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COURSE: INTERMEDIATE FINANCIAL ACCOUNTING

COURSE CODE: ACC302

TERM PAPER: ACCOUNTING RATIOS

NAME OF COMPANIES ANALYSED:

1. FINANCIALSECTOR: ZENITH BANK AND UNITY BANK
2. BASIC MATERIALS SECTOR : BERGER PAINTS PLC AND CAP PLC
3. HEALTH SECTOR : EKOCORP AND GSK
4. CONSUMER GOODS SECTOR: FMN AND NESTLE
5. TELECOM/TECHNOLOGY SECTOR: CWG AND OMATEK
6. CONSUMER SERVICES SECTOR:CAPITAL HOTEL AND ABC TRANSPORT
7. OIL AND GAS SECTOR : CONOIL AND FORTE OIL
8. INDUSTRIAL SECTOR : CUTIX PLC AND BETA GLASS PLC

ACCOUNTING RATIOS: This is a percentage that expresses the relationship between accounting items, mostly in the financial reports /statements within the company, the past years, and with other companies.

The ratios are commonly grouped in 4 groups namely;

1. Short term solvency ratio
2. Efficiency /profitability ratios
3. Investors /shareholders ratios
4. Long term solvency and stability ratios

EXPLANATION OF THE VARIOUS GROUPS OF RATIOS

A. Short term solvency ratio

1. Current Ratio: This measures the companies' ability to pay short term obligations or those due within one year from its current asset.

2. Acid Test Ratio: This ratio measures the relative amount of cash and other assets that can be easily converted into cash that are available to meet current liabilities

3. Receivable Collection Period: This Ratio measures the average number of days for which receivables remain uncollected before it is received

4. Payable Payment Period: This ratio measures the average number of days for which trade payables remain unpaid before finally paid

5. Inventory Turnover Period: This is a measure of the average number of days inventory remains in the store before being sold.

6. Receivables Turnover: This expresses the number of times it takes receivables to turnover during a period

7.) Payables Turnover: This ratio measures the no of times trade payables are turnover during the period

8.) Inventory Turnover: This ratio measures the physical turnover of trading inventory span from the period the goods are purchased to the date sold

B. Efficiency /profitability ratios

1. ROCE: Measures the overall profitability of the business. It shows the efficiency of management in utilization of the resources placed at their disposal

2. Gross Profit Margin: It shows the average gross profit as a percentage of

goods sold

3. Net Profit Margin: It expresses the relative profitability of the business after taking into account all income and expenses for that period

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

5. Expenses to Sales: This ratio helps to highlight the sources of the improvement or deterioration in the net profit to sales percentage

C Investors /shareholders ratios

1. Earnings per Share: This ratio gives an indication of the amount of the PAIT and preference dividend attributable to each ordinary share in issue

2. Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth

3. Earning yield: This ratio shows potential return on the shareholder investment

4. Net Asset Per share: This ratio indicates the amount of net asset attributable to each ordinary share in issue

5. Dividend per share: This ratio shows the amount of gross dividend declared on every issue ordinary share

6. Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend

7. Dividend yield: This ratio Measures the current actual return on shareholders' investment.

8.) Dividend Covered: This measures the number of times ordinary dividend covers distributable earnings

D. Long term solvency and stability ratios

1. Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities

2. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt.

3. Fixed Interest Covered: This Ratio is a Measure of the no of times fixed Interest is covered by Profit. The higher this ratio the higher the level of confidence of lenders in the ability of the company to pay loan granted and vice versa

