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TITLE OF TERM PAPER: ACCOUNTING RATIOS

COMPANIES ANALYSED:

1. FIDSON HEALTHCARE PLC
2. GLAXOSMITHKLINE CONSUMER NIGERIA PLC
3. OMATEK VENTURES PLC
4. MTN GROUP LIMITED
5. FORTE OIL PLC
6. OANDO PLC
7. HONEYWELL FLOURMILLS PLC
8. NESTLE NIGERIA PLC
9. CAP PLC
10. THOMAS WYATT PLC
11. ZENITH BANK
12. UNITY BANK
13. GREIF
14. CUTIX
15. UNIVERSITY PRESS
16. MED-VIEW AIRLINES

* HEALTH CARE SECTOR:

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| * SHORT TERM SOLVENCY RATIOS | FIDSON HEALTHCARE PLC | GLAXOSMITHKLINE CONSUMER NIGERIA PLC | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 7,575,483  10,535,885  = 0.72 : 1 | = 13,338,313 / 6,941,940  = 1.92 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | =7,575,483-2,875,133  10,535,885  = 0.45 : 1 | = 13,338,313 – 3,938,707 / 6,941,940  = 1.35 : 1 | Fidson Healthcare Plc will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) but Glaxosmithkline Consumer Plc will be able to settle its short term obligations as and when due. |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | =3,153,312 x 365 days  16,229,903  = 70.92 days | = 6,275,745 / 18,411,475 x 365 days  = 12.44 days | It will take Fidson Healthcare Plc about 71 days to collect money from its customers after selling goods to them on credit while it will take Glaxosmithkline about 13 days. This means that it will take GlaxoSmithKline a shorter time to collect its money back.  Glaxosmithkline is at an advantage because the shorter the period, the better for its business. |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | = 369,929.5 / 9,910,219 X 12mths  = 0.45 mths | = 7,779,164 / 11,651,867 x 12 mths  = 8.01 mths | This means that Fidson Plc will owe their credit suppliers for an average of about 0.45 months before settlement while it will take Glaxosmithkline about 8.01 months.  Glaxosmithkline is at an advantage because the longer the period, the better for its business. |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 2,315,881 / 9,910,219 x 365 days  = 85.29 days | = 3,653,567 / 11,654,697 x 365 days  = 3.13 days | This shows that the finished products of Fidson Plc will remain in the warehouse for about 85 days before being sold out to its customers while that of Glaxosmithkline will remain in the warehouse for about 3 days before being sold to customers.  Glaxosmithkline is at an advantage because the shorter the period, the better for the business. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 16,229,903 / 3,153,312  = 5.15 times | = 18,411,475 / 6,275,745  = 2.93 times | This shows that Fidson Plc will receive settlement from their credit customers for about 5 times during the accounting period while Glaxosmithkline will receive settlement for about 3 times during the accounting period.  Fidson Plc is at an advantage because the higher the period, the better for the business. |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | = 9,910,219 / 3,659,929.5  = 2.71 times | = 11,651,867 / 7,777,664  = 1.50 times | This shows that Fidson Plc will make payment to its credit suppliers for about 3 times during an accounting period while it will take Glaxosmithkline about 2 times to make payment.  Glaxosmithkline is at an advantage because the lower the amount of times, the better for the business. |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 9,910,219 / 2,315,881  = 4.28 times | = 11,654,697 / 3,653,567  = 3.19 times | This shows that Fidson Plc will be able to turn its inventory into sales at an average of 4 times in a period while Glaxosmithkline will be able to do same at an average of 3 times.  Fidson Plc is at an advantage because the number of times, the more efficient the inventory managements of the business are. |
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| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = -0.01 x 1.63  = -0.02% | = 0.03 x 2.10  = 0.06% | This shows that Glaxosmithkline will earn a return of ₦0.06k for every ₦1 invested, therefore it is at an advantage. |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 6,319,684 / 16,229,903 x 100%  = 0.39% | = 6,756,778 / 18411475 x 100%  = 0.37% | This shows that Fidson Plc will earn a profit of about ₦0.39k and Glaxosmithkline ₦0.37k for every ₦1 revenue after deducting only cost of sales. |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = -97,447 / 16,229,903 x 100%  = -0.01% | = 1160824 / 18411475 x 100%  = 0.06% | This shows that Fidson Plc will earn a profit less than a kobo and Glaxosmithkline ₦0.06k for every ₦1 sales revenue after deducting all expenses excluding interest expense and tax. |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | 1. Admin Expenses   = 2,614,354 / 6,703,000 x 100%  = 0.39%   1. Selling and Distribution Expenses   = 1,905,330 / 6,703,000 x 100%  = 0.28%   1. Finance Cost   = 1,925,002 / 6,703,000 x 100%  = 0.29% | 1. Selling and Distribution Expenses   = 3096566 / 5342847 x 100%  = 0.58%   1. Admin Expenses   = 2246281 / 5342847 x 100%  = 0.42% | This shows the relative weight of each item of expense in relation to total expenses for both companies. |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | 1. Admin Expenses   = 2,614,354 / 16,229,903 x 100%  = 0.16%   1. Selling and Distribution Expenses   = 1,905,330 / 16,229,903 x 100%  = 0.12%   1. Finance Cost   = 1,925,002 / 16,229,903 x 100%  = 0.12% | 1. Selling and Distribution Expense   = 3096566 / 18411475 x 100%  = 0.17%   1. Admin Expenses   = 2246281 / 18411475 x 100%  =0.12% | This shows the rate at which expenses will have an effect on profit due to an increase or a decrease |
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| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | = -97,447 – 0 / 1,500,000,000  = ₦0 | = ₦52 (given) |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | = 0 / 0  = 0 times | = 0.01 / 52  = 0 times | This shows that the capital value of both businesses is 0 times higher than its current level of earnings. |

