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**TERM PAPER: ACCOUNTING RATIOS FOR 2018 ANNUAL REPORTS OF COMPANIES**

1. **Berger paints**
2. **Thomas Wyatt**
3. **ABC transport**
4. **Transcorp hotels**
5. **Nestle Nigeria**
6. **Nigerian breweries**
7. **May & Baker Nigeria**
8. **GlaxoSmithKline**
9. **Julius Berger Nigeria**
10. **Better glass Co**
11. **Omatek ventures**
12. **Chams**
13. **Conoil**
14. **Total Nigeria**
15. **United bank for Nigeria**
16. **Zenith bank**

1. **BASIC MATERIALS**

**Berger paints 2018 annual report**

1. Current ratio

Current assets = 1,646,124 = 1.28: 1

Current liabilities 1,285,038

1. Quick asset ratio

Current asset- inventory = 1,646,124 – 606712 = 0.80:1

Current liabilities 1,285, 038

1. Receivables collection period

Average trade receivables x365days

Credit sales

= 183,186 x 365days = 19.8days

3,377,223

1. Payables payment period

Average trade payables x 365days

Credit purchases

=589,943 x 365days = 111.6days

1,928,583

1. Inventory turnover period

Average inventory x 365days

Cost of sales = 590,852 x 365days = 113.7days

1,896,862

1. Receivables turnover

= Credit sales

Average receivables

= 3,377,223 = 18.4times

183,186

1. Payables turnover

Credit purchases

Average trade payables

= 1, 928,583 = 3.3times

589,943

1. Inventory turnover

Cost of sales

Average inventory

= 1,896,862= 3.2

590,852

1. Return on capital employed

Profit

Capital employed

= 454,328 = 0.13

3,250,261

1. Gross profit percentage

Gross profit x 100

Sales

= 1,480,361 x 100

3,377,223 = 43.8%

1. Net profit percentage

Net profit x 100

Sales

= 320,509 x 100

3,377,223 = 9.4%

1. Expenses percentage

Individual expenses x 100

Total expenses

Selling and distribution expenses: 237,375 x 100 = 22.4%

1,066,984

Administrative expenses: 829,609 x 100 = 77.75

1,066,984

1. Expenses to sales

Individual expenses x 100

Sales

Selling and distribution expenses: 237,375 x 100 = 7.03%

3,377,223

Administrative expenses: 829,609 x 100 = 24.56%

3,377,223

1. Gearing ratio

Debt = 1,722,247 = 0.61

Equity 2,813,052

1. Total debt to shareholder’s fund

Noncurrent liabilities + current liabilities

Equity

= 437,209 + 1,285,038 = 0.61: 1

2,813,052

**Thomas Wyatt 2018 annual reports**

1. Current ratio

= current assets = 26,194,088 = 0.12:1

Current liabilities 215,678,121

1. Quick asset ratio

= current asset- inventory = 26,194,088 – 4,435,797 = 0.10: 1

Current liabilities 215,678,121

1. Receivables collection period

= Average trade receivables x 365days

Credit sales

68,435,545 x 365days = 289.2days

86,359,615

1. Payables payment period

=Average trade payables x 365days

Credit purchases

197,388,891 x 365days = 937days

76, 840,284

1. Inventory turnover period

= average inventory x 365days

Cost of sales

= 8,615,210 x 365day = 36.9days

85,199,110

1. Receivables turnover

Credit sales = 86,359,615 = 1.26times

Average receivables 68,435,545

1. Payables turnover

Credit purchases = 76, 840, 284 = 0.4times

Average trade payables 197,388,891

1. Inventory turnover

Cost of sales = 85,199,110 = 9.89

Average inventory 8,615,210

1. Return on capital employed

= profit = -98,529,502 = -0.45

Capital employed 216,700,353

1. Gross profit percentage

Gross profit x 100

Sales

1,160,505 x 100

86,359,615 = 1.34%

1. Net profit margin

Net loss x 100 =

Sales -98,529,502 x 100

86,359,615 = -114.09%

1. Expense percentage

Individual expenses x 100

Total expenses

Administrative expenses = 47,544,815 x 100 = 95.08%

50,006,285

Distribution expenses= 2,461,470 x 100 = 4.92%

50,006,285

1. Expenses to sales

Individual expenses x 100

Sales

Administrative expenses = 47,544,815 x 100 = 2.85%

86,359,614

Distribution expenses = 2,461,470 x 100 = 2.85%

86,359,615

1. Earnings per share

Profit after tax

No of ordinary shares issued

=98,529,502 = 0.04

220,000,000

1. Price earnings ratio

Market price per share

Earnings per share

= 0.50 = 12.5

0.04

1. Earnings yield

Earnings per share

Market price per share

= 0.04

0.50

= 0.08 x 100 = 8%

1. Gearing ratio

Debt

Equity

= 265,000,000 = -0.92

-286,260,766

1. Total debt to shareholder’s fund

Non-current liabilities + current liabilities

Equity

= 718,639,240 = -2.51

