the improvement or deterioration in the net profit to sales percentage, from both companies you can see that it shows a deterioration in net profit percentage, meaning that the expenses has risen at more proportion making profit to reduce in relation to sales. But CAP still has a better ratio. In General in the area of Profitability ratios CAP plc performed better than Berger Plc.

14) **Earnings per Share:** This ratio gives an indication of the amount of the PAIT and preference dividend attributable to each ordinary share in issue. So from the analysis CAP plc still has a better EPS ratio than Berger Paint since theirs is higher.

15) **Price Earnings ratio:** This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis Berger paint Plc is better since it takes 6years 7 months to recoup what shareholders has invested as compared to CAP of 7years.

16) **Earning yield:** This ratio shows potential return on the shareholder investment. From analysis Berger paint performed better in this ratio than CAP plc, meaning that shareholder get a higher potential return on their investment as compared to CAP plc.

17) **Net Asset Per share:** This ratio indicates the amount of net asset attributable to each ordinary share in issue. Berger paint plc It has a better ratio since it is higher than that of CAP plc, while cap plc It doesn’t have a better ratio since it is higher than that of Berger plc.

18) **Dividend per share:** This ratio shows the amount of gross dividend declared on every issue ordinary share. From the analysis for both companies CAP plc did better since it has higher DPS ratio

19) **Dividend Payout Ratio:** This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies CAP plc has a higher DPR ratio than Berger Paint plc which means Berger is better because it will indicate that in future if any issue arises that there can cover it from the rest of their distributable earnings as compare to CAP plc that pays a higher percentage, but also CAP higher pay can attract potential investors.

20) **Dividend yield:** This ratio Measures the current actual return on shareholders’ investment. From analysis CAP is better, since it has a higher percentage of return on shareholders’ investment.

21) **Dividend Covered:** This measures the number of times ordinary dividend covers distributable earnings. From my analysis both companies have a good dividend covered ratio since both are greater than 1 but Berger paint still did more better as it has a higher ratio. In General in the area of Inventors ratios Berger plc performed better than CAP Plc.

22) **Gearing ratio:** This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Berger paint plc has a better Gearing ratio by far since is less than 1 which means that it is lowly geared (that is has more of equity capital in relation to fixed interest capital) while CAP has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company.

23) **Fixed Interest Covered:** This Ratio is a Measure of the no of times fixed Interest is covered by Profit. The higher this ratio the higher the level of confidence of lenders in the ability of the company to pay loan granted and vice versa. From my ratio analysis CAP plc is better since its profit before interest and tax can cover its finance cost up to 178 times. In General in the area of long term solvency ratios Berger plc performed better than CAP Plc.

24) **Total Debt to Shareholder fund:** This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis Berger paint pc is still better due to the low ratio indicating that the company is stable while CAP ratio is not good because it means the company may run into risk in the future of liquidating.

**Ratio Analysis for Companies in Consumer Goods Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formulas** | **FMN PLC** | **NESTLE PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 154,380,788/140,074,526=**1.10:1** | 82,734,317/ 92,117,501=**0.90:1** |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 154,380,788-71,755,238/140,074,526=**0.59:1** | 82,734,317- 23,124,020/92,117,501=**0.65:1** |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 49,546,925/389,397,836 x365days=**46days** | 42,175,062/ 266,274,621x365days=**58days** |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 40,126,542/337,820,842 x365days=**44days** | 60,384,454/152,354,445x365days=**145days** |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 71,755,238/337,820,842 x365days=**78days** | 23,124,020/152,354,445 x365days=**55days** |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 389,397,836/49,546,925=**8times** | 266,274,621/42,175,062=**6times** |
| ● Payables Turnover= Cost of Sales/Average payables | 337,820,842/40,126,542=**8times** | 152,354,445/60,384,454=**3times** |
| ● Inventory Turnover= Cost of Sales/Average Inventory | 337,820,842/71,755,238=**5times** | 152,354,445/23,124,020=**7times** |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | 14,153,983/182,530,056 x 100%=**8%** | 59,750,846/70,216,921 x100%=**85%** |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 51,576,994/389,397,836 x100%=**13%** | 113,920,176/ 266,274,621x100%=**43%** |
| ●Net Profit Margin= Net profit/Sales x100% | 9,244,729/389,397,836 x100%=**2%** | 43,008,026/266,274,621x100%=**16%** |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Selling and distribution expenses  Administrative expenses  Operating losses  Finance costs    income tax expense | 5,595,264/52,143,219 x 100%=**11%**  11,707,308/52,143,219 x 100%=**22%**  4,989,445/52,143,219 x100%=**10%**  24,941,948/52,143,219 x100%=**48%**  4,909,254/52,143,219 x100%=**9%** | 43,489,890/72,629,039 x100%=**60%**  9,789,555/72,629,039 x100%=1**3%**  2,606,774/72,629,039 x100%=**4%**  16,742,820/72,629,039 x100%=**23%** |
| ● Expense to Sales= Individual expense/ Sales x 100%  Selling and distribution expenses  Administrative expenses  Operating losses  Finance costs  income tax expense | 5,595,264/389,397,836 x100%=**1.4%**  11,707,308/389,397,836 x100%=**3%**  4,989,445/389,397,836 x100%=**1.3%**  24,941,948/389,397,836 x100%=**6%**  4,909,254/389,397,836 x100%=**1.3%** | 43,489,890/ 266,274,621x100%=**16%**  9,789,555/266,274,621x100%=**4%**  2,606,774/266,274,621x100%=**1%**  16,742,820/266,274,621x100**%=6%** |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | 9,244,729/2,624,253=**352kobo** | 43,008,026/792,656 x100%=**5426kobo** |
| ●Price Earnings Ratio= MPS/EPS | 20.40/3.52=**6years** | 1095/54=**20years** |
| ●Earning Yield=EPS/MPS x 100% | 3.52/20.40 x100%=**17%** | 54/1095 x100%=**5%** |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 322,604,582-0/2,624,253=**₦123** | 162,334,422/792,656=**₦205** |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 1,312,127/2,624,253=**₦0.5** | 396,328/792,656=**₦0.5** |
| ●Dividend Payout Ratio=DPS/EPS x100% | 50/352 x100%=**14%** | 50/5426 x100%=**1%** |
| ● Dividend Yield=DPS/MPSX100% | 0.5/20.40 x100%=**2%** | 0.5/1095 x100%=**0.05%** |
| ●Dividend Covered= EPS/DPS | 352/50=**7times** | 5426/50=**109times** |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 171,158,286/151,446,296=**1.13** | 112,113,936/ 50,220,486 =**2.2** |
| ●Fixed Interest Covered=PBIT/Finance cost | 14,153,983/24,941,948=  **0.57times** | 59,750,846/2,606,774=**30times** |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 31,083,760+140,074,526/151,446,296=**1.13** | 19,996,435+ 92,117,501/50,220,486 =**2.2** |