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| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | = 0 / 0  = ₦0 | = 52 / 0.01  = ₦5200 | This shows that Glaxosmithkline having an earnings yield of about 5200 means that a returns of about 5200 is due on every investment of the ordinary shareholders based on current period performance while Fidson plc will have 0 returns. |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | = 20,483,325 – 0 / 1,500,000,000  = ₦0.01 | = 15700216 – 0 / 597939  = ₦26.26 |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | = 267,166 / 1,500,000,000  = ₦0 | = 167000 / 597939  = ₦0.28 | This shows that an ordinary shareholder in Fidson Plc will receive a dividend of 0 on a unit of its shares while an ordinary shareholder in Glaxosmithkline will receive a dividend of 0.28. |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | = 0 / 0 x 100%  = 0% | = 0.28 / 0.01 x 100%  = 0.01% | This shows that 0% of Fidson Plc current period earnings was distributed to the shareholders in form of dividend while for Glaxosmithkline 0.01% |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | = 0 / 0 x 100%  = 0% | = 0.28 / 0.01 x 100%  = 28% | This shows that , for Fidson Plc, ordinary shareholders will be entitled to an actual return of 0% on their investments while for Glaxosmithkline 28% |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | = 0 / 0  =0 times | = 52 / 0.28  = 185.71 times | This shows the dividend cover of Fidson Plc being 0 times meaning the current period earning will cover the actual dividend by 0 times while Glaxosmithkline about 186 times. |
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| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = 2,793,659 / 71,537,81  = 0.39 | = 107085 / 8651191  = 0.01 | This shows that both companies are lowly geared |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest | = 160,867 / 11,222  = 14.33 times | = 1160824 / 0  = 0 times | Fidson Plc has an interest cover of about 14 times which shows that the profit before tax is considerably higher than the level of interest charges while Glaxosmithkline 0 times |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | = 2,793,659 + 10,535,885 / 7,153,781  = 1.86 | = 7049025 (NCL + CL) / 8651191  = 0.82 | Glaxosmithkline is at a lower risk compared to Fidson Plc |