-286,260,766

**Analysis and interpretation for basic materials**

1. Current ratio: for Berger the current ratio is 1.28, which means the company can pay for its current liabilities 1.28times over. For Thomas Wyatt, it is 0.21. Therefore, Berger paints is more capable of paying for its current liabilities than Thomas Wyatt.
2. Quick asset ratio: for Berger the quick asset ratio is 0.80, while its 0.10 in Thomas Wyatt, both positions are good for the company. The companies will not have to sell inventory in order to pay their short term liabilities.
3. Receivables collection period: the collection period is 19.8days for Berger and 289.2days for Thomas Wyatt. This means that customers of Berger are paying their bills faster than customers of Thomas Wyatt.
4. Payables payment period: in Berger, the payment period is 111.6days, while for Thomas Wyatt, it is 937days. Therefore, Thomas Wyatt has more time than Berger to settle its payables.
5. Inventory turnover period: for Berger, it is 113.7days and 36.9days for Thomas Wyatt. Therefore, Thomas Wyatt receives turnover from inventory faster than Berger.
6. Receivables turnover: the receivables turnover for Berger is 18.4times which means all account receivables are paid up 18.4times in a financial year, and 1.26times for Thomas Wyatt. Therefore, receivables are paid off faster in Thomas Wyatt.
7. Payables turnover: the payables turnover for Berger is 3.3times, and 0.4times in Thomas Wyatt. Therefore, payables are paid off fast in both companies.
8. Inventory turnover: the inventory turnover in Berger is 3.2, and 9.9 in Thomas Wyatt. Therefore, Thomas Wyatt sells their products faster than Berger.
9. Return on capital employed: the value for Berger was 13% and 45% for Thomas Wyatt. Therefore, Thomas watt generated more profit from its capital employed for the given financial year.
10. Gross profit percentage: the gross profit percentage for Berger is 43.8%, while that of Thomas Wyatt is 1.34%. Therefore, Berger made more profit in ratio to sales than Thomas Wyatt.
11. Net profit percentage: the net profit percentage for Berger is 9.4% while that of Thomas Wyatt is -114.09%. Therefore, net profit is higher in Berger than in Thomas Wyatt.
12. Return on equity: the return on equity for Berger was 0.61 and 2.51 for Thomas Wyatt. Therefore, Thomas Wyatt made a higher return on equity than Berger.
13. **CONSUMER SERVICES**

**ABC transport 2018 annual report**

1. Current ratio

= current assets = 751,579 = 0.5:1

Current liabilities 1,392,383

1. Quick asset ratio

Current asset- inventory = 751,579- 224,394 = 0.4:1

Current liabilities 1,392,383

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 329,983 x 365days = 29.5days

4,083,653

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 673,340 x 365days = 72.9days

3,366,943

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 198,194 x 365days = 21.8days

3,314,542

1. Receivables turnover

Credit sales = 4,083,653 = 12.38times

Average receivables 329,983

1. Inventory turnover

Cost of sales = 3,314,542 = 16.7

Average inventory 198,194

1. Payables turnover

Credit purchases = 3,366,943 = 5times

Average trade payables 673,340

1. Return on capital employed

Profit = 175,523 x 100 = 9.06%

Capital employed 1,938,090

1. Gross profit percentage

Gross profit x 100

Sales

= 769,112 x 100 = 18.8%

4,083,653

1. Net profit margin

Net loss x 100

Sales

= 175,523 x 100 = -4.3%

4,083,653

1. Expenses to sales

Administration expenses:

Individual expenses x 100

Sales

= 856,871 x 100 = 20.9%

4,083,653

1. Gearing ratio

Total debt = 319,084 = 0.20

Equity 1,564,582

1. Total debt to shareholder’s fund

Non-current liabilities + current liabilities = 1,765,891 = 1.06

Equity 1,564,582

**Transcorp 2018 annual reports**

1. Current ratio

Current assets = 5,722,247 = 0.29:1

Current liabilities 19,621,972

1. Quick asset ratio

Current asset- inventory

Current liabilities

= 5,722,247- 526,851 = 0.26:1

19,621,972

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 3, 059,218 x 365days = 67.77days

16,475,720

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 5,735,318 x 365days = 511.3days

4,094,488

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 596,500 x 365days = 51.4days