**Interpretation and Comparison for companies in Consumer Goods Sector**

a) **Current Ratio:** analysing the two companies FMN plc has a better ratio since it meets the general rule of 2:1 that is its current assets can adequately cover its current liabilities. But Nestle plc ratio implies that the company will find it hard to meet there short term liabilities from current asset, since there short term debt exceed their current asset. FMN plc has a better Current ratio.

b) **Acid Test Ratio:** analysing the two companies both companies did not perform well under this ratio since it’s not in line with the general rule of 1:1, But Nestle ratio is better since it’s higher than that of FMN plc.

c) **Receivable Collection Period:** analysing the two companies Nestle plc have short receivable collection period as compared to its payment period which means that there can get their money back from their debtors in time to meet their own creditors. But FMN ratio is not good because its payable payment period is lower than receivable which means that their creditors demand for their money to be paid in a shorter period before their receive their own money being owed by their debtors.

d) **Payable Payment Period:** analysing the two companies Nestle plc have long payables payment period as compared to its receivable collection period which means there are running fine margin. But FMN ratio is not good because its payable payment period is lower than receivable which means that their creditors demand for their money to be paid in a shorter period before their receive their own money being owed by their debtors.

e) **Inventory Turnover Period:** analysing the two companies Nestle plc is better since it has much lower than FMN meaning that their goods sell out at a much shorter period.

f) **Receivables Turnover**: analysing the two companie**s** it expresses the number of times it takes receivables to turnover during a period. From both companies FMN ratio is better since it is higher

g) **Payables Turnover:** This ratio measures the no of times trade payables are turnover during the period. From both companies ratio Nestle ratio is better since the lower the better

h) **Inventory Turnover:** analysing the two companies Nestle plc is better because it has higher inventory turnover and is backed up with a good receivable collection and payables payment period, meaning that their company is selling goods very fast and high demand for their product exist. In the Short term solvency ratios Nestle plc performed better.

i) **ROCE:** analysing the two companies Nestle plc is better than FMN because it has a higher return on capital employed, meaning for every capital employed more profit is being generated.

j) **Gross Profit Margin**: from the analysis of the two companies it shows the average gross profit as a percentage of goods sold. From the ratios of both companies Nestle plc has a better ratio over FMN.

k) **Net Profit Margin:** from the analysis of the two companies It expresses the relative profitability of the business after taking into account all income and expenses for that period. From the ratios of both companies Nestle plc has a better Net profit as a percentage of sales.

l) **Expenses Percentage:** analysing the two companies the ratio shows the relative weight of each item of expense in relation to total expenses.

m) **Expenses to Sales**: from analysing the two companies the ratio helps to highlight the sources of the improvement or deterioration in the net profit to sales percentage, from both companies you can see that it shows a deterioration in net profit percentage, meaning that the expenses has risen at more proportion making profit to reduce in relation to sales. But FMN still has a better ratio. In General in the area of Profitability ratios Nestle plc performed better than FMN plc.

n) **Earnings per Share:** analysing the two companies the ratio gives an indication of the amount of the PAIT and preference dividend attributable to each ordinary share in issue. So from the analysis Nestle plc has a better EPS ratio than FMN since theirs is higher.

o) **Price Earnings ratio:** From analysis FMN Plc is better since it takes 6years to recoup what shareholders have invested as compared to Nestle of 20years.

p) **Earning yield:** From analysis FMN has a better ratio than Nestle plc, meaning that shareholder gets a higher potential return on their investment of 17% as compared to Nestle plc at 5%.