COMPUTATION/INTERPRETATION AND COMPARISON OF VARIOUS COMPANIES IN

DIFFERENT SECTORS

COMPUTATION OF ACCOUNTING RATIOS FOR THE FINANCIAL SECTOR

S/N	RATIOS AND FORMULA	UNITY BANK	ZENITH BANK
A	SHORT TERM SOLVENCY AND LIQUIDITY RATIOS	In millions	In millions
1	CURRENT RATIOS =CURRENT ASSETS CURRENT LIABILITY	235,976,190 = 0.49:1 479,663,155	4,955,445 = 1.16:1 4,280,413
2	QUICK ASSET RATIO =Current assets –inventory Current liabilities	235,976,190-0 =0.49:1 479,663,155	4,955,445-0 = 1.16:1 4,280,413
B	EFFICIENCY/ PROFITABILITY RATIO		
1	RETURN ON CAPITAL EMPLOYED = Profit after tax Equity(shareholder's fund)	1,269,435 =5.21 243,686,965	165,480 =0.25 675,032
C	INVESTORS / SHAREHOLDERS' RATIO		
1	EARNINGS PER SHARE	13.03(given)	5.27 (given)
2	PRICE EARNING RATIO =Market price per share Earnings per share	0.68 =0.05 13.03	18.65 =3.54 5.27
3	EARNINGS YIELD	13.03 =19.16	5.27 =0.28

	= EPS MPS	0.68	18.65
4	NET ASSETS PER SHARE =Net assets –preference shares No of ordinary share in issue	235,976,190 =40.38 5,844,669	4,955,445 =315.67 15,698
D	LONG TERM SOLVENCY AND STABILITY RATIO		
1	GEARING RATIO = DEBT TOTAL CAPITAL	479,663,155 =1.97 243,686,965	4,280,413 =0.06 675,032,000
2	TOTAL DEBT TO SHAREHOLDER'S FUND =Noncurrent liabilities +Current liabilities Equity	479,663,155 =1.97 243,686,965	4,280,413=0.06 675,032,000

INTERPRETATION AND COMPARISON OF THE FINANCIAL SECTORS

S/N	RATIOS	UNITY BANK	ZENITH BANK
1.	CURRENT RATIO	Performed less than ZENITH BANK	Performed better than UNITY since its ratio

2.	Acid Test Ratio	Performed less than ZENITH BANK	Performed better than UNITY since its ratio
3.	Receivable Collection Period	NIL	NIL
4	Payable Payment Period	NIL	NIL
5	Inventory Turnover Period	NIL	NIL
6	Receivables Turnover	NIL	NIL
7	Payables Turnover	NIL	NIL
8.	Inventory Turnover	NIL	NIL
B1	ROCE	it isn't better in the comparison because its capital is lesser	It is a better ratio than UNITY because it means for every capital employed more profit is being generated
2	Gross Profit Margin		
3	Net Profit Margin		
C1	Earnings per Share:	It still has a better EPS ratio	It doesn't have a better EPS ratio

2	Price Earnings ratio	Is not better since it takes negative to recoup what shareholders has invested	It is better since it takes 3 years 5months to recoup what shareholders has invested
3.	Earning yield	performed better in this ratio meaning that shareholder get a higher potential return on their investment	performed lesser in this ratio , meaning that shareholder get a lower potential return on their investment
4	Net Asset Per share	It doesn’t have a better ratio since it is lower	It has a better ratio since it is higher
5	Dividend per share	NIL	NIL
6	Dividend Payout Ratio	NIL	NIL
7	Dividend yield	NIL	NIL
8	Dividend Covered	NIL	NIL
D1	Gearing ratio	it has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company	it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared
2	Total Debt to Shareholder fund	It is not good because it means the company may run into risk in the future of liquidating	It is still better due to the low ratio indicating that the company is stable

Ratio Analysis for Companies in Basic Material Sector

S/N	Ratios/Formula	BERGER PAINTS PLC	CAP PLC
A1.	Short term/Liquidity Ratios . Current Ratio=Current Assets/Current Liabilities	1,646,124 1,285,038= 1.28:1	5,545,093 3,375,254=1.64:1
2	Acid test ratio= Current Assets-inventory/Current Liabilities	1,646,124-606,712 1,285,038= 0.80:1	5,545,093-884,115 3,375,254=1.38:1
3	Receivable Collection Period= Average Receivables/ Credit sales x 365days	190,982 3,377,223 x 365days= 21days	172,488 7,764,534 x 365days=8days
4	.Payables Payment Period= Average Payables/ Cost of Sales x 365days	622,491 1,896,862 x 365days= 120days	1,559,016 4,034,516 x365days= 141days

