NAME : DAMILOLA LAWSON FADUNISN

MATRIC : 17/SMS/02/015

TITLE : ACCOUNTING RATIOS

BASIC MATERIALS

ANNUAL REPORT AND INTERPRETATION OF RATIO FOR BERGER PAINTS AND MEYER PAINTS

RATIOS	BERGER PAINTS	MEYER PAINTS
✓ Current ratio Current asset / current liabilities	1.3:1	0.29:1 301.376 /1,038,511
✓ Quick asset Current asset – inventory /current liabilities	0.81:1	0.16:1 301,376 -131,044 / 1,038,511
✓ receivable collection period average receivables / credit sales * 365	21 days 190,982/3,377,223 * 365	56days 147,704/970,134 * 365
✓ Payables payment period average payables / credit purchases * 365	1260days 622,491 / 1,896,862 * 365	438 days 701,222/584,589 * 365
✓ Inventory turnover period Average inventory / cost of sales * 365	117days 606,712/1,896,862 * 365	82days 131,044/584,589 * 365
✓ Receivable turnover Credit sales / average receivables	17 times 3,377,223 /190,982	6 times 970,134 / 147,704
✓ Payable turnover Credit purchases / average payables	3times 1,896,862/622,491	0.8 times 584,589 /701,222
✓ Inventory turnover Cost of sales / average inventory	3times 1,896,862 / 606, 712	4 times 584,589/131,044
✓ ROCE PBIT/ capital employed * 100%	11% 454,328/4,535,299-437,229* 100%	22% 182,302/1,865,942-1,038,511 100%
✓ Gross margin Gross profit / sales * 100%	43% 1,480,361/3,372,223 * 100%	39% 385,545/970,134 *100%
✓ Earning per share PAT – preference dividend / number of ordinary shares issued	111 kobo	0.64 kobo
✓ Price earning ratio MPS/EPS	0.08 times	

	8.60/111	
✓ Earnings yield EPS/MPS	13% 111/8.60	
✓ Dividend per share Gross dividend / number of ordinary shares	65kobo	
✓ Dividend payout ratio DPS/EPS	5.9 65/111	
✓ Dividend yield DPS /EPS *100%	590% 65/111 * 100%	

INTERPRETATION OF RATIOS FOR BERGER PLC AND MEYER PLC

- ✓ Berger paints can meet up with paying its debt compared to Meyer paints.it also shows that Meyer paints will find it difficult to meet up with their debts. (CURRENT RATIO)
- ✓ Berger paints cannot pay its current liabilities using current cash and cash equivalents but compared to Meyer they are better. It also shows that the ability of Meyer paints to pay its current liabilities using current cash and cash equivalent is very low. (QUICK ASSET)
- ✓ Berger paints will obtain their receivable faster than Meyer paints due to their lower number of days. Meyer paints would be advised to be more strict with its debtors in order for them to collect their money(RECIEVABLE COLLECTION PERIOD)
- ✓ Berger paints number of days before it pays off its credit purchases is more than Meyer paints making Meyer paints better.(PAYABLES PAYMENT PERIOD)
- ✓ Berger paints number of days for inventory turnover is more, and in comparison to Meyer paints its better.(INVENTORY TURNOVER PERIOD)
- ✓ Berger paints receivable turnover is higher compared to Meyer paints , making Berger paints the better(RECIEVABLE TURNOVER)
- ✓ Berger paints is better in payables turnover in comparison to Meyer paints (PAYABLES TURNOVER)
- ✓ Berger paints inventory turnover is not too bad but Meyer paints is better(INVENTORY TURNOVER)
- ✓ Meyer paints efficiently uses its capital and generates more profit c compared to Berger paints (ROCE)
- ✓ Berger paints manages its financial health and has better gross profit compared to Meyer paints(GROSS PROFIT MARGIN)
- ✓ Berger paints is better for investment compared to Meyer paints due to its higher EPS. (EPS)

- ✓ Berger is a more investable company compared to Meyer paints as Meyer paints company didn’t issue dividends(DPS)