q) **Net Asset Per share:** analysing the two companies the ratio indicates the amount of net asset attributable to each ordinary share in issue. From the ratios Nestle plc has a better ratio since it is higher than that of FMN plc meaning that for every ordinary share in issue ₦205 is the per value in relation to Net asset.

r) **Dividend per share:** From the analysis for both companies their both have the same DPS that is at ₦0.5 which implies that for every dividend paid from the no of outstanding shares the value for one is ₦0.5/50kobo.

s) **Dividend Payout Ratio:** From analysis from both companies FMN plc has a higher DPR ratio than Nestle plc, which means FMN is better because it will indicate that Investors/shareholders get high pay in form of dividend as compared to Nestle plc that pays a low percentage which may not be attractive to investors

t) **Dividend yield:** This ratio Measures the current actual return on shareholders’ investment. From analysis FMN is better, since it has a higher percentage of return on shareholders’ investment.

u) **Dividend Covered:** From my analysis both companies have a good dividend covered ratio since both are greater than 1 but Nestle ratio is better as it has a higher ratio meaning that Earnings per share can cover the dividend per share about 109times or another way to is that profit after tax can cover the gross dividend about 109times as compared to that of FMN plc.

v) **Gearing ratio:** From my analysis both companies are highly geared since their ratios are greater than 1 (that is using more of debt capital to Equity/shareholder fund) which is a bad thing for both companies. But FMN ratio is still better as its debt capital can only cover its equity once as compared to Nestle plc of about 2.2

w) **Total Debt to Shareholder fund:** From the analysis FMN plc is still better due to the low ratio indicating that the company is stable while nestle ratio is not good because it means the company may run into risk in the future of liquidating

x) **Fixed Interest Covered:** From my ratio analysis Nestle plc is better since its profit before interest and tax can cover its finance cost up to 30times.

**RATIO ANALYSIS FOR COMPANIES IN THE FINICIAL SECTOR**

|  |  |  |
| --- | --- | --- |
| **Ratio/formula** | **ECOBANK PLC** | **ASSESS BANK PLC** |
| **Short term/liquidity ratios**   * Current ratio=Current Assets/Current liabilities | 8,191,180,711/7,520,990,240  =**1.18:1** | 3,955,872785/3,527,314,852  =**1.12:1** |
| * Acid test ratio=current assets- inventory/current liabilities | 8,191,180,711─2,797,417/7,520,990,240  =**1.08:1** | 3,955,872,785─1,681,761,862  /3,527,314,852  =**0.64:1** |
| **Efficiency/profitability ratios**   * ROCE= PBIT/capital employed   Capital employed=total asset-current liabilities. | 218,360,082/1.840,272  =**1.18**  22,492,121─20,651,849  =1840272 | 75,248,146/440,799,757  =**0.17**  3,968,114,609─3,527,314,852  =440,799.757 |
| * Income tax expense | 112,831 | 1,651,851 |
| **Investors /Shareholder Ratios**   * EPS=PAT- Preference dividend/ No of ordinary shares×100% | **1.06kobo** | **331kobo** |
| * Price earnings ratio=MPS/EPS | 7.05/1.06  =**7days** | 10.05/331  =**0.03days** |
|  |  |  |
| * Earnings yield =EPS/MPS×   100% | 1.06/7.05  =**0.15%** | 331/10.05  =**32%** |
| * Net asset per share=net asset-preference share/No of ordinary share | 22,582,196/2,113,957  =₦10 | 3,968,114,609/212,438,802  =₦18 |
| * Dividend per share =gross dividend /No of ordinary share | =**61.5kobo** | **25.0kobo** |
| * Dividend payout ratio=DPS/EPS×100% | 61.5/1.06×100%  =**58%** | 25.0/331  =**0.07%** |
| * Dividend yield=DPS/MPS×100% | 61.5/7.05×100  =**8%** | 25.0/10.05×100%  =**2%** |
| * Dividend covered=EPS/DPS | 1.06/61.5  =**0.02times** | 331/25.0  =**13times** |
| **Long Term Solvency Ratios** |  |  |
| * Gearing Ratio=debt/ equity | 702,404/1,812,491  =**0.38** | 251,251,383/440,799757  =**0.56** |
| * Fixed interest cover=profit before interest& tax/fixed interest | 435,977/1,528,410  =**0.28** | 75,248,146/128,216,746  =**0.58** |
| * Total debt to shareholder fund= noncurrent liabilities +current liabilities/equity | 275,539+20,651,849/1,812,491  =**11.5** | 7,870,360+3,527,314,852/440,799,757  =**8.02** |

**Interpretation and Comparison for companies in Financial Sector**

a) **Current Ratio:** This measures the company’s ability to pay short term obligations or those due within one year from its current asset. From both companies, i can say that both are doing well since their current ratio meets the general rule of 2:1 that is its current assets can adequately cover its current liabilities. But Eco bank plc performed better than assess bank since its ratio was slightly higher than that of assess bank.

b) **Acid Test Ratio:** From both companies, i can say that both are doing well since their acid test ratio meets the general rule of 1:1 that is its current assets can adequately cover its current liabilities. But Eco bank plc performed better than assess bank since its ratio was slightly higher than that of assess bank. In the short term solvency ratios Eco bank performed better.