5	Inventory turnover Period= Average Inventory/ Cost of Sales x 365days	606,712 1,896,862 x 365days= 117days	884,115 4,034,561 x 365days= 80days
6	.Receivable Turnover= Credit Sales/ Average Receivables	3,377,223 190,982= 17.7times	7,764,534 172,488=45times
7	Payables Turnover= Cost of Sales/Average payables	1,896,862 622,491= 3times	4,034,561 1,559,016=2.6times
8	Inventory Turnover= Cost of Sales/Average Inventory	1,896,862 606,712= 3times	4,034,561 1,559,016=4.6times
B1.	Efficiency/Profitability Ratios ROCE= PBIT/Capital Employed x100% Capital Employed= Total Asset-Current Liabilities	454,328 3,250,261x100%=14%	2,597,832 2,935,992x100%=88%
2	Gross Profit Margin= Gross profit/Sales x 100%	1,480,361 3,377,223 x 100%= 44%	3,729,973 7,764,534 x100%=48%
3	.Net Profit Margin= Net profit/Sales x100%	320,509 3,377,223 x 100%= 9.5%	2,029,343 7,764,534 x100%=26%

4	.Expense Percentage= Individual Expense/ Total Expense x 100% Selling and Distribution expenses Administration Expense Impairment loss Finance Cost Income Tax Expense	237,375 1,234,862 x100%=19% 829,609 1,234,862 x100%= 67% 14,899 1,234,862 x100%= 1.2% 19,160 1,234,862 x100%= 1.6%	356,737 2,089,716 x 100%=17% 1,149,872 2,089,716 x100%=**55%** 14,618 2,089,716 x100%=0.7% 568,489 2,089,716 x100%=27%

		<u>133,819</u> 1,234,862 x100%= 11%	
5	Expense to Sales= Individual expense/ Sales x 100% Selling and Distribution expenses Administration Expense Impairment loss Finance Cost Income Tax Expense	<u>237,375</u> 3,377,223 x100%= 7% <u>829,609</u> 3,377,223 x 100%= 25% <u>14,899</u> 3,377,223 x 100%= 0.44% <u>19,160</u> 3,377,223 x100%= 0.57%	<u>356,737</u> 7,764,534 x100%=5% <u>1,149,872</u> 7,764,534 x100%=15% <u>14,618</u> 7,764,534 x 100%=0.19% <u>568,489</u> 7,764,534 x100%=7%

		133,819 3,377,233 x100%=4%	
C1	**Investors/Shareholder Ratios** EPS= PAT-Preference dividend/ No of Ordinary Shares x 100	320,509-0 289,823 x 100= 111kobo	2,029,343 700,000 x100=290kobo
2	.Price Earnings Ratio= MPS/EPS	7.45 1.11 = 6years 7month	20.65 2.9=7years
3	Earning Yield=EPS/MPS x 100%	1.11 7.45 x100%= 15%	2.9 20.65 x100%= 14%
4	Net Asset per Share=Net Asset-Preference share/ No of Ordinary Shares	4,535,299-0 289,823=₦16	6,311,246-0 700,000=₦9
5	.Dividend Per Share=Gross Dividend/No of Ordinary Shares	144,912 289,823=₦0.5	175,000 700,000=₦2.5
6	.Dividend Payout Ratio=DPS/EPS x100%	50 111 x100%= 45%	250 290 x100%= 86%
7	.Dividend	0.5	2.5

	Yield=DPS/MPSX100%	7.45x 100%= 7%	20.65 100%=12%
8	Dividend Covered= EPS/DPS	111 50=2.2times	290/250=1.2times
D	**Long Term Solvency Ratios**		
1	Gearing Ratio=Debt/Equity	1,722,247 /2,813,052=0.61	3,502,307 /2,808,939=1.24
2	Fixed Interest Covered=PBIT/Finance cost	454,328 19,160=24times	2,597,832 14,618=178times
3	Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity	437,209+1,285,038 2,813,052=0.61	127,053+3,375,254/ 2,808,939=1.24