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| * TELECOMMUNICATIOS SECTOR | | | |
| * SHORT TERM SOLVENCY RATIO | | OMATEK VENTURES PLC (₦’MILLIONS) | MTN GROUP LIMITED (₦’MILLIONS) | COMPARISON | |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | | = 3,487/4,425  = 0.79 : 1 | = 548 / 2,865  = 0.19 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) | |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | | = 3,487-0/ 4,425  = 0.79 : 1 | = 548 – 0 / 2,865  = 0.19 : 1 | Both companies will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) | |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | | = 3,487/-80 x 12mths  = -523.05mths | = 418.5 / 11,992 x 12 mths  = 0.42mths | It will take Mtn Limited about 0.42 mths to collect money from its customers after selling goods to them on credit | |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | | = 3,897/0 x 12mths  = 0mths | = 267.5 / 0 x 12 mths  = 0mths | This means that both companies will owe their credit suppliers for an average of about 0 months before settlement | |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | | = 0/0 x 12mths  = 0 mths | = 0 / 0 x 12 mths  = 0mths | This shows that the finished products of both companies will remain in the warehouse for about 0 mths before being sold out to its customers | |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | | = -80/3,487  = -0.023 times | = 11,992 / 418.5  = 28.65 times | This shows that Omatek Plc will receive settlement from their credit customers for about -0.023 times during the accounting period while Mtn Limited will receive settlement for about 29 times during the accounting period. | |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | | = 0 / 3897  = 0 times | = 0 / 267.5  = 0 times | This shows that both companies will make payment to its credit suppliers for about 0 times during an accounting period. | |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | | = 0 / 0  = 0 times | = 0 / 0  = 0 times | This shows that both companies will be able to turn its inventory into sales at an average of 0 times in a period | |
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| * PROFITABILITY RATIO | |  |  |  | |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | | = 13.06% x -0.09%  = -1.18% | = 1% x 0.56%  = 0.56% |  | |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | | = -80/-80 x 100%  = 1% | = 11,972 / 11,992 x 100%  = 1% |  | |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | | = -1,045/-80 x 100%  = 13.06% | = 11,957 / 11,992 x 100%  = 1% |  | |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | | 1. Admin Expenses:   = -43/-966 x 100%  = 0.05%   1. Finance Cost:   = -919/-966 x 100%  = 0.95%   1. Tax Expense:   = -4/-966 x 100%  = 0.004% | 1. Finance Cost   = 404 / 670 x 100%  = 0.60%   1. Operating Expenses   = 266 / 670 x 100%  = 0.40% |  | |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | | 1. Admin Expenses:   = -43/-80 x 100%  = 0.54%   1. Finance Cost:   = -919/-80 x 100%  = 11.48%   1. Tax Expense   = -4/-80 x 100%  = 0.05% | 1. Finance Cost:   = 404 / 11,992 x 100%  = 0.03%   1. Operating Expenses   = 266 / 11,992 x 100%  = 0.02% |  | |
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| * INVESTORS RATIO | |  |  |  | |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | | = -1,045 – 0 / 1,471  = ₦0.71 | = 11,957 – 0 / 1,884,269,758  = ₦0 |  | |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | | = 0.70 / 0.71  = 0.99 times | = 0 / 0  = 0 times |  | |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | | = 0.71 / 0.70  = 1.01 | = 0 / 0  = 0 |  | |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | | = 5288 – 0 / 1471  = ₦ 3.59 | = 24356 – 0 / 1884269758  = ₦1.29 |  | |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | | = 0 / 1471  = ₦ 0 | = 0 / 1884269758  = ₦ 0 |  | |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | | = 0 / 0.71 x 100%  = 0% | = 0 / 0 x 100%  = 0% |  | |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | | = 0 / 0.70 x 100%  = 0% | = 0 / 0 x 100%  = 0% |  | |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | | = 0.71 / 0  = 0 times | = 0 / 0  = 0 times |  | |
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| * LONG TERM SOLVENCY & STABILITY RATIO | |  |  |  | |
| 1. **Gearing Ratio:**   Debt/Equity | | = 3909 / -3046  = -1.28 | = 1 / 21490  = 0.00 |  | |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest | | = -1042 / 0  = 0 times | = 11972 / 0  = 0 times |  | |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | | = 3909 + 4425 / -3046  = -2.74 | = 1 + 2865 / 21490  = 0.13 |  | |

* OIL AND GAS SECTOR

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| * SHORT TERM SOLVENCY RATIOS | FORTE OIL PLC | OANDO PLC | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 49597082 / 39438641  = 1.26 : 1 | = 164402215 / 227409609  = 0.72 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | = 49591080 – 9528146 / 39438641  = 1.02 : 1 | = 164402215 – 26514991 / 227409609  = 0.61 : 1 | Oando Plc will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) but Forte Oil Plc will be able to settle its short term obligations as and when due. |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | = 31171794 / 134706306 x 12 mths  = 2.78 mths | = 138383210 / 488518160 x 12mths  = 3.40mths | It will take Forte Oil Plc about 3 mths to collect money from its customers after selling goods to them on credit while it will take Oando Plc also about 3 mths. |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | = 376849 / 123376240 x 12 mths  = 0.04 mths | = 226676563 / -4888938074 x 12mths  = -0.56 mths | This means that Forte Plc will owe their credit suppliers for an average of about 0.04 months before settlement while it will take Oando about 0.56 months.  Forte Plc is at an advantage because the longer the period, the better for its business |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 7073266 / 123376240 x 12 mths  = 0.69 mths | = 13257496 / -4888938074 x 12mths  = -0.33mths | This shows that the finished products of Forte Plc will remain in the warehouse for about 0.69 mths before being sold out to its customers while that of Oando will remain in the warehouse for about -0.33 mths before being sold to customers. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 134706306 / 31171794  = 4.32 times | = 488518160 / 138383210  = 3.53 times | This shows that Forte Oil Plc will receive settlement from their credit customers for about 4 times during the accounting period while Oando will receive settlement for about 3.53 times during the accounting period.  Forte Oil Plc is at an advantage because the higher the period, the better for the business |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | = 123376240 / 376849  = 327.39 times | = -488938074 / 226676563  = -2.16 times | This shows that Forte Oil Plc will make payment to its credit suppliers for about 327 times during an accounting period while it will take Oando about -2 times to make payment. |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 123376240 / 7073266  = 17.44 | = -488938074 / 13257496  = -36.88 | This shows that Forte Oil Plc will be able to turn its inventory into sales at an average of 17 times in a period while Oando will be able to do same at an average of -37 times. |
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| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = 0.004% x 6.33%  = 0.03% | = -0.04% x 54.54%  = -2.18% |  |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 11330066 / 134706306 x 100%  = 0.08% | = -419914 / 488518160 x 100%  = -0.001% |  |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = 1028544 / 134706306 x 100%  = 0.008% | = -17696310 / 488518160 x 100%  = -0.04% |  |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | 1. Distribution Expenses   = 2245688 / 13270708 x 100%  =0.17%   1. Admin Expenses   = 7984221 / 13270708 x 100%  = 0.60%   1. Finance Cost   = 3040799 / 13270708 x 100%  = 0.23% | 1. Admin Expenses   = 70457124 / 113163743 x 100%  = 0.62%   1. Finance Cost   = 42706619 / 113163743  =0.38% |  |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | 1. Distribution Expenses   = 2245688 / 134706306 x 100%  = 0.02%   1. Admin Expenses   = 7984221 / 134706306 x 100%  = 0.06%   1. Finance Cost   = 3040799 / 134706306 x 100%  =0.02% | 1. Admin Expenses   = 70457124 / 488518160 x 100%  = 0.14%   1. Finance Cost   = 42706619 / 48818160 x 100%  = 0.09% |  |
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| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | = ₦0.48 ( given ) | = -18321877 – 0 / 30000000000  = ₦0.001 |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | = 0.02 / 0.48  = ₦ 0.04 | = 0 / 0  = ₦0 |  |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | = 0.48 / 0.02  = 24 | = 0 / 0  = 0 |  |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | = 60729733 – 0 / 1310629267  = ₦0.05 | = 236366708 – 0 / 30000000000  = ₦0.01 |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | = 245000 / 1310629267  = ₦ 0.00 | = 0 / 30000000000  = ₦0 |  |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | = 0.00 / 0.48 x 100%  = 0% | = 0 / 0 x 100%  = 0% |  |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | = 0.00 / 0.02 x 100%  = 0% | = 0 / 0 x 100%  = 0% |  |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | = 0.48 / 0.00  = 0 times | = 0 / 0  = 0 times |  |
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| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = 7542122 / 13748970  = 0.55 | = 69856667 / -60899586  = -1.15 |  |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest | = 1028544 / 0  = 0 times | = -17695310 / 0  = 0 times |  |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | = 7542122 + 39438641 / 13748970  = 3.42 | = 69856667 + 227409609 / -60899568  = -4.88 |  |