CONSUMER SERVICE

ANNUAL REPORT AND INTERPRETATION OF RATIOS FOR NIGERIAN BRWERIES AND GUINESS

- ✓ Guinness can meet up with paying its debts faster and better compared Nigerian Breweries. It also shows that Nigerian breweries will find it really difficult to meet up with their debts. (CURRENT RATIO)
- ✓ Guiness cannot pay its current liabilities using current cash and cash equivalent but compared to Nigerian breweries its better. And the ability for Nigerian breweries to do this is low.(QUICK ASSET)
- ✓ Nigerian breweries will obtain their receivables faster than Guiness due to their lower amount of days. Guiness should be strict with their customers in order for the to receive their receivables faster. (RECIEVABLE COLLECTION PERIOD)
- ✓ GUINESS pay up their credit purchases in a shorter amount of days compared to the Nigerian breweries. The Nigerian breweries take a longer number of days. (PAYABLES PAYMENT PERIOD)
- ✓ GUNIESS has a higher number of days for inventory turnover compared to Nigerian breweries making it better. (INVENTORY COLLECTION PERIOD)
- ✓ The number of times for inventory turnover for the Nigerian breweries is higher compared to GUNIESS making it better. (RECIEVABLE TURNOVER)
- ✓ GUINESS is better than Nigerian breweries in terms of payables turnover because its number of times is more. (PAYABLES TURNOVER)
- ✓ The inventory turnover for GUINESS is okay but in comparison to Nigerian breweries, Nigerian breweries is better. (INVENTORY TURNOVER)
- ✓ GUNIESS efficiently uses its capital and generates more profit compared to Nigerian breweries. The capital usage for Nigerian breweries is low. (ROCE)
- ✓ Nigerian breweries manages their financial health and has a better gross profit margin compared to GUNIESS, not that the gross profit margin for GUINESS is bad though. (GROSS PROFIT MARGIN)

- ✓ GUINESS is better for investment due to its high EPS in comparison to Nigerian breweries. (EPS)
- ✓ Nigerian breweries has a higher DPS in comparison to GUNIESS, which makes it good for investment. (DPS)

RATIO	**NIGERIAN BREWERIES**	**GUINESS**
• Current ratio Current asset / current liabilities	0.62:1 86,248,102/139,695,428	1.27:1 54,610,047/42,849,115
• Quick asset Current asset – inventory /current liabilities	0.38:1 86,248.102-32,506,824/139,695,428	0.83:1 54,610,047-19,032,362/42,847,115
• Receivable collection average receivables / credit sales * 365period	37 days 35,153,451/350,226,472 * 365	60 days 23,890,304/142,975,792 *365
• Payable payment period average payables / credit purchases * 365	210 days 114,151,861/197,484,694 * 365	120 days 31,175,725/94,350,387 *365
• Inventory turnover period Average inventory / cost of sales * 365	60 days 32,506,824/197,484,694 * 365	73 days 19,032,362/94,350,387 *365
• Receivable turnover Credit sales / average receivables	10 times 350,226,472/35,153,451	5 times 142,975,792/23,890,304
• Payable turnover Credit purchases / average payables	2 times 197,484,694/114,151,861	3 times 94,350,387/31,175,725
• Inventory turnover Cost of sales / average inventory	6 times 197,484,694/114,151,861	5 times 94,350,387/19,032,362
• ROCE PBIT/ capital employed * 100%	0.011% 29,360/388,262,869 – 139,695,428	90% 9,943,164/153,254,968-42,847,115

• Gross percentage Gross profit /sales * 100%	36% 126,903,806/388,262,869-139,695,428	34% 48,625,405/142,975,792 *100%
• Earning per share PAT – preference dividend / number of ordinary shares issued	243	330
• Price earning ratio MPS/EPS		
• Earnings yield EPS/MPS		
• Dividend per share Gross dividend / number of ordinary shares	373	64
• Dividend pay out ratio DPS/EPS	1.53 373/243	0.2 64/330
• Dividend yield DPS/MPS * 100%	153% 373/243%100	19% 64/330 *100%