c) **ROCE:** From the analysis from both companies assess bank plc has a better ratio than Eco bank since it is higher, meaning for every capital employed more profit is being generated. In the short term solvency ratios assess bank performed better.

d) **Expenses Percentage:** This ratio shows the relative weight of each item of expense in relation to total expenses in relation to the two banks.

e) **Earnings per Share:** So from the analysis assess bank plc has a better EPS ratio than Eco bank plc since theirs is higher.

f) **Price Earnings ratio:** From analysis Eco Bank Plc is better since it takes 2 years to recoup what shareholders have invested as compared to assess bank of 4years.

g) **Earning yield:** This ratio shows potential return on the shareholder investment. From analysis Eco bank performed better in this ratio than assess bank plc, meaning that shareholder get a higher potential return on their investment as compared to assess bank plc.

h) **Net Asset Per share:** This ratio indicates the amount of net asset attributable to each ordinary share in issue. From the ratios Eco bank plc has a better ratio since it is higher than that of assess bank plc meaning that for every ordinary share in issue ₦18 is the per value in relation to Net asset

i**) Dividend per share:** This ratio shows the amount of gross dividend declared on every issue ordinary share. From the analysis for both companies eco bank did better since it has higher assess ratio.

j) **Dividend Payout Ratio:** From analysis from both companies, there have a good dividend payout ratio since it is below the industrial average for financial sector . But Eco bank plc has a higher DPR ratio than assess bank plc, which means assess bank is better because it will indicate that their still have a higher percentage of earnings that can still be reinvested into the company or channeled to other investments as compare to Eco bank plc that pays a higher percentage, but also Eco bank higher pay can attract potential investors.

k) **Dividend yield:** This ratio Measures the current actual return on shareholders investment. From analysis Eco bank is better, since it has a higher percentage of return on shareholders investment than assess bank.

l) **Dividend Covered:** From my analysis both companies have a good dividend covered ratio since both are greater than 1 but assess bank has a better ratio. In General in the area of Inventors ratios Eco bank performed better than assess bank Plc.

m) **Gearing ratio:** From my analysis both companies are lowly geared since their ratios are less 1 ,that is using more of equity capital to debt capital, which is a good thing for both companies. But assess bank has a better Gearing ratio.

n) **Total Debt to Shareholder fund:** From the analysis both companies are actually good since their ratios are low indicating that both companies are stable. But assess bank plc is still better since it is lower. In General in the area of long term solvency ratios assess bank plc performed better than Eco bank Plc.

**Ratio Analysis for Companies in Consumer Service Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **ABC TRANSPORT COMPANY** | **CAPITAL HOTELS PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 751,579/1,392,383 =**0.5:1** | 5,698,295/2,630,478 =**2.2:1** |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 751,579 - 224,394/1,392,383 = **0.31:1** | 5,698,295- 141,990/2,630,478=**2.1:1** |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 279,637/4,083,653x 365  = **25days** | 1,620,077/5,977,436x 365  = **99days** |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 678,920/3,314,542x 365  =**75days** | 2,378,096/ 4,869,732x 365  = **178days** |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 198,194/3,314,542x365  =**22days** | 196,610/4,869,732 x 365  =**15days** |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 4,083,653/279,637  =**15times** | 5,977,436/1,620,077  =**4times** |
| ● Payables Turnover= Cost of Sales**/**Average payables | 3,314,542/678,920  =**5times** | 4,869,732/2,378,096 =**2times** |
| ● Inventory Turnover= Cost of Sales**/**Average Inventory | 3,314,542/198,194  =**17times** | 4,869,732/196,610=**25times** |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | (175,523) /1,564,582 **= (11%)** | 379,946/6,416,983=**5%** |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 769,112/4,083,653x100% =**18.8%** | 1,107,704/5,977,436 x100%  = **18.5%** |
| ●Net Profit Margin= Net profit**/**Sales x100% | 175,523/ 4,083,653 x100  = **4.3%** | 379,946/5,977,436 x100 =**6.4 %** |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Administration Expense  Finance Cost  Income Tax Expense | 856,871/1,072,858 x100%  =**80%**  137,518/1,072,858 x100%  =**13%**  78,469/1,072,858 x100%  =**7%** | 721,477/849,312 x100%  =**85%**  127,835/849,312 x100%=**15%** |
| ● Expense to Sales= Individual expense/ Sales x 100%  Administration Expense  Finance Cost    Income Tax Expense | 856,871/4,083,653 x100%=**21%**  137,518/4,083,653x100%=**3%**  78,469/4,083,653 x100%=**2%** | 721,477/5,977,436 x100%=**12%**  127,835/5,977,436x 100%=**2%** |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | (175,523)/1,657,700 x100**=(11kobo)** | 379,946/1,548,780 x100=**25kobo** |
| ●Price Earnings Ratio= MPS/EPS | 0.41/0.11=**4years** | 2.75/0.25=**11years** |
| ●Earning Yield=EPS/MPS x 100% | (0.11)/0.41 x 100 %= **(27%)** | 0.25/2.75 x100%=**9%** |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 3,330,473/1,657,700=**₦2** | 10,076,819/1,548,780=₦7 |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 82,885/1,657,700**=₦0.05** | 77,439/1,548,780**=₦0.05** |
| ●Dividend Payout Ratio=DPS/EPS x100% | 0.05/ (0.11) x100%= (**45%)** | 0.05/0.25 x100%=**20%** |
| ● Dividend Yield=DPS/MPSX100% | 0.05/0.41 x100%=**12%** | 0.05/2.75 x100=**2%** |
| ●Dividend Covered= EPS/DPS | 11/5=**2.2times** | 25/5=**5times** |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 373,508/3,330,473=**0.11** | 1,029,358/10,076,819=**0.10** |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 1,765,892/3,330,473=**0.53** | 3,659,836/ 10,076,819=**0.36** |