* CONSUMER GOODS SECTOR

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| * SHORT TERM SOLVENCY RATIOS | HONEYWELL FLOUR MILLS PLC | NESTLE NIGERIA PLC | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 21611089 / 28207258  = 0.77 : 1 | = 82734317 / 92117501  = 0.90 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | = 21611089 – 7844965 / 28207258  = 0.49 : 1 | = 82734317 - 23124020 / 92117501  = 0.65 : 1 | Both companies will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | = 3695311 / 71476319 x 12 mths  = 0.62 mths | = 15802756 / 266274621 x 12 mths  = 0.71 mths | It will take Honeywell about 0.62 mths to collect money from its customers after selling goods to them on credit while it will take Nestle about 0.71 mths. This means that it will take Honeywell a shorter time to collect its money back.  Honeywell is at an advantage because the shorter the period, the better for its business |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | = 9905040 / 55423670 x 12 mths  = 2.15mths | = 53008409 / 152354445 x 12mths  = 4.18 mths | This means that Honeywell will owe their credit suppliers for an average of about 2.15 months before settlement while it will take Nestle about 4.18 months.  Honeywell is at an advantage because the longer the period, the better for its business |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 6180245 / 55423670 x 12 mths  = 1.34 mths | = 23517162 / 152354445 x 12 mths  = 1.85 mths | This shows that the finished products of Honeywell will remain in the warehouse for about 1.34 mths before being sold out to its customers while that of Nestle will remain in the warehouse for about 1.85 mths before being sold to customers.  Honeywell is at an advantage because the shorter the period, the better for the business. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 71476319 / 3695311  = 19.34 times | = 266274621 / 15802756  = 16.85 times | This shows that Honeywell will receive settlement from their credit customers for about 19 times during the accounting period while Nestle will receive settlement for about 17 times during the accounting period.  Honeywell is at an advantage because the higher the period, the better for the business |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | = 55423670 / 9905040  = 5.60 times | = 152354445 / 53008409  = 2.87 times | This shows that Honeywell will make payment to its credit suppliers for about 6 times during an accounting period while it will take Nestle about 3 times to make payment.  Nestle is at an advantage because the lower the amount of times, the better for the business |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 55423670 / 6180245  = 0.97 times | = 152354445 / 13517162  = 6.48 times | This shows that Honeywell will be able to turn its inventory into sales at an average of 1 time in a period while Nestle will be able to do same at an average of 6 times. |
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| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = 0.06% x 0.74%  = 0.04% | = 0.16% x 3.79%  = 0.61% |  |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 16052649 / 71476319 x 100%  = 0.22% | 113920176 / 266274621 x 100%  = 0.43% |  |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = 4872291 / 71476319 x 100%  = 0.07% | = 59750846 / 266274621 x 100%  = 0.22% |  |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | 1. Selling and Distribution Expenses   = 4718121 / 71476319 x 100%  = 0.44%   1. Admin Expenses   = 2059563 / 10842575 x 100%  = 0.19%   1. Finance Cost   = 4064891 / 10842575 x 100%  = 0.37% | 1. Marketing & Distribution Expenses   = 43489890 / 5586219 x 100%  = 0.78%   1. Admin Expenses   = 9789555 / 55886219 x 100%  = 0.18%   1. Finance Cost   = 2606774 / 55886219 x 100%  = 0.05% |  |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | 1. Selling and Distribution Expenses   = 4718121 / 71476319 x 100%  = 0.07%   1. Admin Expenses   = 2059563 / 71476319 x 100%  = 0.03%   1. Finance Cost   = 4064891 / 71476319 x 100%  = 0.06% | 1. Marketing & Distribution Expenses   = 43489890 / 266274621 x 100%  = 0.16%   1. Admin Expenses   = 9789555 / 266274621 x 100%  = 0.04%   1. Finance Cost   = 2606774 / 266274621 x 100%  = 0.01% |  |
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| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | = ₦55.82( given ) | = ₦54.26 ( given ) |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | = 0.01 / 55.82  = ₦ 0.00 | = 53.76 / 54.26  = ₦0.99 |  |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | = 55.82 / 0.01  = 5.58 | = 54.26 / 53.76  = 1.01 |  |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | = 124835013 – 0 / 7930197658  = ₦ 0.02 | = 162334422 – 0 / 792656252  = ₦0.21 |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | = 475812 / 7930197658  = ₦0 | = 0 / 792656252  = ₦0 |  |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | = 0 / 55.82 x 100%  = 0% | = 0 / 54.26 x 100%  = 0% |  |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | = 0.00 / 0.01 x 100%  = 0% | = 0 / 53.76 x 100%  = 0% |  |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | = 55.82 / 0  = 0 times | = 54.26 / 0  = 0 times |  |
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| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = 40236091 / 56391664  = 0.71 | = 19996435 / 50220486  = 0.40 |  |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest | = 4872291 / 0  = 0 times | = 59750846 / 0  = 0 times |  |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | = 68443349 / 56391664  = 1.21 | = 112113936 (NCL+ CL) / 50220486  = 2.23 |  |