ANNUAL REPORT AND INTERPRETATION OF RATIOS FOR IKEJA HOTELS AND TRANSCORP HOTELS

CONSUMER SERVICE

RATIOS	**IKEJA HOTELS**	**TRANSCORP HOTELS**
• Current ratio Current asset / current liabilities	0.94:1 9,504,239/10,134,395	0.3:1 5,832,857/19,885,332
• Quick asset Current asset – inventory /current liabilities	0.87:1 9,504,239-67-,302/10,134,395	0.3:1 5,832,857-573,532/19,885,332
• Receivable collection period average receivables / credit sales * 365	32 days 1,162,044/13,267,667 *365	43 days 2,062,563/17,424,966 *365%
• Payables payment period average payables / credit purchases * 365	155 days 4,054,306/9,540,474 * 365	646 days 8,036,253/4,536,148 * 365
• Inventory turnover period Average inventory / cost of sales * 365	26 days 670,302/9,540,474 * 365	46 days 573,532/4,536,148 * 365
• Receivables turnover Credit sales / average receivables	11 time 13,267,667/1,162,044	8 times 17,424,966/2,062,563
• Payables turnover Credit purchases / average payables	2 times 9,540,474/4,054,306	0.6 times 4,536,148/8,036,253
• Inventory turnover Cost of sales / average inventory	14 times 9,540,474/670,302	8 times 4,536,148/573,532
• ROCE PBIT/ capital employed *100%	4% 1,229,079/37,817,170 - 10,134,395	6% 5,041,581/111,277,586-19,885,332
• Gross percentage ratio Gross profit /sales * 100%	28% 3,727,193/13,267,667 * 100%	73% 12,888,818/17,424,966 * 100%
• Earning per share	53 kobo	49 kobo

PAT – preference dividend / number of ordinary shares issued		
• Dividend per share Gross dividend / number of ordinary shares		15 kobo
• Dividend pay out ratio DPS/EPS		0.31 15/49
• Dividend yield DPS/EPS *100%		31% 15/49 *100%

<u>INTERPRETATION OF RATIOS FOR IKEJA HOTELS AND TRANSCORP HOTELS</u>

- ✓ IKEJA hotels and TRANSCORP hotels will find it difficult in meeting up with their debt, but in comparison IKEJA seems to be better. (CURRENT RATIO)
- ✓ IKEJA and TRANCORP hotels cannot pay its current liabilities using its current cash and cash equivalents but in comparison IKEJA is better. (QUICK ASSET)
- ✓ IKEJA hotels will obtain their receivables faster due to their lower number days in comparison to TRANCORP hotels. TRANCORP hotels will need to be a bit strict with their debtors. (RECIEVABLE COLLECTION PERIOD)
- ✓ IKEJA hotels will pay off its credit purchases faster due to its lower number of days. The number of days for TRANCORP is lower. (PAYABLES PAYMENT PERIOD)
- ✓ TRANCORP hotels in terms of inventory turnover is better due to its higher number of days in comparison to IKEJA hotels. (INVENTORY TURNOVER PERIOD)
- ✓ The receivables turnover for IKEJA hotels is better because in comparison to TRANCORP its number of times is higher. (RECIEVABLES TURNOVER)
- ✓ The payables turnover for IKEJA hotel, in terms of comparison is better than TRANCORP hotels. (PAYABLES TURNOVER)
- ✓ The inventory turnover for TRANCORP hotels isn't too bad but in comparison to IKEJA hotels , IKEJA hotels is better.(INVENTORY TURNOVER)
- ✓ IKEJA hotels efficiently uses its capital and generated more profit compared to TRANCORP hotels. (ROCE)
- ✓ TRANCORP hotels manages their financial health and has a better gross profit margin compared to IKEJA hotels. (GROSS PROFIT MARGIN)
- ✓ IKEJA hotels is better for investment compared to TRANSCORP due to its higher EPS. (EPS)

- ✓ The DPS for TRANCORP hotels is better compared to IKEJA hotels, as IKEJA hotels didn't issue dividend. (DPS)

HEALTH CARE SERVICE

ANNUAL REPORT AND INTERPRETATION FOR PHARMA-DEKO AND FIDSON HEALTH CARE

RATIOS	PHARMA-DEKO	FIDSON HEALTH CARE
• Current ratio Current asset / current liabilities	0.9:1 510,849/545,790	0.7:1 7,575,483/10,535,885
• Quick asset Current asset – inventory /current liabilities	0.5:1 510,849-255,244/545,790	0.4:1 7,575,483-2,875,133/10,535,885
• Receivable collection period average receivables / credit sales * 365	60 days 169,522/1,023,806 * 365	86 days 3,803,982/16,229,903 * 365
• Payables payment period average payables / credit purchases * 365	39 days 68,098/622,439 * 365	135 days 3,682,712/9,910,219* 365
• Inventory turnover period Average inventory / cost of sales * 365	149 days 255,244/622,439 * 365	105 days 2,875,133/9,910,219* 365
• Receivable turnover Credit sales / average receivables	6 times 1,023,806/169,522	4 times 16,229,903/3,803,982
• Payables turnover Credit purchases / average payables	9 times 622,439/68,098	3 times 9,910,219/3,682,712
• Inventory turnover Cost of sales / average inventory	2 times 622,439/255,244	3 times 9,910,219/2,875,133