INTERPRETATION AND COMPARISON OF THE BASIC MATERIAL SECTORS

S/N	RATIOS	BERGER PLC	CAP
1.	CURRENT RATIO	Performed less than CAP since CAP's ratio was above the industrial average for basic	Performed better than Berger paint since its ratio was above the industrial average

		material sector of 1.59:1.	for basic material sector of 1.59:1.
2.	Acid Test Ratio	If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average.	Performed better than Berger paint since its ratio meets the general rule of 1:1 and the industrial average for basic material sector of 1.06:1.
3.	Receivable Collection Period	Its ratio is good in this area but not better than CAP's	CAP plc still has a better ratio in this area.
4	Payable Payment Period	both companies there are actually running fine margins since their receivables collection period has shorter days	both companies there are actually running fine margins since their receivables collection period has shorter days
5	Inventory Turnover Period	Berger is not better since it has much higher than CAP meaning that their goods sell out at a longer period	CAP is better since it has much lower than Berger meaning that their goods sell out at a much shorter period
6	Receivables Turnover	Berger is not better since the higher the better and its lower	CAP is still better since the higher the better
7	Payables Turnover	Berger is not better since the lower the better and its higher	CAP is still better since the lower the better

8.	Inventory Turnover	BERGER plc isn’t better because its inventory turnover is lower than CAP plc	CAP plc is still better because it has higher inventory turnover and is backed up with a good receivable collection and payables payment period, meaning that their company is selling goods very fast and high demand for their product exist
B1	ROCE	Berger isn’t better in the comparison because its capital is lesser	CAP plc is still a better ratio than Berger because it means for every capital employed more profit is being generated.
2	Gross Profit Margin	Berger doesn’t have a better edge over CAP plc.	CAP still has a better edge over Berger Paint plc.
3	Net Profit Margin	It doesn’t have a better edge over CAP plc.	It still has a better edge over Berger Paint plc.
C1	Earnings per Share:	It doesn’t have a better EPS ratio than CAP since theirs is lower.	It still has a better EPS ratio than Berger Paint since theirs is higher.
2	Price Earnings	It is better since it takes	Is not better since it takes

	ratio	6years 7 months to recoup what shareholders has invested	7years to recoup what shareholders has invested
3.	Earning yield	performed better in this ratio than CAP plc, meaning that shareholder get a higher potential return on their investment compared to CAP	performed lesser in this ratio than Berger plc, meaning that shareholder get a lower potential return on their investment compared to Berger
4	Net Asset Per share	It has a better ratio since it is higher than that of CAP plc	It doesn't have a better ratio since it is higher than that of Berger plc
5	Dividend per share	It didn't do better since it has lower DPS ratio	CAP plc did better since it has higher DPS ratio
6	Dividend Payout Ratio	It has a lower DPR ratio than CAP plc which means CAP is better	It has a higher DPR ratio than Berger Paint plc which means CAP is better
7	Dividend yield	It isn't better, since it has a lower percentage of return on shareholders' investment.	It is better, since it has a higher percentage of return on shareholders' investment.
8	Dividend Covered	It is better as it has a higher ratio	It is not better as it has a lower ratio
D1	Gearing ratio	Berger paint plc has a better Gearing ratio by far since is less than 1 which means that	CAP has a ratio greater than 1 meaning it has highly geared (that is has more of fixed

		it is lowly geared	interest capital to equity) which is very bad for the company
2	Total Debt to Shareholder fund	It is still better due to the low ratio indicating that the company is stable	It is not good because it means the company may run into risk in the future of liquidating
3.	Fixed Interest Covered	It is not better than CAP since it can't cover up to or more than CAP	It is better since its profit before interest and tax can cover its finance cost up to 178 times

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency CAP plc performed better than Berger Plc.