**INTERPRETATION AND COMPARISON OF THE CONSUMER SERVICES SECTOR**

1. Current Ratio: This measures the companies’ ability to pay short term obligations or those due within one year from its current asset. ABC transport Performed less than CAPITAL HOTELS since its ratio was 0.5:1 while capital hotel Performed better than ABC transport since its ratio was 2:2.1.
2. Acid Test Ratio: This ratio measures the relative amount of cash and other assets that can be easily converted into cash that are available to meet current liabilities for abc transport, If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average. For capital hotel Performed better since its ratio meets the general rule of 1:1.
3. Receivable Collection Period: This Ratio measures the average number of days for which receivables remain uncollected before it is received, abc transport has a better ratio in this area while capital hotel ratios is not good in this area and not better than ABC.
4. Payable Payment Period: This ratio measures the average number of days for which trade payables remain unpaid before finally paid.for abc transport It isn’t better because its lesser for capital hotel better because its more.
5. Inventory Turnover Period: This is a measure of the average number of days inventory remains in the store before being sold for abc transport It is not better since it has much higher for It is better since it has much lower.
6. Receivables Turnover: abc transport It is still better since the higher the better while for capital hotel it is not better since the higher the better and its lower.
7. Payables Turnover: This ratio measures the no of times trade payables are turnover during the period. It is not better since the lower the better and its higher for capital hotel It is still better since the lower the better.
8. Inventory Turnover: This ratio measures the physical turnover of trading inventory span from the period the goods are purchased to the date sold. For ABC transport It isn’t better because its inventory turnover is lower for capital hotel It is still better because it has higher inventory turnover.
9. ROCE: Measures the overall profitability of the business. It shows the efficiency of management in utilization of the resources placed at their disposal, for abc transport it isn’t better in the comparison because its capital is Negative for capital hotel It is still a better ratio than ABC because it means for every capital employed more profit is being generated.
10. Gross Profit Margin: It shows the average gross profit as a percentage of goods sold. For ABC transport it still has a better edge over capital hotel for capital hotel It doesn’t have a better edge over ABC TRANSPORT plc.
11. Net Profit Margin: It expresses the relative profitability of the business after taking into account all income and expenses for that period. For abc transport It doesn’t have a better edge over capital hotel plc, for capital hotel It has a better edge over ABC TRANSPORT.
12. Earnings per Share: ABC transport doesn’t have a better EPS ratio for capital hotel It still has a better EPS ratio.
13. Price Earnings ratio: for abc transport Is not better since it takes negative 4years to recoup what shareholders has invested for capital hotel It is better since it takes 11 years to recoup what shareholders has invested.
14. Earning yield: abc transport performed lesser in this ratio , meaning that shareholder get a lower potential return on their investment for capital hotel performed better in this ratio meaning that shareholder get a higher potential return on their investment.
15. Net Asset Per share: for ABC transport it doesn’t have a better ratio since it is lower for capital hotel It has a better ratio since it is higher.
16. Dividend per share: for ABC transport They are both good and the same for capital hotel They are both good and the same.
17. Dividend Payout Ratio: for abc transport It didn’t do better since it has lower DPS ratio for capital hotel It did better since it has higher DPS ratio.
18. Dividend yield: for abc transport It isn’t better, since it has a lower percentage of return on shareholders’ investment for capital hotel It is better, since it has a higher percentage of return on shareholders’ investment.
19. Gearing ratio: for abc transport it has a ratio greater than 1 meaning it has highly geared that is has more of fixed interest capital to equity which is very bad for the company for capital hotel it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared.
20. Total Debt to Shareholder fund: for ABC transport is not good because it means the company may run into risk in the future of liquidating for capital hotel is still better due to the low ratio indicating that the company is stable.