• ROCE PBIT/ capital employed *100%	(14%) (255,983)/2,323,137-545,790	`2% 160,867/20,483,325-10,535,885
• Gross profit percent Gross profit /sales * 100	39% 401367/1,023,806 * 100%	38% 6,319,684/16,229,903 * 100%
• Earning per share PAT – preference dividend / number of ordinary shares issued	(122.0) kobo	(6)kobo
• Dividend per share Gross dividend / number of ordinary shares		0.15 kobo
• Dividend pay out ratio DPS/EPS		(0.025) 0.15/(6)
• Dividend yield DPS/EPS*100%		(2.5)% 0.15/(6) *100%

INTERPRETATION OF RATIOS FOR PHARMA DEKO AND FIDSON HEALTH CARE

- ✓ PHARMA DEKO and FIDSON health care will find it difficult in meeting up with their debts but In comparison PHARMA DEKO id better. (CURRENT RATIO)
- ✓ PHARMA DEKO AND FIDSON health care cannot pay off its current liabilities using current cash and cash equivalents, but in comparison PHARMA DEKO is better. (QUICK ASSET)
- ✓ PHARMA DEKO will obtain its receivables faster due to its lower number of days. FIDSON healthcare need to be strict with their debtors in order to obtain their receivable. (RECEIVABLE COLLECTION PERIOD)
- ✓ PHARMA DEKO in comparison to FIDSON healthcare will be faster in paying off its credit purchases. (PAYABLES PAYMENT PERIOD)
- ✓ PHARMA DEKO in comparison with FIDSON health care is better in terms of inventory turnover period due to its higher number of days. (INVENTORY TURNOVER PERIOD)
- ✓ The receivables turnover for PHARMA DEKO in comparison to FIDSON health care is better due to its higher number of times. (RECIEVABLES TURNOVER)

- ✓ The payables turnover for PHARMA DEKO is better in comparison to FIDSON health care because its number of times is higher. (PAYABLES TURNOVER)
- ✓ The inventory turnover for FIDSON healthcare is better compared to PHARMA DEKO. (INVENTORY TURNOVER)
- ✓ FIDSON health care efficiently uses its capital and generates more profit in comparison to PHARMA DEKO, as PHARMADEKO has a negative ROCE. (ROCE)
- ✓ PHARMA DEKO manages its financial health and has a higher gross profit margin compared to FIDSON health care. (GROSS PROFIT MARGIN)
- ✓ The both companies are not good companies to invest in as they are both running on a loss

INDUSTRIAL SERVICES

ANNUAL REPORT AND INTERPRETATION OF RATIO FOR LAFARGE AFRICA PLC AND JOHN HOLT

RATIOS	**LAFARGE PLC**	**JOHN HOLT**
• Current ratio Current asset / current liabilities	0.4:1 93,360,441/212,649,717	1.7:1 3,925,000/2,365,000
• quick asset Current asset – inventory /current liabilities	0.2:1 93,360,441-49,156,521/212,649,717	1.6:1 3,925,000-103,000/2,365,000
• Receivables collection period average receivables / credit sales * 365	25 days 21,163,994/308,425,456 *365	186 days 1,364,000/2,674,000 * 365