4,233,787

1. Receivables turnover

Credit sales = 16,475,720 = 5.4times

Average receivables 3,059,218

1. Payables turnover

Credit purchases = 4,094,488 = 0.71times

Average trade payables 5,735,318

1. Inventory turnover

Cost of sales = 4,233,787 = 7.09

Average inventory 596,500

1. Return on capital employed

Profit = 3,876,300 x 100 = 4.4%

Capital employed 89,163,718

1. Gross profit percentage

Gross profit x 100

Sales

= 12,241,933 x 100 = 74.3%

16,475,720

1. Net profit percentage

Net profit x 100

Sales

=3, 876,300 x 100 = 91.56%

4,233,787

1. Expenses to sales

Administrative expenses: individual expenses x 100

Sales

= 769,609 x 100 = 18.2%

4,233,787

1. Earnings per shares

Profit after tax = 3,876,300 = 5.1

No of ordinary shares 7,600,403,900

1. Dividend per share

Gross dividend = 947,000 = 1.25

No of ordinary shares 7,600,403,900

1. Dividend cover

Profit after tax =3, 876,300 = 4.09times

Gross dividend 947000

1. Gearing ratio

Debt = 28,942,569 = 0.5

Equity 57,637,528

1. Total debt to shareholder’s fund

Non-current liabilities + current liabilities

Equity

**=** 51,148,162 = 0.89

57,637,528

**Analysis and interpretation for consumer service**

1. Current ratio: the current ratio for ABC is 0.5, while that of transcorp is 0.29, therefore, both companies do not have enough assets to meet the payment of current liabilities.
2. Quick asset ratio: the quick asset ratio for ABC is 0.4, while that of transcorp is 0.3. Therefore, both companies cannot adequately meet their financial obligations.
3. Receivables collection period: the receivables collection period for ABC is 29.5days, while that of transcorp is 67.7days. Therefore, customers of ABC are paying their bills faster than customers of transcorp.
4. Payables payment period: the payment period for ABC is 72.9days, while that of transcorp is 511.3days. This means that payables are paid off faster in ABC than in transcorp.
5. Inventory turnover period: the inventory turnover period for ABC is 21.8days, while that of transcorp is 51.4days. Therefore, transcorp sells their products faster than ABC.
6. Receivables turnover: the receivables turnover for ABC is 12.4times which means all account receivables are paid up 12.4times in a financial year and 5.4times for transcorp. Therefore, receivables are paid off faster in transcorp.
7. Inventory turnover: the inventory turnover in ABC is 21.8 and transcorp is 51.4 for transcorp. Therefore, inventory turns over faster in transcorp, than in ABC.
8. Payables turnover: the payable turnover for ABC is 5times, and that of transcorp is 1time.therefore, payables are paid off faster in transcorp.
9. Return on capital employed: the value for ABC is 9.06% and 4.4% in transcorp. Therefore, ABC generated more profit from its capital employed for the given financial year.
10. Gross profit margin: the value for ABC is 18.8% and 74.4% for transcorp. Therefore, transcorp made more profit in ratio to sales than ABC.
11. Net profit margin: ABC made a loss in ratio of 4.3%. While transcorp made a profit of 91.5%. Therefore, transcorp generated more profit from sales.
12. Change in equity: the return on equity for ABC was 1.06 and 0.89 for transcorp. Therefore, ABC made a higher return on equity than transcorp.
13. **CONSUMER GOODS**

**Nestle 2018 annual report**

1. Current ratio

Current assets = 82,734,317 = 0.89:1

Current liabilities 92,117,501

1. Quick asset ratio

Current asset-inventory = 82,734,317- 23,124,020 = 0.65: 1

Current liabilities 92,117,501

1. Receivables collection period

Average trade receivables x 365days

Credit sales

36,802,756 x 365days = 50.5days

266,274,621

1. Payables payment period

Average trade payables x 365days

Credit purchases

53,026,409 x 365days = 127.6days

151,568,212

1. Inventory turnover period

Average inventory x 365days

Cost of sales

23,517,161 x 365days = 56.3days

152,354,445

1. Receivables turnover

Credit sales = 266,274,621 =7.2times

Average receivables 36,802,756

1. Payables turnover

Credit purchases = 151,568,212 = 2.9times

Average trade payables 53,026,409

1. Inventory turnover

Cost of sales = 152,354,445 = 6.5

Average inventory 23,517,262

1. Return on capital employed

Profit = 43,008,026 = 0.61x100

Capital employed 70,216,921 = 61.3%

1. Gross profit percentage

Gross profit x 100

Sales

= 113,920,176 x 100 = 42.8%

26,274,621

1. Net profit margin

Net profit x 100

Sales

= 43,008,026 x 100 = 16.2%

266,274,621

1. Expenses percentage: individual expenses x 100

Total expenses

Marketing and distribution expenses = 43,489,890 x 100 = 81.63%

53,279,445

Administrative expenses = 9,789,555 x 100 = 18.37%

53,279,445

1. Expenses to sales: individual expenses x 100

Sales

Marketing and distribution expenses: 43,489,890 x 100 = 16.33%

226,274,621

Administrative expenses: 9,789,555 x 100 = 3.7%

266,274,621

1. Earnings per share = 54,26
2. Price earnings ratio

Market price per share = 9.2 = 0.17

Earnings per share 54.26

1. Dividend per share

Gross dividend = 44,554,195 = 0.1

No of ordinary shares 792,656,000

1. Dividend pay-out ratio

Dividend per share x 100= 38.50 x 100 = 70.95%

Earnings per share 54.26

1. Dividend yield

Dividend per share x 100 = 38.50 x 100 = 70.95%

Earnings per share 54.26

1. Dividend cover

Profit after tax = 43,008,026 = 1.00times

Gross dividend 44,554,195

1. Gearing ratio

Debt = 5,921,494 = 0.12

Equity 50,220,486

1. Total debt to shareholder’s fund

Non-current liabilities + current liabilities

Equity

= 112,113,936 = 2.3

50,220,486

**Nigerian breweries 2018 annual report**

1. Current ratios

Current assets = 86,282,924 = 0.61:1

Current liabilities 140,383,143

1. Quick asset ratio

Current asset- inventory = 86,282,924- 32,506,824 = 0.38:1

Current liabilities 140,383,143

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 27,768,782 x 365 = 28.9days

350,226,472

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 121,763,589 x 365days = 237.3days

187,262,656

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 37,617,843 x 365days = 69.5days