* BASIC MATERIALS SECTOR

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| * SHORT TERM SOLVENCY RATIO | CAP PLC | THOMAS WYATT PLC | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 5545003 / 3375254  = 1.64 : 1 | = 26194088 / 215678121  = 0.12 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | = 5545093 – 884115 / 3375254  = 1.38 : 1 | = 26194088 – 4435797 / 215678121  = 0.10 : 1 | Thomas Wyatt Plc will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) but Cap Plc will be able to settle its short term obligations as and when due. |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | = 88944 / 7764534 x 365 days  = 4 days | = 0 / 86359615 x 365 days  = 0 days | It will take Cap Plc about 4 days to collect money from its customers after selling goods to them on credit while it will take Thomas Wyatt about 0 days. This means that it will take Thomas Wyatt a shorter time to collect its money back.  Thomas Wyatt is at an advantage because the shorter the period, the better for its business |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths |  |  |  |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 884115 / 4034561 x 365 days  = 80 days | = 4435797/ 85199110 x 365 days  = 19 days | This shows that the finished products of Cap Plc will remain in the warehouse for about 80 days before being sold out to its customers while that of Thomas Wyatt will remain in the warehouse for about 19 days.  Thomas Wyatt is at an advantage because the shorter the period, the better for the business. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 7764534 / 88974  = 87 times | = 86359615 / 0  = 0 | This shows that Cap Plc will receive settlement from their credit customers for about 87 times during the accounting period while Thomas Wyatt will receive settlement for about 0 times during the accounting period.  Cap Plc is at an advantage because the higher the period, the better for the business |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables |  |  |  |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 4034561 / 884115  = 4.5 times | = 85199110 / 4435797  = 19.20 times | This shows that Cap Plc will be able to turn its inventory into sales at an average of 5 times in a period while Thomas Wyatt will be able to do same at an average of 19 times. |
|  |  |  |  |
| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = 0.41 | = -0.33 |  |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 3729973 / 7764534 x 100%  = 48% | = 1160505 / 86359615 x 100%  = 1.34% |  |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = 2029343 / 7764534 x 100%  = 26% |  |  |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | 1. Admin Expenses   = 1149872 / 1506609 x 100%  = 0.76%   1. Selling and Distribution Expenses   = 356737 / 1506609 x 100%  = 0.24% |  |  |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | 1. Admin Expenses   = 1149872 / 7764534 x 100%  = 14.8%   1. Selling and Distribution Expenses   = 356737 / 7764534 x 100%  = 4.6% |  |  |
|  |  |  |  |
| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares |  |  |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share |  |  |  |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share |  |  |  |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares |  |  |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares |  |  |  |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% |  |  |  |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% |  |  |  |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share |  |  |  |
|  |  |  |  |
| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = 3502307 / 6311246  = 0.5 | = 1.6 |  |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest |  |  |  |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | = 127053 + 3375254 / 2808939  = 1.25 |  |  |