B. PROFITABILITY RATIO: In General in the area of Profitability ratios CAP plc performed better than Berger Plc.

C. INVESTORS RATIO: In general , Berger plc has a better investors ratio than CAP PLC

D. LONG SOLVENCY RATIO: In General in the area of long term solvency ratios Berger plc performed better than CAP Plc.

COMPUTATION OF RATIOS FOR THE HEALTH SECTOR

S/N	RATIOS/FORMULA	EKOCORP PLC	GSK PLC
A	SHORT TERM SOLVENCY	N'000	N'000

	AND LIQUIDITY RATIOS		
1	CURRENT RATIOS = Current Assets _Current liabilities	278,129 = 0.18:1 1,499,792	13,338,313 = 1.92:1 6,941,940
2	Quick Asset = Current assets-inventory __Current liabilities	278,129-50,367= 0.15:1 1,499,792	13,338,313 -3,938,707 6,941,940 =1.35:1
3	RECEIVABLES COLLECTION PERIOD Trade receivables * 365 days Credit sales	212,842 * 365 days 1,472,720 = 53 days	5,240,325 * 365days 18,411,475 =104 days
4	PAYABLE PAYMENTS PERIOD =Trade payables* 365days __Credit purchases	1,258,913* 365 days 1,289,095 = 357 days	6,434,732 * 365 days 11,654,657 =202 days
5	INVENTORY TURNOVER PERIOD =Average inventory* 365 days Cost of sales	39,422.5* 365 days 1,289,095 =11 days	3,653,566.5* 365 days 11,654,657 = 114 days
6	RECEIVABLES TURNOVER =Credit sales _receivables	1,472,720 = 7 times 212,842	18,411,475 = 3.5 times 5,240,325

7	PAYABLES TURNOVER = Credit purchases Payables	1,289,095 =1.0 times 1,258,913	11,654,657 = 1.8 times 6,434,732
8	INVENTORY TURNOVER =Cost of sales Average inventory	1,289,095 39,422.5 =32.7 times	11, 654,657 3,653,566.5 3 times
B	EFFICIENCY / PROFITABILITY RATIO		
1	RETURNS ON CAPITAL EMPLOYED= Profit after tax Equity(shareholder's fund)	(328468) = =0.1 3,154,672	618,389 =0.07 8,651,191
2	GROSS PROFIT MARGIN =Gross profit * 100% sales	183,625 * 100 1,472,720 =12.5%	6,756,778 * 100% = 36.7% 18,411475
3	NET PROFIT MARGIN = Net profit * 100 Sales	(328,468) * 100 1,472,720 = (22.3%)	1,160,824 * 100 18,411,475 = 6.3%
C	INVESTOR/ SHAREHOLDERS' RATIO		
1	EARNING PER SHARE (given)	(65.88 k)	52k
2	PRICE EARNING RATIO =Market price per share	4.07 = 6 times (65.88)	6.3 = 12 times 52

	Earnings per share		
3	EARNINGS YIELD = EPS MPS	(65.88)= 0.16 4.07	52 = 0.08 6.3
4	NET ASSETS PER SHARE =Net assets –preference shares No of ordinary share in issue	3,154,672 -0 249,300 = 12.65	15,700,216 -0 =26.25 597,939
D	LONG TERM SOLVENCY AND STABILITY RATIO		
1	GEARING RATIO = DEBT TOTAL CAPITAL	1,298,611 =0.41 3,154,672	107,085 = 0.007 15,700,216
2	TOTAL DEBT TO SHAREHOLDER'S FUND =Noncurrent liabilities +Current liabilities Equity	2,798,403 =0.88 3,154,672	7,049,025= 0.45 15,700,216

INTERPRETATION AND COMPARISON OF THE HEALTH

SECTORS

S/N	RATIOS	EKOCORP	GSK
1.	CURRENT RATIO	Performed less than Gsk since gsk ratio was above the industrial average for health sector	Performed better than EKOCORP since its ratio was above the industrial average for Health sector.
2.	Acid Test Ratio	If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average	Performed better than EKOCORP since its ratio meets the general rule of 1:1
3.	Receivable Collection Period	It still has a better ratio in this area because its lesser	It doesn't have a better ratio in this area because its more
4	Payable Payment Period	Its better because its more	It isn't not better because its lesser
5	Inventory Turnover Period	It is better since it has much lower than gsk meaning that their goods sell out at a much shorter period	It is not better since it has much higher than EKOCORP meaning that their goods sell out at a longer period
6	Receivables Turnover	It is still better since the higher the better	it is not better since the higher the better and its lower
7	Payables	It is still better since the lower	It is not better since the lower