**Ratio Analysis for Companies in Health Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **EKOCORP PLC** | **GSK PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 278,129/1,499,792 =**0.18:1** | 13,338,313/6,941,940 =**1.92:1** |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 278,129-50,367/1,499,792= **0.15:1** | 13,338,313 -3,938,707/ 6,941,940  =**1.35:1** |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 212,842/1,472,720x 365 days  = **53 days** | 5,240,325/ 18,411,475x 365days  =**104 days** |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 1,258,913/1,289,095x365 days  = **357 days** | 6,434,732/11,654,657 x365 days  =**202 days** |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 39,422.5/1,289,095x 365 days  =**11 days** | 3,653,566.5/11,654,657 x365 days  = **114 days** |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 1,472,720/ 212,842=**7times** | 18,411,475/5,240,325 =**4times** |
| ● Payables Turnover= Cost of Sales**/**Average payables | 1,289,095/1,258,913 =**1time** | 11,654,657/6,434,732 =**2times** |
| ● Inventory Turnover= Cost of Sales**/**Average Inventory | 1,289,095 /39,422.5  =**38times** | 11, 654,657/3,653,566.5  =**3times** |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | (328468)/ 3,154,672 x100% =  **(10%)** | 618,389/8,651,191 x100% =**7%** |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 183,625/1,472,720x 100  =**13%** | 6,756,778 /18,411475 x100%  = **37%** |
| ●Net Profit Margin= Net profit**/**Sales x100% | 328,468/1,472,720 x 100  = **22.3%** | 1,160,824/18,411,475x 100  = **6.3%** |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Selling and Distribution expenses  Administration Expense  Other loss  Finance Cost  Operating Expense  Income Tax Expense | 11,084/632,721 x100%=**2%**  518,904/632,721 x100%=**82%**  102,733/632,721 x100%=**16%** | 3,096.566/6,517,799 x100%=**48%**  2,244,484/6,517,799 x100%=**34%**  634,314/6,517,799 x100%=**10%**  542,435/6,517,799 x100%=8% |
| ● Expense to Sales= Individual expense/ Sales x 100%  Selling and Distribution expenses  Administration Expense  Other loss  Finance Cost  Operating Expense  Income Tax Expense | 11,084/1,472,720 x100%=**0.8%**  518,904/1,472,720 x100%=**35%**  102,733/1,472,720 x100%=**7%** | 3,096.566/18,411,475 x100%=**17%**  2,244,484/18,411,475 x100%=**12%**  634,314/18,411,475 x100%=**3%**  542,435/18,411,475 x100%=**3%** |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | (328,468)/498,601 x100**=(66kobo)** | 618,389/1,195,876 x100=**52kobo** |
| ●Price Earnings Ratio= MPS/EPS | 4.07/0.66 =**6years** | 6.3/0.52=**12year** |
| ●Earning Yield=EPS/MPS x 100% | 0.66/4.07 x100%=**16%** | 0.52/6.3 x100%=**8%** |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 3,154,672/498,601=**₦6** | 15,700,216/1,195,876 =**₦13** |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 249,301/498,601**=₦0.5** | 597,938/1,195,876 x100**=₦0.5** |
| ●Dividend Payout Ratio=DPS/EPS x100% | 50/ (66) x100 %=**( 75%)** | 50/52 x100%=**96%** |
| ● Dividend Yield=DPS/MPSX100% | 0.5/4.07 x100%=**12%** | 0.5/6.3 x100%=**8%** |
| ●Dividend Covered= EPS/DPS | 66/50=**1.3times** | 52/50=**1times** |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 1,298,611/3,154,672 =**0.41** | 107,085/15,700,216 = **0.007** |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 2,798,403/3,154,672 =**0.88** | 7,049,025/15,700,216= **0.45** |

**Interpretation and Comparison for companies in health Sector**

a) **Current Ratio:** This measures the companies’ ability to pay short term obligations or those due within one year from its current asset. Ekocorp plc Performed less than Gsk since gsk ratio was above the industrial average for health sector while for Gsk plc Performed better than EKOCORP since its ratio was above the industrial average for Health sector.

b) **Acid Test Ratio:** This ratio measures the relative amount of cash and other assets that can be easily converted into cash that are available to meet current liabilities. For Ekocorp plc If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average while for Gsk plc Performed better than EKOCORP since its ratio meets the general rule of 1:1.

c) **Receivable Collection Period:** This Ratio measures the average number of days for which receivables remain uncollected before it is received.ekocorp plc still has a better ratio in this area because its lesser for Gsk It doesn’t have a better ratio in this area because its more.

d) **Payable Payment Period:** This ratio measures the average number of days for which trade payables remain unpaid before finally paid. Ekocorp plc is better because it’s more, while gsk is not better because it’s lesser.

e**) Inventory Turnover Period:** This is a measure of the average number of days inventory remains in the store before they are sold.ekocorp plc is better since it has much lower than gsk meaning that their goods sell out at a much shorter period while gsk plc is not better since it has much higher than ekocorp plc meaning that their goods sell out at a longer period.

f) **Receivables Turnover:** ekocorp plc is still better since the higher the better while gsk is not better since the higher the better and its lower.

g) **Payables Turnover:** This ratio measures the no of times trade payables are turnover during the period. Ekocorp plc is still better since the lower the better while for gsk is not better since the lower the better and its higher.

h) **Inventory Turnover:** ekocorp plc is still better because it has higher inventory turnover while Gsk plc isn’t better because its inventory turnover is lower than EKOCORP.

SHORT TERM SOLVENCY: In General in the area of Short term solvency EKOCORP plc performed better than gsk

i) **ROCE:** Measures the overall profitability of the business. It shows the efficiency of management in utilization of the resources placed at their disposal. Ekocorp plc is still a better ratio than GSK because it means for every capital employed more profit is being generated while gsk isn’t better in the comparison because its capital is lesser.

j) **Gross Profit Margin:** It shows the average gross profit as a percentage of goods sold. Ekocorp plc doesn’t have a better edge over gsk while gsk it has a better edge over ekocorp.

k) **Net Profit Margin:** this expresses the relative profitability of the business after taking into account all income and expenses for that period.ekocorp has a better edge over GSK while doesn’t have a better edge over ekocorp.

l) **Expenses Percentage:** This ratio shows the relative weight of each item of expense in relation to total expenses.