* FINANCIAL SECTOR

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| --- | --- | --- | --- |
| * SHORT TERM SOLVENCY RATIO | ZENITH BANK (₦’MILLIONS) | UNITY BANK (₦’MILLIONS) | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 4995445 / 4280413  = 1.16 : 1 | = 235976190 / 479663155  = 0.49 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | = 4995445 - 0 / 4280413  = 1.16 : 1 | = 235976190 - 0 / 479663155  = 0.49 : 1 | Unity Bank will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) but Zenith Bank will be able to settle its short term obligations as and when due. |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | = 0 / 0 x 12mths  = 0mths | = 0 / 0 x 12mths  = 0mths | It will take both companies 0 months to collect money from its customers after selling goods to them on credit |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | = 0 / 0 x 12mths  = 0mths | = 0 / 0 x 12mths  = 0mths | This means that both companies will owe their credit suppliers for an average of about 0 months before settlement . |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 0 / 0 x 12mths  = 0mths | = 0 / 0 x 12mths  = 0mths | This shows that the finished products of both companies will remain in the warehouse for about 0 months before being sold out to its customers. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 0 / 0  = 0 times | = 0 / 0  = 0 times | This shows that both companies will receive settlement from their credit customers for about 0 times during the accounting period. |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | = 0 / 0  = 0 | = 0 / 0  = 0 | This shows that both companies will make payment to its credit suppliers for about 0 times during an accounting period. |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 0 / 0  = 0 times | = 0 / 0  = 0 times | This shows that both will be able to turn its inventory into sales at an average of 0 time in a period |
|  |  |  |  |
| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = 0.25 | = 5.21 |  |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 538004 / 0 x 100%  = 0% | = 0 / 0 x 100%  = 0% |  |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = 192107 / 0 x 100%  = 0% | = 0 / 0 x 100%  = 0% |  |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | 1. Personnel Expenses   = 68556 / 206453 x 100%  = 0.33%   1. Operating Expenses   = 137894 / 206453 x 100%  = 0.67% | 1. Personnel Expenses   = 9980645 / 18838975 x 100%  = 0.53%   1. Operating Expenses   = 8858330 / 18838975 x 100%  = 0.47% |  |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | 1. Personnel Expenses   = 68556 / 0 x 100%  = 0%   1. Operating Expenses   = 137897 / 0 x 100%  = 0% | 1. Personnel Expenses   = 9980645 / 0 x 100%  = 0%   1. Operating Expenses   = 8858330 / 0 x 100%  = 0% |  |
|  |  |  |  |
| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | = ₦5.27 | = ₦13.03 |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | = 18.65 / 5.27  = 3.54 | = 0.68 / 13.03  = 0.05 |  |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | = 5.27 / 18.65  = 0.28 | = 13.03 / 0.68  = 19.16 |  |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | = 4955445 – 0 / 15698  = 315.67 | = 235976190 – 0 / 5844669  = 40.38 |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | = 0 / 15698  = 0 | = 0 / 5844669  = 0 |  |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | = 0 / 5.27  = 0 | = 0 / 13.03  = 0 |  |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | = 0 / 18.65 x 100%  = 0% | = 0 / 0.68 x 100%  = 0% |  |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | = 5.27 / 0  = 0 | = 13.03 / 0  = 0 |  |
|  |  |  |  |
| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = 4280413 / 675032000  = 0.06 | = 479663155 / 243686965  = 1.97 |  |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest | = 192107 / 0  = 0 | = 1411053 / 0  = 0 |  |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | = 4280413 + 0 / 675032000  = 0.06 | = 479663155 + 0 / 243686965  = 1.97 |  |