197,484,694

1. Receivables turnover

Credit sales = 350,226,472 = 12.6times

Average receivables 27.768,782

1. Payables turnover

Credit purchases = 187,262,656 = 1.5times

Average trade payables 121,763,589

1. Inventory turnover

Cost of sales = 197,484,694 = 5.3

Average inventory 37,617,843

1. Return on capital employed

Profit = 19,401,169 x 100% = 7.8%

Capital employed 248,383,173

1. Gross profit percentage

Gross profit x 100

Sales

= 126,903,806 x 100= 36.2%

350,226,472

1. Net profit percentage

Net profit x 100

Sales

= 19,401,169 x 100 = 5.5%

350,226,472

1. Expenses percentage: individual expenses x 100

Total expenses

Marketing and distribution expenses = 70,052,363 x 100 = 77.12%

90.832.372

Administrative expense = 20,780,009 x 100 = 22.9%

90,832,372

1. Expenses to sales: individual expenses x 100

Sales

Marketing and distribution expenses= 70,052,363 x 100 = 20%

350,226,472

Administrative expenses = 20,780,009 x 100 = 5.9%

350,226,472

1. Earnings per share

Profit after tax = 19,401,169 = 2.44

No of ordinary shares issued 7, 964,580,401

1. Dividend per share

Gross dividend = 7,981,759 = 9.96

No of ordinary shares issued 7,964,580,401

1. Dividend cover

Profit after tax = 19,401,169 = 2.5times

Gross dividend 7,931,759

1. Gearing ratio

Debt = 42,127,565 = 0.25

Equity 156,644,184

1. Total debt to shareholder’s fund

Non-current liabilities + current liabilities

Equity

= 222,122,132 = 1.33

166,644,184

**Analysis and interpretation of financial ratios for consumer goods**

1. Current ratio: the value for nestle is 0.89, while that of Nigerian breweries is 0.61. Therefore, both companies do not have enough assets to meet the payment of current liabilities.
2. Quick asset ratio: the value for nestle is 0.65 while that of Nigerian breweries is 0.38. Therefore, both companies cannot adequately meet their financial obligations.
3. Receivables collection period: the receivables collection period for nestle is 50.5days, while that of Nigerian breweries is 28.9days. Therefore, customers of Nigerian breweries are paying their bills faster than nestle.
4. Payable payment period: the payment period for nestle is 127.6days, while that of Nigerian breweries is 237.3days. This means payables are paid off faster in nestle than Nigerian breweries.
5. Inventory turnover period: the turnover period for inventory for nestle is 56.3, while that of Nigerian breweries is 69.5. Therefore, Nigerian breweries sell their products faster than nestle.
6. Receivables turnover: receivables turnover for nestle is 7.2times, which means all accounts receivables are paid up 7.2times in a financial year and 12.6times in Nigerian breweries. Therefore, receivables are paid off faster in nestle.
7. Payables turnover: the payables turnover for nestle is 2.9times, and that of Nigerian breweries is 1.54times. Payables are paid off faster in Nigerian breweries.
8. Inventory turnover: the inventory turnover in nestle is 6.5 and 5.3 in Nigerian breweries. Therefore, inventory turns over faster in Nigerian breweries than in nestle.
9. Return on capital employed: the value for nestle is 61.3% and 7.8% for Nigerian breweries. Therefore, nestle generated more profit from its capital employed for the given financial year.
10. Gross profit margin: the value for nestle is 42.8% and 36.2% for Nigerian breweries. Therefore, nestle made more profit in ratio to sales than Nigerian breweries.
11. Net profit margin: the net profit percentage for nestle is 16.2% while that of Nigerian breweries is 5.5% therefore nestle made more profit from their sales than Nigerian breweries.
12. Change in equity: the return on equity for nestle was 2.2% and 1.33% for Nigerian breweries. Both made positive returns on equity but nestle made higher returns on equity.
13. **HEALTH SECTOR**

**M&B 2018 annual reports**

1. Current ratio

Current assets = 3,306,328 = 1.06: 1

Current liabilities 3,107,810

1. Quick asset ratio

Current asset- inventory = 3,306,328- 1,463,949 = 0.59:1

Current liabilities 3,207,810

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 1,219,712 x 365days = 53.9days

8,249,947

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 1,614,526 x 365days = 112.5days

5,236,368

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 1,466,720 x 365days = 102.1 days

5,241,910

1. Receivables turnover

Credit sales = 8,249,947 = 6.8times

Average receivables 1,219,712

1. Payables turnover

Credit purchases = 5,236,368 = 3.2times

Average trade payables 1,614,526

1. Inventory turnover

Cost of sales = 5,242,910 = 3.6

Average inventory 1,466,720

1. Return on capital employed

Profit = 617,013 = 0.12 x 100

Capital employed 5,027,756 = 12.3%

1. Gross profit percentage

Gross profit x 100

Sales

= 3,008,037 x 100 = 36.5%

8,249,947

1. Net profit percentage

Net profit x 100

Sales

= 617,073 x 100 = 7.5%

8,249,947

1. Expenses percentage: individual expenses x 100

Total expenses

Distribution, sales and marketing expenses = 1,075,569 x 100 = 51.8%

2,075,105

Administrative expenses= 999,536 x 100 = 48.2%

2,075,105

1. Expenses to sales: individual expenses x 100

Sales

Distribution, sales and marketing expenses = 1,075,569 x 100% = 13.04%

8,249,947

Administrative expenses = 999,536 x 100 = 12,1%

8,249,947

1. Earnings per share

Profit after tax = 617,073,000 = 0.629

No of ordinary shares 980,000,000

1. Net asset per share

Net asset = 3. 78

No of ordinary shares

1. Dividend per share

Gross dividend = 196,000,000 = 0.2

No of ordinary shares 980,000,000

1. Dividend pay-out ratio

Dividend per share x 100

Earnings per share

= 0.2 x 100 = 31.8

0.629

1. Dividend cover

Profit after tax = 617,073,000 = 3.15

Gross dividend 196,000,000

1. Gearing ratio

Debt = 1,800,249 = 0.49

Equity 3,708,011

1. Total debt to shareholder’s fund

Current liabilities + non-current liabilities

Equity

= 4, 427,555 = 1.19

3,708,011

**GSK 2018 annual reports**

1. Current ratio

Current assets = 13,338,313 = 1.9:1

Current liabilities 6,941,940

1. Quick asset ratio

Current asset-inventory = 13,338,313 – 3,938,707 = 1.35:1

Current liabilities 6,941,940

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 6,275,745 x 365days = 124.4days

18,411,475

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 7,777,414 x 365days = 232days