PROFITABILITY RATIO: In General in the area of Profitability ratios EKOCORP plc performed better than GSK

**Earnings per Share:** ekocorp plc still has a better EPS ratio than GSK since theirs is higher while gsk doesn’t have a better EPS ratio than EKOCORP since theirs is lower.

**Price Earnings ratio:** ekocorp plc is better since it takes 6years to recoup what shareholders has invested while Gsk plc Is not better since it takes 12years to recoup what shareholders has invested.

**Earning yield:** ekocorp plc performed better in this ratio than gsk, meaning that shareholder get a higher potential return on their investment compared to gsk while gsk plc performed lesser in this ratio than ekocorp, meaning that shareholder get a lower potential return on their investment compare to ekocorp.

**Net Asset Per share:** ekocorp plc doesn’t have a better ratio since it is higher than that of gsk while gsk has a better ratio since it is higher than that of ekocorp.

Dividend per share: ekocorp plc has the same good performance while has the same good performance too.

Dividend Payout Ratio:ekocorp has a lower DPR ratio than GSK which means GSK is better while gsk has a higher DPR ratio than EKOCORP which means it is better in that accept.

Dividend yield: ekocorp plc is better, since it has a higher percentage of return on shareholders’ investment while gsk isn’t better, since it has a lower percentage of return on shareholders’ investment.

Dividend Covered: ekocorp plc is better as it has a higher ratio while gsk is not better as it has a lower ratio in that accept.

Gearing ratio: ekocorp has a good ratio but not better than GSK while gsk has a better Gearing ratio by far since is less than 1 which means that it is lowly geared compared to EKOCORP.

Total Debt to Shareholder fund: ekocorp is not good because it means the company may run into risk in the future of liquidating while gsk is still better due to the low ratio indicating that the company is stable.

LONG SOLVENCY RATIO: In General in the area of long term solvency ratios GSK performed better than EKOCORP.

**Ratio Analysis for Companies in Technology Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **CWG PLC** | **MTN PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 9,101,267/9,678,743=**0.94:1** | 58,038,000/72,570,000  =0.8  =**1:1** |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 9,101,267-1,609,651/9,678,743=**0.77:1** | 58,038,000-2,995,000/72,570,000  =**0.75:1** |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 6,818,379/6,018,112 x365days=**413days** | 26,669,000/  134,560,000 x365  =**72days** |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 8,044,841/4,641,243 x365days=**632days** | 48,354,000/  25,370,000 x 365days  =**696days** |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 1,609,651/4,641,243 x365days=**127days** |  |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 6,018,112/6,818,379=**0.88times** | 134,560,000/26,669,000  =**5times** |
| ● Payables Turnover= Cost of Sales**/**Average payables | 4,641,243/8,044,841=**0.58times** | 25,370,000/48,354,000  =**1times** |
| ● Inventory Turnover= Cost of Sales**/**Average Inventory | 4,641,243/1,609,651=**3times** | 25,370,000/2,995,000  =**8times** |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | 1,189,251/290,531=**4.1%** | 15,008,000/88,226,000×100  =**17%** |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 1,376,869/6,018,112 x100%=**23%** | 238,162/584,392 x100%=**41%** |
| ●Net Profit Margin= Net profit**/**Sales x100% | (1,227,565)/ 6,018,112 x100 %= **(20%)** | 385,796/584,392 x100%=**66%** |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Selling and Distribution expenses  Administration Expense  Other Expense  Foreign exchange loss  Finance Cost  Income Tax Expense | 2,906,239/2,994,748 x100%=**97%**  50,195/2,994,748 x100%=**2%**  38,314/2,994,748 x100%=**1%** | 266,000,000/625,000,000 x100%=**43%**  404,000,000/625,000,000 x100%=**65%**  15,000,000/625,000,000 x100%=**2%** |
| ● Expense to Sales= Individual expense/ Sales x 100%  Selling and Distribution expenses  Administration Expense  Other Expense  Foreign exchange loss  Finance Cost  Income Tax Expense | 2,906,239/6,018,112x100%=**48%**  50,195/6,018,112x100%=**1%**  38,314/6,018,112x100%=**0.6%** | 817,142/584,392 x 100%=**139%** |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | (1,227,565)/ 2,524,826 x100=**(49kobo)** | 385,796/4,696,060 x100=**8kobo** |
| ●Price Earnings Ratio= MPS/EPS | 2.54/0.49=**5years** | 0.36/0.08=**4years** |
| ●Earning Yield=EPS/MPS x 100% | (0.49)/2.54 x100 %=**( 19%)** | 0.08/0.36 x100%=**22%** |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 9,969,274/2,524,826=**₦4** | 5,205,959/4,696,060=**₦1** |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 1,262,413/2,524,826=**50kobo** | 2,348,030/4,696,060=**50kobo** |
| ●Dividend Pay out Ratio=DPS/EPS x100% | 50/ (49) x100% =**(102%)** | 50/8=**625%** |
| ● Dividend Yield=DPS/MPSX100% | 0.5/2.54 x100%=**20%** | 0.5/0.36 x100%=**139%** |
| ●Dividend Covered= EPS/DPS | 49/50=**0.98times** | 8/50=**0.16times** |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 9,685,593/283,681=**34** | 2,866,000/21,490,000=**0.13** |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 6,850+9,678,743/283,681=**34** | 11,972,000/404,000,000=  **0.03times** |

1.SHORT TERM SOLVENCY: In General in the area of Short term solvency CWG plc performed better than MTN Plc.