* INDUSTRIAL SECTOR

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| * SHORT TERM SOLVENCY RATIO | GREIF (₦’000) | CUTIX (₦’000) | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 377300 / 376896  = 1.00 : 1 | = 1957976 / 1359513  = 1.44 : 1 | Both companies will not be able to settle its short term obligations as and when due as both company’s current ratios are below the acceptable norm for current ratio (2:1) |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | = 377300 – 63874 / 376896  = 0.83 : 1 | =1957976 – 1317958 / 1359513  = 0.47 : 1 | Both companies will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | = 168938 / 534611 x 12mths  = 3.79mths | = 525058 / 5057374 x 12mths  = 1.25mths | It will take Greif about 4 mths to collect money from its customers after selling goods to them on credit while it will take Cutix about 1 mths. This means that it will take Curtix a shorter time to collect its money back.  Curtix is at an advantage because the shorter the period, the better for its business |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | = 376896 / 649287 x 12mths  = -6.97mths | = 499300 / 3536685 x 12mths  = 1.69mths | This means that cutix will owe their credit suppliers for an average of about 1.69 months before settlement |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 123000 / 649287 x 12mths  = 2.27mths | = 1210558 / 3536685 x 12mths  = 4.11mths | This shows that the finished products of Greif will remain in the warehouse for about 2.27 months before being sold out to its customers while that of Cutix will remain in the warehouse for about 4.11 months.  Greif is at an advantage because the shorter the period, the better for the business. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 534611 / 84469  = 6.33 times | = 5057374 / 262529  = 19.26 times | This shows that Greif will receive settlement from their credit customers for about 6 times during the accounting period while Cutix will receive settlement for about 19 times during the accounting period.  Cutix is at an advantage because the higher the period, the better for the business |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | = 649287 / 188448  = 3.45 times | = 3536685 / 249650  = 14.17 times | This shows that Greif will make payment to its credit suppliers for about 4 times during an accounting period while it will take Cutix about 14 times to make payment.  Greif is at an advantage because the lower the amount of times, the better for the business |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 649287 / 123000  = 5.28 | = 3536685 / 1210558  = 2.92 | This shows that Greif will be able to turn its inventory into sales at an average of 5 times in a period while Cutix will be able to do same at an average of 3 times. |
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| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = | = 0.28 |  |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 114676 / 534611 x 100%  = 0.21% | = 1520689 / 5057374 x 100%  = 0.30% |  |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = 262589 / 534611 x 100%  = 0.49% | = 440295 / 5057374 x 100%  = 0.09% |  |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% | 1. Admin Expenses   = 150426 / 158676 x 100%  = 0.95%   1. Selling and Distribution Expenses   = 8250 / 158676 x 100%  = 0.05% | 1. Admin Expenses   = 613304 / 755516 x 100%  = 0.81%   1. Selling and Distribution Expenses   = 142212 / 755516 x 100%  = 0.19% |  |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% | 1. Admin Expenses   = 150426 / 534611 x 100%  = 0.28%   1. Selling and Distribution Expenses   = 8250 / 534611 x 100%  = 0.02% | 1. Admin Expenses   = 613304 / 5057374 x 100%  = 0.12%   1. Selling and Distribution Expenses   = 142212 / 5057374 x 100%  = 0.03% |  |
|  |  |  |  |
| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | = 262589 – 0 / 42640  = ₦6.16 | = 440295 – 0 / 8806661  = ₦0.50 |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | = 9.1 / 6.16  = 1.48 | = 1.47 / 0.50  = 2.94 |  |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | = 6.16 / 9.1  = 0.68 | = 0.50 / 1.47  = 0.34 |  |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | = 98835 – 0 / 42640  = 2.32 | = 1299292 – 0 / 880661  = 1.48 |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | = 0 / 42640  = 0 | = 176132 / 880661  = 0.20 |  |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | =0 / 6.16 x 100%  = 0% | = 0.20 / 0.50 x 100%  = 0.4% |  |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | = 0 / 9.1 x 100%  = 0% | = 0.20 / 0.15 x 100%  = 1.33% |  |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | = 6.16 / 0  = 0 | = 0.50 / 0.20  = 2.5 |  |
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| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = | = 1536970 / 1299292  = 1.18 |  |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest | = | = |  |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity | = 0 + 376896 / 98835  = 3.81 | = 177457 + 1359513 / 1299292  = 1.18 |  |