• Payables payment period average payables / credit purchases * 365	122 days 80,537,816/238,742,586*365	255 days 1,508,000/2,153,000 * 365
• Inventory turnover period Average inventory / cost of sales * 365	72 days 47,156,521/238,742,586*365	17days 103,000/2,674,000 * 365
• Receivables turnover Credit sales / average receivables	15 times 308,425,456/238,742,586	2 times 2,674,000/1,364,000
• Payables turnover Credit purchases / average payables	3 times 238,742,586/80,537,816	2 times 2,153,000/1,508,000
• Inventory turnover Cost of sales / average inventory	5 times 238,742,586/47,156,521	21 times 2,153,000/103,000
• ROCE PBIT/ capital employed *100%	(6%) (19,508,228)/540,736,663-212,649,717	2% 160,000,000/10,334,000-2,365,000
• Gross profit percentage Gross profit /sales * 100	23% 69,682,870/308,425,456*100%	20% 521,000,000/2,674,000 * 100%
• Earning per share PAT – preference dividend / number of ordinary shares issued	(105)	42.31 kobo

INTERPRETATION OF RATIOS FOR LAFARGE PLC AND JOHN HOLT

- ✓ JOHN HOLT will be able to meet up with its debt faster, while LAFARAGE PLC will find it difficult. (CURRENT RATIO)

- ✓ JOHN HOLT will be able to pay its current liabilities using current cash and cash equivalents, but this will not be possible for LAFARGE PLC.
- ✓ LAFARGE PLC will obtain their recievables faster in comparison to JOHN HOLT. JOHN HOLT will need to be strict with its debtors in other to obtain their receivables. (RECIEVABLE COLLECTION PERIOD)
- ✓ LAFARGE PLC will be able to pay off their current purchases on time and faster in comparison to JOHN HOLT. (PAYABLES PAYMENT PERIOD)
- ✓ LAFARGE PLC inventory turnover period in comparison to JOHN HOLT is better due to its higher number of days. (INVENTORY TURNOVER PERIOD)
- ✓ LAFARAGE PLC number of time for receivables turnover is higher and better in comparison to JOHN HOLT. (RECEIVABLE TURNOVER)
- ✓ The payables turnover for LAFARGE PLC is better in comparison to JOHN HOTL. (PAYABLES TURNOVER)
- ✓ The inventory turnover for JOHN HOLT is higher and better in comparison to LAFARGE PLC. (INVENTORY TURNOVER)
- ✓ JOHON HOLT efficiently uses its capital and generates more profit compared to LAFARGE PLC whose ROCE is a negative. (ROCE)
- ✓ LAFARAGE PLC manages their financial health and have a higher gross profit margin compared to JOHN HOLT. (GROSS PROFIT MARGIN)
- ✓ JOHN HOLT can is a company you can invest in unlike the LAFARAGE PLC
- ✓ , who is running on a loss. (EPS)
- ✓ Dividend was not declared for both companies

<u>OIL AND GAS SECTOR</u>

ANNUAL REPORT AND INTERPRETATION OF RATIO FOR MRS OIL NIGERIA AND MOBIL OIL AND GAS

RATIOS	MRS OIL NIGERIA	MOBIL OIL AND GAS
• Current ratio Current asset / current liabilities	1.14:1 36,715,742/32,233,134	1.8:1 34,183,632/19,327,761
• Quick asset Current asset – inventory /current liabilities	1.0:1 36,715,742-4,473,289/32,233,134	0.8:1 34,183,632-17,918,599/19,327,761
• Receivables collections period average receivables / credit sales * 365	102 days 25,238,284/89,552,819 * 365	25 days 11,513,890/164,609,535 *365
• Payables payment period average payables / credit purchases * 365	77 days 18,089,739/85,256,239 * 365	20 days 8,212,101/148,015,916 * 365
• Inventory turnover period Average inventory / cost of sales * 365	19 days 4,473,289/85,256,239 * 365	44 days 17,918,599/148,015,196 * 365
• Receivables turnover Credit sales / average receivables	3 times 89,552,819/25,238,284	14 times 164,609,535/11,513,890
• Payables turnover Credit purchases / average payables	5 times 85,256,239/18,089,739	18 times 148,015,916/8,212,101
• Inventory turnover Cost of sales / average inventory	19 times 85,256,239/4,473,239	8 times 148,015,196/17,918,599
• ROCE PBIT/ capital employed * 100%	(7%) (1,427,448)/54,283,202-32,233,134	27% 13,695,459/70,660,798-19,327,761
• Gross profit percentage Gross profit /sales * 100	5% 4,296,580/89,552,819 * 100%	10% 13,695,459/70,660,798-19,327,761 * 100%
• EPS	4.15 kobo	2587kobo

PAT – preference dividend / number of ordinary shares issued		
• DPS Gross dividend / number of ordinary shares	50 kobo	825 kobo
• Dividend pay out ratio DPS/EPS	12 50/4.15	0.32 825/2587
• Dividend yield DPS/EPS * 100%	1204% 50/4.15*100%	32% 825/2597 * 100%

INTERPRETATION OF RATIOS FOR MRS OIL NIGERIA ANS MOBIL OIL AND GAS.