2.PROFITABILITY RATIO: In General in the area of Profitability ratios CWG plc performed better than MTN Plc.

3.INVESTORS RATIO: In general , MTN plc has a better investors ratio than CWG PLC

4.LONG SOLVENCY RATIO: In General in the area of long term solvency ratios CWG plc performed better than MTN Plc.

**Ratio Analysis for Companies in Oil and Gas Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **CONOIL PLC** | **OANDO PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 49,591,082/39,438,641  =**1.26:1** | 130,118,542/448,602,832  =**0.29:1** |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 49,591,082-9,528,146/  39,438,641  =**1.0:1** | 130,118,542-28,392,500/227,409,609 =**0.2:1** |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 28,611,871/134,706,306  ×365days  =**78days** | 84,791,443/679,465,339 x 365days=**45days** |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 26,097,620/123,376,240×  365days  =**77 days** | 265,417,181/ 583,191,386x 365days  =**166days** |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 7,072,266/123,376,240  ×365days  =**21 days** | 14,196,250/583,191,386 x 365 days=**9days** |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 134,706,306/28,611,871  =**4.7 times** | 679,465,339/84,791,443  =**8times** |
| ● Payables Turnover= Cost of Sales**/**Average payables | 123,376,240/26,097,620  =**4.7 times** | 583,191,386/ 265,417,181  =**2times** |
| ● Inventory Turnover= Cost of Sales**/**Average Inventory | 123,376,240/7,072,266  =**18 times** | 148,015,916/8,959,210  =**16times** |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | 631,471/13,748,970  =**0.05%** | 13,695,459/33,772,775 x100%  =**41%** |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 11,330,066/134,706,306×100%  =**8.4%** | 16,593,619/164,609,535 x100%  =**10%** |
| ●Net Profit Margin= Net profit**/**Sales x100% | 631,471/134,706,306×100%  =**2.19%** | 9,328,935/164,609,535 x100%=**6%** |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Selling and Distribution expenses  Administration Expense  Finance Cost  Income Tax Expense | 2,571,260/11,088,571 x100%=**23%**  6,238,524/11,088,571 x100%=**56%**  1,508,064/11,088,571 x100%=**14%**  770,723/11,088,571 x100%**=7%** | 10,939,966/29,148,939 x100%=**38%**  17,582,406/29,148,939 x100%=**60%**  626,567/29,148,939 x100%=**2%** |
| ● Expense to Sales= Individual expense/ Sales x 100%  Selling and Distribution expenses  Administration Expense  Finance Cost  Income Tax Expense | 2,571,260/122,213,014 x100%=**2%**  6,238,524/122,213,014 x100%=**5%**  1,508,064/122,213,014 x100%=**1%**  770,723/122,213,014 x100%=**0.6%** | 10,939,966/488,518,160 x100%=**2%**  17,582,406/488,518,160 x100%=**4%**  626,567/488,518,160 x100%=**0.13%** |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | **0.259kobo** | 24,432,941/ 12,431,412= **197kobo** |
| ●Price Earnings Ratio= MPS/EPS | 18.5 /0.259  =**71years** | 3.89/1.97=**2years** |
| ●Earning Yield=EPS/MPS x 100% | 0.259/18.5=**0.014%** | 1.97/3.89 x100%**=5%** |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 60,897,246-0/  693,952  **=₦87.8** | 236,366,708/12,431,412=**₦19** |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 2,151,252/693,952  **=₦3.1** | 6,215,706/12,431,412=**₦0.5** |
| ●Dividend Payout Ratio=DPS/EPS x100% | 3.1/0.259×100=**12%** | 50/197 x100%=**25%** |
| ● Dividend Yield=DPS/MPSX100% | 3.1/18.5×100 =**16.7%** | 0.5/3.89 x100%=**13%** |
| ●Dividend Covered= EPS/DPS | 1,796,042- 0/  2,151,252  =**0.83** | 197/50=**4times** |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 954,473/60,897,246  =**0.02** | 69,856,667/60,899,568=**1.1** |
| ●Fixed Interest Covered=PBIT/Finance cost |  | 17,695,310/17,582,406=**1** |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 42,596,172/ 60,897,246  =**0.7** | 297,266,276/60,899,568=**5** |

1.SHORT TERM SOLVENCY: In General in the area of Short term solvency OANDO plc performed better than CONOIL PLC

2.PROFITABILITY RATIO: In General in the area of Profitability ratios OANDO plc performed better than CONOIL

3.INVESTORS RATIO: In general OANDO PLC has a better investors ratio than CONOIL PLC.

4.LONG SOLVENCY RATIO: In General in the area of long term solvency ratios OANDO PLC performed better than CONOIL PLC.