12,224,978

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 3,653,566 x 365days = 114.4days

11,654,697

1. Receivables turnover

Credit sales = 18,411,475 = 2.9times

Average receivables 6,275,745

1. Payables turnover

Credit purchases = 12,224,978 = 1.6times

Average trade payables 7,777,414

1. Inventory turnover

Cost of sales = 11,654,697 = 3.2

Average inventory 3,653,566

1. Return on capital employed

Profit = 618,389 x 100 =7.06%

Capital employed 8,758,276

1. Gross profit percentage

Gross profit x 100

Sales

= 6,756,778 x 100 = 36.7%

18,411,475

1. Net profit margin

Net profit x 100

Sales

= 618,389 x 100 = 3.4%

18,411,475

1. Expenses percentage: individual expenses x 100

Total expenses

Selling and distribution expenses = 3,096,566 x 100 = 57.9%

5,341,050

Administrative expenses = 2,244,484 x 100 = 42%

5,341,050

1. Expenses to sales: individual expenses x 100

Sales

Selling and distribution = 3,096,566 x 100

18,411,476

Administrative expenses = 2,244,484 x 100 = 12.2%

18,411,475

1. Earnings per share

Profit after tax = 618,389 = 0.52

No of ordinary shares 2,391,752

1. Dividend per share= 0.50
2. Dividend yield = 0.50 x 100 = 96.2%

0.52

1. Dividend cover

Profit after tax = 618,389 = 1.03

Gross dividend 597,938

1. Gearing ratio = 26%
2. Total debt to shareholder’s fund

Noncurrent liabilities + current liabilities = 7,049,025 = 0.81

Equity 8,651,191

**Analysis and interpretation of 2018 annual report of health care**

1. Current ratio: the ratio for M&B is 1.06, which means the company can pay for its current liabilities 1.06times over. For GSK, it is 1.9. Therefore, GSK is more capable of paying for its current liabilities than M&B.
2. Quick asset ratio: for M&B, the value of the ratio is 0.59, while its 1.35 in GSK. Both ratios can adequately meet their financial obligations.
3. Receivables collection period: the receivables collection period for M&B is 53.9days, while that of GSK is 124.4days. Therefore, customers of M&B are paying their bills faster than customers of GSK.
4. Payables collection period: the payment period for M&B is 112.5days, while for GSK it is 232days. Therefore, payables are settled faster in M&B.
5. Inventory turnover period: for M&B 102.1days, while it is 114.4days for GSK. Therefore, M&B receives turnover from inventory faster than GSK.
6. Receivables turnover: the receivables turnover for M&B is6.8times. Which means all accounts receivables are paid up 6.8times in a financial year, and 2.9times for GSK. Therefore, receivables are paid off faster in GSK.
7. Payables turnover: the payables turnover for M&B is 3.2times and 1.6times for GSK. Payables are paid off fast in both companies.
8. Inventory turnover: the inventory turnover in M&B is 3.6, and 3.2 in GSK. Therefore, M&B sells their products faster than GSK.
9. Return on capital employed: the value for M&B is 12.3% and 7.06% for GSK, therefore, M&B generated more profit from its capital employed for the given financial year than GSK.
10. Gross profit percentage: the gross profit percentage for M&B is 36.5%, while that of GSK is 36.7%. They both made adequate profits in the financial year.
11. Net profit margin: the net profit percentage for M&B is 7.5%, while that of GSK is 3.4%. Therefore, net profit for the year is higher in M&B than in GSK.
12. Changes in equity: the return on equity for M&B was 1.19 and 0.81 on GSK. M&B had an adequate and higher return on equity than GSK.
13. **INDUSTRIAL**

**Julius Berger 2018 annual report**

1. Current ratio

Current assets = 125,039,446 = 1.7:1

Current liabilities 73,196,234

1. Quick asset ratio

Current asset – inventory = 125,039,446 – 11,304,296 = 1.5:1

Current liabilities 73,196,234

1. Receivables collection period

Average trade receivables x 365days

Credit sales

=67,908,963 x 365 = 145.5days

170.326.746

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 42,946,890 x 365days =115.7days

134,350,051

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 10,256,626 x 365days = 28.3days

132,254,711

1. Receivables turnover

Credit sales = 170,326,746 = 2.5times

Average receivables 67,908,963

1. Payables turnover

Credit purchases = 134,350,051 = 3.1times

Average trade payables 42,946,890

1. Inventory turnover

Cost of sales = 132,254,711 = 12.8

Average inventory 10,256,626

1. Return on capital employed

Profit = 4,641,627 x 100 = 2.4%

Capital employed 194,864,143

1. Gross profit percentage

Gross profit x 100

Sales

= 38,072,035 x 100 = 22.4%

170,326,746

1. Net profit margin

Net profit x 100

Sales

= 4,641,627 x 100 = 2.73%

170,326,746

1. Expenses percentage: individual expenses x 100

Total expenses

Marketing expenses= 78,012 x 100 = 0.37%

20,834,381

Administrative expenses: 20,756,369 x 100 = 99.6%

20,834,381

1. Expenses to sales: individual expenses x 100

Sales

Marketing expenses = 78,012 x 100 = 0.04%

170,326,746

Administrative expenses = 20,756,369 x 100 = 12.2%

170,326,746

1. Earnings per share = 3.63
2. Total debt to shareholder’s fund

Non-current liabilities + current liabilities

Equity

= 251,349,465 =15.04

16,710,922

**Better glass 2018 annual report**

1. Current ratio

Current asset = 28,550,830 = 2.1:1

Current liabilities 13,723,312

1. Quick asset ratio

Current asset- inventory = 28,550,830- 6,239,740 = 1.63:1

Current liabilities 13,723,312

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 13,908,138 x 365days = 192.9days