* CONSUMER SERVICE SECTOR

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| --- | --- | --- | --- |
| * SHORT TERM SOLVENCY RATIO | UNIVERSITY PRESS | MED-VIEW AIRLINE | COMPARISON |
| 1. **Current Ratio**:   Current Assets  Current Liabilities | = 1898822 / 742124  = 2.56 | = 2314839 / 20454680  = 0.11 | Only University Press will be able to repay its short term debt while Med-View Airline will not be able to repay its short term debt. |
| 1. **Quick Asset Ratio**:   Current Assets-Inventory  Current Liabilities | = 1898822 – 1231608 / 742124  = 0.90 : 1 | = 2206289 (CA – INV) / 20454680  = 0.10 : 1 | Both companies will not be able to settle its short term obligations as and when due because its acid test ratio is below the acceptable norm for quick ratio (1:1) |
| 1. **Receivables Collection Period**:   Average Trade Receivables/Credit Sales x 365 days or 12 mths | = 139914 / 1801315 x 365 days  = 28.4 days | = 2347982 / 9562197 x 365 days  = 89 days | It will take University Press about 28 days to collect money from its customers after selling goods to them on credit while it will take Mid-View about 89 days. This means that it will take University Press a shorter time to collect its money back.  University Press is at an advantage because the shorter the period, the better for its business |
| 1. **Payables Payment Period:**   Average Trade Payables/Credit Purchases x 365 days or 12 mths | = 26244 / 686515 x 365 days  = 14 days | = 18845517 / 12538709 x 365 days  = 548 days | This means that University Press will owe their credit suppliers for an average of about 14 days before settlement while it will take Mid-View about 548 days.  University Press is at an advantage because the longer the period, the better for its business |
| 1. **Inventory Turnover Period:**   Average Inventory/Cost of Sales x 365 days or 12 mths | = 1231698 / 686515 x 365 days  = 655 days | = 108550 / 12538709 x 365 days  = 3 days | This shows that the finished products of University Press will remain in the warehouse for about 655 days before being sold out to its customers while that of Mid-View will remain in the warehouse for about 3 days.  Mid-View is at an advantage because the shorter the period, the better for the business. |
| 1. **Receivables Turnover:**   Credit Sales/Average Receivables | = 1801315 / 139914  = 13 times | = 9562197 / 2347982  = 4 times | This shows that University Press will receive settlement from their credit customers for about 13 times during the accounting period while Mid-View will receive settlement for about 4 times during the accounting period.  University Press is at an advantage because the higher the period, the better for the business |
| 1. **Payables Turnover:**   Credit Purchases/Average Trade Payables | = 686515 / 26244  = 3 times | = 12538709 / 18845517  = 0.7 times | This shows that University Press will make payment to its credit suppliers for about 3 times during an accounting period while it will take Med-View about 1 time to make payment.  Med-View is at an advantage because the lower the amount of times, the better for the business |
| 1. **Inventory Turnover:**   Cost of Sales/Average Inventory | = 686515 / 1231608  = 0.6 times | = 12538709 / 108550  = 115 times | This shows that University Press will be able to turn its inventory into sales at an average of 1 time in a period while Med-View will be able to do same at an average of 155 times. |
|  |  |  |  |
| * PROFITABILITY RATIO |  |  |  |
| 1. **Return On Capital Employed:**   Profit Margin x Asset Turnover | = 0.13 | = 4.60 |  |
| 1. **Gross Profit Percentage:**   Gross Profit/Sales x 100% | = 1114800 / 1801315 x 100%  = 61.8% | = 2976513 / 9562197 x 100%  = 0.31% |  |
| 1. **Net Profit Percentage:**   Net Profit/Sales x 100% | = 4426978 / 71476319 x 100%  = 12% | = 10357133 / 9562197 x 100%  = 1.08% |  |
| 1. **Expenses Percentage:**   Individual Expenses/Total Expenses x 100% |  |  |  |
| 1. **Expenses to Sales:**   Individual Expenses/Sales x 100% |  |  |  |
|  |  |  |  |
| * INVESTORS RATIO |  |  |  |
| 1. **Earnings Per Share:**   PAT-Preference Dividend/No of Ordinary Shares | = 207411 – 0 / 431410  = ₦ 0.48 | = 10357133 / 9750650  = ₦ 1.06 |  |
| 1. **Price Earnings Ratio:**   Market Price Per Share/Earning Per Share | = 1.41 / 0.48  = ₦ 2.9 | = 2.05 / 1.06  = ₦ 1.93 |  |
| 1. **Earnings Yield:**   Earnings Per Share/Market Price Per Share | = 0.48 / 1.41  = ₦ 0.34 | = 1.06 / 2.05  = ₦ 0.52 |  |
| 1. **Net Assets Per Share:**   Net Assets-Preference Share Capital/No of Ordinary Shares | = 2564003 – 0 / 431410  = 5.59 | = 3263703 – 0 / 9750650  = 0.33 |  |
| 1. **Dividend Per Share:**   Gross Dividend/No of Ordinary Shares | = 43141 / 431410  = ₦0.99 | = 292519 / 9750650  = ₦0.03 |  |
| 1. **Dividend Pay Out Ratio:**   Dividend Per Share/Earnings Per Share x 100% | = 0.99 / 0.48 x 100%  = 2.06% | = 0.03 / 1.06 x 100%  = 0.03% |  |
| 1. **Dividend Yield:**   Dividend Per Share/Market Price Per Share x 100% | = 0.99 / 1.41 x 100%  = 0.70% | = 0.03 / 2.05 x 100%  = 0.01% |  |
| 1. **Dividend Cover:**   Earnings Per Share/Dividend Per Share | = 4.81 | = 35.3 |  |
|  |  |  |  |
| * LONG TERM SOLVENCY & STABILITY RATIO |  |  |  |
| 1. **Gearing Ratio:**   Debt/Equity | = 848189 / 2564803  = 0.33 | = 1614915 / 3263703  = 0.49 |  |
| 1. **Fixed Interest Cover:**   Profit Before Tax/Fixed Interest |  |  |  |
| 1. **Total Debt to Shareholders Funds:**   Non-Current Liabilities + Current Liabilities/Equity |  |  |  |