- ✓ The both companies can meet up with paying its debt, but in comparison Mobil oil and gas is better. (CURRENT RATIO)
- ✓ MRS Oil Nigeria can pay its current liabilities using its current cash and cash equivalent but Mobil Oil and gas cannot do the same. (QUICK ASSET)
- ✓ Mobil Oil and Gas will obtain their receivables faster in comparison to Mrs Oil Nigeria. Mrs oil Nigeria will need to be strict with its debtors in order to obtain its receivables. (RECIEVABLE COLLECTION PERIOD)
- ✓ Mobil Oil and Gas takes a shorter number of days to pay off credit purchases, so in comparison to Mrs Oil Nigeria it is better. (PAYABLES PAYMENT PERIOD)
- ✓ Mobil Oil and Gas number of days for inventory turnover is higher and better in comparison to Mrs Oil Nigeria. (INVENTORY TURNOVER PERIOD)
- ✓ Mobil Oil and gas number of times for inventory turnover is higher and better in comparison to Mrs Oil Nigeria. (RECEIVABLE TURNOVER)
- ✓ Mobil Oil has a higher payables turnover in comparison to Mrs Oil Nigeria, making it better because the higher the better. (PAYABLES TURNOVER)
- ✓ Mrs Oil Nigeria has a higher number of times for inventory turnover making it better in comparison to Mobil Oil and gas. (INVENTORY TURNOVER)
- ✓ Mobil Oil and Gas efficiently uses its capital and generates more profit, unlike Mrs oil Nigeria whose ROCE is a negative. (ROCE)
- ✓ Mobil Oil and Gas manages their financial health and has a higher gross profit margin in comparison to Mrs Oil Nigeria. (GROSS PROFIT MARGIN)

- ✓ Mobil oil and gas is a better company for investment due to its high EPS, Mrs oil Nigeria can also be invested in, but their EPS is low, and compared to Mobil Oil and gas it is very low. (EPS)
- ✓ The DPS for Mobil Oil and Gas is higher and better in comparison to Mrs Oil Nigeria, it is also good for investment. ((DPS)
- ✓ The both companies issued dividend, but Mobil Oil and Gas is better for investment

FINANCIAL SECTOR

ANNUAL REPORT AND INTERPRETATION OF RATIOS FOR ZENITH BANK PLC AND ECO BANK PLC

RATIOS	ZENITH BANK PLC	ECO BANK PLC
• Current ratio Current asset / current liabilities	1.16:1 4,955,445/4,280,413	1.18:1 8,191,180,711/7,520,990,240
• Quick asset ratio Current asset – inventory /current liabilities	1.16:1 4,955,445-0/4,280,413	1.18:1 8,191,181,711-0/7,520,990,240
• ROCE PBIT/ capital employed*100%	25% 165,450/675,032	2% 135,543,495/5,151,063,267
• Expense percentage Individual/total expense * 100%	34% 125,156/364,141 * 100%	28% 186,105,522/670,388,369 100%
• Impairement losses	4%	12%

	15,313/364,141 * 100%	82,044,665/670,388,369 * 100%
• depreciation	5% 16,812/364,141 * 100%	
• operating expense	34% 124,,576/364,141 * 100%	52% 349,040,572/670,388,369 * 100%
• income tax expense	7% 26,627/364,141 * 100%	5% 33,614,640/670,388,369 * 100%
• Earning per share	527 kobo 165,480/31,396 * 100	330 kobo 10
• Price earning ratio MPS/EPS	4 years	2 years
• Earnings yield PAT – preference dividend / number of ordinary shares issued	28%	47%
• Net asset per share Net asset –preference shares/ number of ordinary shares	158 4,955,445/31,396	8,223,266/30,960,263 266
• Dividend per share Gross dividend / number of ordinary shares	0.5 15,698/31,396	0.3 15,480,132/30,960,263
• Dividend pay out ratio	0.09	0.15
• Dividend yeild	9%	15%