26,321,014

1. Payables payment period

Average payables x 365days

Credit purchases

= 8,440,234 x 365days = 145.6days

21,154,899

1. Inventory turnover period

Average inventory x 365dsys

Cost of sales

= 5,632,478 x 365days = 103.1days

19,940,374

1. Receivables turnover

Credit sales = 26,321,014 = 1.9times

Average receivables 13,908,138

1. Payables turnover

Credit purchases = 21,154,899 = 2.5times

Average payables 3,440,234

1. Inventory turnover

Cost of sales = 19,940,375 = 3.5

Average inventory 5,632,478

1. Return on capital employed

Net profit = 5,052,805 x 100 = 0.15 x 100

Capital employed 32,356,317 =15%

1. Gross profit percentage

Gross profit x 100

Sales

= 6,380,639 x 100 =24.3%

25,321,014

1. Net profit percentage

Net profit x 100

Sales

= 5,052,805 x 100 = 19.2%

26,321,014

1. Expenses percentage: individual expenses x 100

Total expenses

Selling and distribution expenses= 81,161 x 100 = 6.1%

1,326,350

Administrative expenses = 1,245,189 x 100 = 92.9%

1,326,350

1. Expenses to sales: individual expenses x 100

Sales

Selling and distribution= 81,161 x 100 =0.3%

26,321,014

Administrative expenses= 1,245,189 x 100 = 4.7%

26,321,014

1. Earnings per share = 10.11
2. Net asset

Net asset = 29,627,573 = 59.3%

No of ordinary shares issued 499,972,000

1. Dividend per share = 1.07
2. Dividend yield

Dividend per share x 100

Earnings per share

= 1.07 x 100 = 10.6%

10.11

1. Dividend cover

Profit after tax = 5,052,805 = 9.5

Gross dividend 534,970

1. Gearing ratio

Debt = 1,098,584 = 0.03

Equity 29,627,573

1. Total debt to shareholder’s fund

Noncurrent liabilities + current liabilities

Equity

= 16,452,056 = 0.56

29,627,573

**Analysis and interpretation of 2018 annual reports of the industrial sector**

1. Current ratio: for Julius Berger the current ratio is 1.7 which means the company can pay for its current liabilities 1.7times over. For better glass it is 2.1. Therefore, better glass is more capable of paying for its current liabilities than Julius Berger.
2. Quick asset ratio: for Julius Berger the quick asset ratio is 1.5, while its 1.6 in better glass, both companies can adequately meet their financial obligations.
3. Receivables collection period: the receivables collection period for Julius Berger is 145.5days, while that of better glass is 192.9days. Therefore, customers of Julius Berger are paying their bills faster than better glass.
4. Payables payment period: the payment period for Julius Berger is 115.7days, while that of better glass is 145.6days. This means that payables are paid off faster in Julius Berger than in better glass.
5. Inventory turnover period: the inventory turnover period for Julius Berger is 28.3days. While that of better glass is 103.1days. Therefore, Julius Berger sells their products faster than better glass.
6. Receivables turnover: the receivables turnover for Julius Berger is 2.5times, which means all account receivables are paid up 2.5times in a financial year, and 1.9times for better glass. Therefore, receivables are paid off faster in better glass.
7. Payables turnover: the payables turnover for Julius Berger is 3.1times and that of better glass is 2.5times, therefore, payables are paid off faster in better glass.
8. Inventory turnover: the turnover for Julius Berger is 12.8 and 3.5 for better glass. Therefore, Julius Berger sells their products faster than better glass.
9. Return on capital employed: the value for Julius Berger is 2.4% and 15% for better glass. Therefore, better glass generated more profit from its capital employed for a given financial year.
10. Gross profit margin: the value for Julius Berger is 22.4% and 24.3% for better glass. Therefore, better glass made more profit.
11. Net profit margin: Julius Berger made a profit ratio of 2.7% for Julius Berger and 19.2% for better glass. Better glass made a higher return on sales than Julius Berger.
12. Change in equity: the return on equity for Julius Berger was 15.04 and 0.56 for better glass. Therefore, Julius Berger made a higher return on equity than better glass.
13. **TELECOMMUNICATION AND TECHNOLOGY**

**Omatek ventures 2018 annual report**

1. Current ratio

Current asset = 3,487,000 = 0.79:1

Current liabilities 4,425,000

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 3,487,000 x 365days = 15.9days

80,000,000

1. Receivables turnover

Credit sales = 80 = 0.02

Average receivables 3,487

1. Return on capital employed

Profit = 80 x 100 = 9.2%

Capital employed 863

1. Net profit margin

Net profit x 100 = 1,045 x 100 =1306

Sales 80

1. Expenses to sales

Administrative = 4.3 x 100 = 53.8%

80

1. Gearing ratio

Debt = 3,909 = 1.3

Equity 3,046

1. Total debt to shareholder’s fund

Noncurrent liabilities + current liabilities

Equity

= 8,335 = 2.74

3,046

**Chams 2018 annual report**

1. Current ratio

Current asset = 607,801 = 0.41:1

Current liabilities 1,478,060

1. Quick asset ratio

Current asset- inventory

Current liabilities

= 607,801-67,648 = 0.37:1

1,478,060

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 635,302 x 365 = 398.8days

584,392

1. Payables payment period

Average trade payables x 365days

Credit purchase

= 1,670,486 x 365days= 1865days

326,886

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 77,320 x 365 = 81. 5days

346,230

1. Receivables turnover

Credit sales = 584,392 = 1.00times

Average receivables 635,302

1. Payables turnover

Credit purchases = 326,886 = 0.19times

Average payables 1,670,486

1. Inventory turnover

Cost of sales = 346,230 = 4.5

Average inventory 77,320

1. Return on capital employed

Profit = 385,796 = 0.10 x 100 = 10%

Capital employed 37,278,899

1. Gross profit percentage

Gross profit x 100

Sales

= 238,162 x 100 = 40.8%

584,392

1. Net profit percentage

Net profit x 100

Sales

= 385,796 x 100 = 66.01%

584,392

1. Expenses to sales: individual expenses x 100

Total expenses

Administrative expenses = 817,142 x 100 = 139.83%

584,392

1. Earnings per share

Profit after tax = 385,796,000 = 0.1

No of ordinary shares issued 4,696,060,000

1. Net asset per share

Net assets = 3,727,899,000 = 0.79

No of ordinary shares issued 4,696,060,000

1. Gearing ratio

Debt = 152,974 = 0.04

Equity 3,727,899

1. Total debt to shareholder’s fund

Non-current liabilities + current liabilities

Equity

= 1,478,060 = 0.39

3,727,899

**Analysis and interpretation of technology sector**

1. Current ratio: the current ratio for Julius Berger is 0.79. While that of better glass is 0.41. Therefore, both companies do not have enough assets to meet the payment of current liabilities.
2. Receivables collection period: the receivables collection period for Julius Berger is 15.9days and 3.9days for better glass. Therefore, customers of better glass pay their bills faster than customers of Julius Berger.
3. Receivables turnover: the receivables turnover for Julius Berger is 0.2times and 1time for better glass, which means all receivables are paid up once in the financial year.
4. Return on capital employed: the value for Julius Berger is 9.2% and 10% for better glass. Therefore, beta glass generated more profit from its capital employed for the given financial year.
5. Change in equity: the return on equity for Julius Berger was 2,7 and 0.39 for beta glass. Therefore, Julius Berger made a higher return on equity than beta glass.
6. **OIL AND GAS**

**Conoil 2018 annual report**

1. Current ratio

Current assets = 54,908,451 = 1.3:1

Current liabilities 41,641,699

1. Quick asset ratio

Current asset-inventory = 54,908,451- 9,141,599

Current liabilities 41,641,699 = 1.1:1

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 28,080,978 x 365days = 83.9days

122,213,014

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 34,319,552 x 365

112,922,555 = 110.9days

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 7,401,377 x 365days = 24.7days