INTERPRETATION OF RATIOS FOR ZENITH BANK PLC AND ECO BANK PLC

- ✓ Zenith bank plc and Eco bank plc can meet up paying off their debt, but in comparison Eco bank plc is better as they can pat up their debts faster. (CURRENT RATIO)

- ✓ The two banks can pay off their current liabilities using current cash and cash equivalents but comparison Eco bank plc is better. (QUICK ASSET)
- ✓ Zenith bank plc efficiently uses its capital and generates more profit compared to Eco bank plc, who has a low ROCE. (ROCE)
- ✓ The operating expense for both banks is good as it is within the range of 60%-80%, but in comparison zenith bank is better because the lower the better. (OPERATING EXPENSE)
- ✓ The two banks are good for investment but in comparison Zenith bank is better for investment because of its higher EPS. (EPS)
- ✓ The earning yield for the two banks seems to be oversold. (EARNING YIELD)
- ✓ The dividend yield for Zenith bank plc is better even though it not within the range of 4-6%,while the dividend yield for Eco bank plc isint too good. (DIVIDEND YIELD)

TECHNOLOGY SECTOR

ANNUAL REPORT AND INTERPRETATION OF RATIO FOR

RATIO	CWG PLC	CHAMS PLC
• Current ratio Current asset / current liabilities	0.94:1 9,101,267/9,678,743	0.41:1 607,801/1,478,060
• Quick asset ratio Current asset – inventory /current liabilities	0.77:1 9,101,267-1,609,651/9,678,743	0.37:1 607,801-67,648/1,478,060
• Receivables collection period	413 days 6,818,379/6,018,112 * 365	319 days 510,446/584,392 * 365

average receivables / credit sales * 365		
• Payables payment ratio average payables / credit purchases * 365	632 days 8,044,841/4,641,243 *365	1314 days 1,246,204/346.230 * 365
• Inventory turnover period Average inventory / cost of sales * 365	127 days 1,609,651/4,641,243 *365	71 days 67,648/346,230 * 365
• Receivables turnover Credit sales / average receivables	0.88 times 6,018,112/6,818,379	1.1 Times 584,392/510,446
• Payables turnover Credit purchases / average payables	0.58 times 4,641,243/8,044,841	0.27 times 346,230/1,246,204
• Inventory turnover Cost of sales / average inventory	3 times 4,641,243/1,609,652	5 times 346,230/67,648
• ROCE PBIT/ capital employed *100%	(4.1)% (1,189,251)/290,531	7% 269,,440/3,727,899
• Gross profit margin Gross profit /sales * 100	23% 1,376,869/6,018,112 * 100%	41% 238,162/584,392 * 100%
• Net profit margin Net profit/sales * 100%	(20%) (1,227,565) / 6,018,112 * 100%	66% 385,796/584,392 * 100%
• Administration expense	97% 2,906,239/2,994,748 * 100%	100% 817,142/817,142 * 100%

INTERPRETATION OF RATIOS FOR CWG PLC AND CHAMS PLC

- ✓ CWG PLC and CHAMS PLC will find it difficult to meet up with paying off their debts, but in comparison CWG is better. (CURRENT RATIO)
- ✓ The both companies cannot pay its current liabilities using current cash and cash equivalent, but in comparison CWG is better. (QUICK ASSET)
- ✓ CHAMS in comparison to CWG will receive their receivables faster because of their shorter number of days, but they both need to be strict with their debtors, in order to obtain their receivables faster. (RECIEVABLES COLLECTION PERIOD)
- ✓ CWG in comparison to CHAMS will pay up their credit purchases faster, because of their shorter number of days. (PAYABLES COLLECTION PERIOD)
- ✓ CWG number of days for inventory turnover is higher and better in comparison to CHAMS. (INVENTORY TURNOVER)
- ✓ CHAMS has a better receivables turnover because of its higher number of times in comparison to CWG. (RECIEVABLE TURNOVER)
- ✓ The number of times for payables turnover for both companies are low, but in comparison CWG is better. (PAYABLES TURNOVER)
- ✓ CHAMS has a better and higher number of days for inventory turnover in comparison to CWG. (INVENTORY TURNOVER)
- ✓ CHAMS efficiently uses their capital and generates more profit compared to CWG whose ROCE is a negative