109,442,111

1. Receivables turnover

Credit sales = 122,213,014 = 4.4times

Average receivables 28,080,978

1. Payables turnover

Credit purchases = 112,922,555 = 3.3times

Average trade payables 34,319,552

1. Inventory turnover

Cost of sales = 109,442,111 = 14.8

Average inventory 7,401,377

1. Return on capital employed

Profit = 1,796,042 = 0.09 x 100

Capital employed 19,255,547 = 9.3%

1. Gross profit percentage

Gross profit x 100

Sales

= 12,770,902 x 100 = 10.4%

122,213,014

1. Net profit percentage

Net profit x 100

Sales

= 1,796,042 x 100 = 1.5%

122,213,014

1. Expenses percentage: individual expense x 100

Total expenses

Distribution expenses= 2,571,260 x 100 = 29.2%

8,809,784

Administrative expenses = 6,238,524 x 100= 70.8%

8,809,784

1. Expenses to sales: individual expenses x 100

Sales

Distribution expenses: 2,571,260 x 100 = 2.10%

122,213,014

Administrative expenses: 6,238,524 x 100 = 5.1%

122,213,014

1. Earnings per share

Profit after tax = 1,796,042 = 2.6

No of ordinary shares issued 693,952,117

1. Net asset per share

Net asset = 18,301,074 = 0.02

No of ordinary shares issued 693,952,117

1. Dividend cover

Gross dividend = 1,387,904 = 2.0

No of ordinary shares 693,952,117

1. Dividend yield

Dividend per share = 2.0 = 0.77

Earnings per share 2.59

1. Dividend cover

Profit after tax = 1,796,042 = 1.3

Gross dividend 1,387,904

1. Gearing ratio

Debt = 4,766,240 = 0.26

Equity 18, 301,074

1. Total debt to shareholder’s fund

Current liabilities + non-current liabilities

Equity

= 42,596,172 = 2.33

18,301,074

**Total Nigeria 2018 annual report**

1. Current ratio

Current assets = 89,912,403 = 0.94:1

Current liabilities 95,984,054

1. Quick asset ratio

Current asset- inventory = 89,912,402- 30,045,177 = 0.62:1

Current liabilities 95,984,054

1. Receivables collection period

Average trade receivables x 365days

Credit sales

= 18,963,569 x 365days = 22.5days

307,987,896

1. Payables payment period

Average trade payables x 365days

Credit purchases

= 62,501,902 x 365days = 82.5days

276,581,613

1. Inventory turnover period

Average inventory x 365days

Cost of sales

= 28,355,709 x 365days = 37.9days

273,202,676

1. Receivables turnover

Credit sales = 307,987,896 = 16.2times

Average receivables 18,963,569

1. Payables turnover

Credit purchases = 276,581,613 = 4.4times

Average payables 62,501,907

1. Inventory turnover

Cost of sales = 273,202,676 = 9.6

Average inventory 28,355,709

1. Return on capital employed

Profit = 7,960,893 x 100 = 21.8%

Capital employed 36,536,729

1. Gross profit percentage

Gross profit x 100

Sales

= 34,785,220 x 100 =11.3%

307,987,896

1. Net profit percentage

Net profit x 100

Sales

= 7,960,893 x 100 =2.6%

307,987,896

1. Expenses percentage: individual expenses x 100

Total expenses

Selling and distribution expenses= 4,470,363 x 100 = 18.3%

24,415,433

Administrative expenses = 19,945,070 x 100 = 81.7%

24,415,433

1. Expenses to sales: individual expenses x 100

Sales

Selling and distribution expenses = 4,470,363 x 100 = 1.45%

307,987,896

Administrative expenses =19,945,070 x 100 = 6.5%

307,987,896

1. Earnings per share = 23.45
2. Dividend per share= 17.00
3. Dividend cover= 1.38times
4. Dividend yield

Dividend per share x 100

Earnings per share

= 17.00 x 100 = 72.5%

23.5

1. Gearing ratio

Debt = 28,126,526 = 0.91:1

Equity 30,730,888

1. Total debt to shareholder’s fund

Current liabilities + non-current liabilities

Equity

= 101,789,895

30,730,888 = 3.31

**Analysis and interpretation of 2018 annual reports from oil and gas sector**

1. Current ratio: the ratio for Conoil is 1.3, while that of total is 0.94. Total does not have enough assets to meet the payment of current liabilities, while Conoil is more capable of paying for its current liabilities than total.
2. Quick asset ratio: the ratio for Conoil is 1.1 and 0.62 for total. Both positions are good ratios for the company and the company does not have to sell inventory in order to pay their short term liabilities.
3. Receivables collection period: the collection period for Conoil is 83.9days and 22.5days for total. This means that customers of total pay their bills faster than customers of Conoil.
4. Payables payment period: the payment period is 110.9days for Conoil and 82.5days for total. Therefore, Conoil has more time than total to settle its payables.
5. Inventory turnover period: for Conoil it is 24.7days and 37.9days for total. Therefore, Conoil receives turnover from inventory faster than total.
6. Receivables turnover: the receivables turnover for Julius Berger is 4.4times, which means all account receivables are paid up 4.4times in a financial year and 16.2times for total. Therefore, receivables are paid off faster in Conoil.
7. Payables turnover: the payables turnover for Julius Berger is 3.3times and 4.4times for total. Payables are paid off fast in both companies.
8. Inventory turnover: the inventory turnover for conoil is 4.8 and 9.6 for total. Therefore, total sells their products faster than conoil.
9. Return on capital employed: the value for conoil is 9.3% and 21.8% for total. Therefore, total made more profit in ratio to sales than conoil.
10. Gross profit margin: the gross profit percentage for conoil is 10.4% and 11.3% for total. Total made more profit than conoil for the financial year.
11. Net profit margin: the net profit margin for conoil is 1.5% and 2.6% for total. Total made more profit in ratio to sales than conoil.
12. Change in equity: the return on equity for total was 2.33 and 3.31 for total. Therefore, total made a higher return on their equity than Conoil.
13. **FINANCIAL SECTOR**

**United bank for Africa annual report**

1. Return on capital employed

Profit = 55,350 = 0.15

Capital employed 365,590

1. Earnings per share

Profit after tax = 41,047,000 = 1.20

No of ordinary shares issued 34,199,421

1. Price earnings ratio

Market price per share = 7.70 = 6.41

Earnings per share 1.20

1. Earnings yield

Earnings per share x 100 =1.20 = 0.15%

Market price per share 7.70

1. Net asset per share

Net assets = 364,590 = 0.01

No of ordinary shares issued 34,199,421

1. Dividend per share

Gross dividend = 29,070,000 = 0.85

No of ordinary shares 34,199,421

1. Dividend pay-out ratio

Dividend per share x 100

Earnings per share

= 0.85 x 100 = 0.71

1.20

1. Dividend yield

Dividend per share x 100

Earnings per share

= 0.85 x 100 = 0.11

7.70

**Zenith bank 2018 annual report**

1. Return on capital employed

Profit = 165,400 = 0.25

Capital employed 675,032

1. Earnings per share

Profit after tax = 165,480,000 = 5.27

No of ordinary shares issued 31,396,193,787

1. Price earnings ratios

Market price per share = 18.65 = 3.53

Earnings per share 5.27

1. Earnings yield

Earnings per share x 100 = 5.27 x 100 = 28%

Market price per share 18.65

1. Net asset per share

Net assets = 675,032 = 21.5

No of ordinary shares issued 31.396

1. Dividend per share

Gross dividend = 7,910 = 2.80

No of ordinary shares 31.3%

1. Dividend pay-out ratio

Dividend per share x 100 = 2.80 x 100 =53%

Earnings per share 5.27

1. Dividend yield

Dividend per share x 100 = 2.80 x 100 = 15%

Earnings per share 18.65

Analysis and interpretation of 2018 annual reports of the financial sector

1. Return on capital employed: zenith bank made more profit than UBA.
2. Earnings per share: zenith bank made more profit after tax distribution to each issued ordinary share.
3. Price Earnings ratio: this ratio shows that zenith bank will take fewer years than UBA to recover its investments
4. Earning yields: this shows that zenith bank has more returns on shareholders’ investment.
5. Net asset per share: this shows that zenith bank had more net profit distributable to shareholders than UBA.
6. Dividend per share: this shows that zeniths banks dividend declared to shareholders was higher than that of UBA.
7. Dividend pay-out ratio: this ratio shows that zenith bank paid a higher percentage of dividend to their shareholders than in UBA
8. Dividend yield

This ratio shows that zenith bank had a higher return on dividend than UBA.