	Turnover	the better	the better and its higher
8.	Inventory Turnover	It is still better because it has higher inventory turnover	It isn’t better because its inventory turnover is lower than EKOCORP
B1	ROCE	It is still a better ratio than GSK because it means for every capital employed more profit is being generated	it isn’t better in the comparison because its capital is lesser
2	Gross Profit Margin	It doesn’t have a better edge over GSK	it has a better edge over EKOCORP
3	Net Profit Margin	it has a better edge over GSK	It doesn’t have a better edge over EKOCORP
C1	Earnings per Share:	It still has a better EPS ratio than GSK since theirs is higher	It doesn’t have a better EPS ratio than EKOCORP since theirs is lower.
2	Price Earnings ratio	It is better since it takes 6years to recoup what shareholders has invested	Is not better since it takes 12years to recoup what shareholders has invested
3.	Earning yield	performed better in this ratio than GSK, meaning that shareholder get a higher potential return on their investment compared to GSK	performed lesser in this ratio than EKOCORP, meaning that shareholder get a lower potential return on their investment compared to

			EKOCORP
4	Net Asset Per share	It doesn't have a better ratio since it is higher than that of GSK	It has a better ratio since it is higher than that of EKOCORP
5	Dividend per share	They have the same good performance	They have the same good performance
6	Dividend Payout Ratio	It has a lower DPR ratio than GSK which means GSK is better	It has a higher DPR ratio than EKOCORP which means it is better
7	Dividend yield	It is better, since it has a higher percentage of return on shareholders' investment.	It isn't better, since it has a lower percentage of return on shareholders' investment.
8	Dividend Covered	It is better as it has a higher ratio	It is not better as it has a lower ratio
D1	Gearing ratio	It has a good ratio but not better than GSK	it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared compared to EKOCORP
2	Total Debt to Shareholder fund	It is not good because it means the company may run into risk in the future of liquidating	It is still better due to the low ratio indicating that the company is stable

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

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

C. INVESTORS RATIO: In general ,EKOCORP has a better investors ratio than GSK

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

Ratio Analysis for Companies in Consumer Goods Sector

S/N	Ratios/Formulas	FMN PLC	NESTLE PLC
A1.	Short term/Liquidity Ratios Current Ratio=Current Assets/Current Liabilities	154,380,788 140,074,526=1.10:1	82,734,317 92,117,501=0.90:1
2	Acid test ratio= Current Assets-inventory/Current Liabilities	154,380,788-71,755,238 140,074,526=0.59:1	82,734,317- 23,124,020 92,117,501=0.65:1
3	Receivable Collection Period= Average Receivables/ Credit sales x 365days	49,546,925 389,397,836 x365days=46days	42,175,062/ 266,274,621x365days=58days
4	Payables Payment Period= Average Payables/ Cost of	40,126,542 337,820,842 x365days=44days	60,384,454 152,354,445x365days=145

	Sales x 365days		days
5	Inventory turnover Period= Average Inventory/ Cost of Sales x 365days	71,755,238 337,820,842 x365days=78days	23,124,020 152,354,445 x365days=55days
6	Receivable Turnover= Credit Sales/ Average Receivables	389,397,836 49,546,925=8times	266,274,621 42,175,062=6times
7	Payables Turnover= Cost of Sales/Average payables	337,820,842 40,126,542=8times	152,354,445 60,384,454=3times
8	Inventory Turnover= Cost of Sales/Average Inventory	337,820,842 71,755,238=5times	152,354,445 23,124,020=7times
B1.	**Efficiency/Profitability Ratios** ROCE= PBIT/Capital Employed x100% Capital Employed= Total Asset-Current Liabilities	14,153,983 182,530,056 x 100%=8%	59,750,846 70,216,921 x100%=85%
2	Gross Profit Margin= Gross profit/Sales x 100%	51,576,994 389,397,836 x100%=13%	113,920,176 266,274,621x100%=43%
3	Net Profit Margin= Net profit/Sales x100%	9,244,729 389,397,836 x100%=2%	43,008,026 266,274,621x100%=16%
4	Expense Percentage= Individual Expense/ Total Expense x 100% Selling and distribution expenses	5,595,264	43,489,890

	Administrative expenses	52,143,219 x 100%=11%	72,629,039 x100%=60%
		11,707,308 52,143,219 x 100%=22%	9,789,555 72,629,039 x100%=13%
	Operating losses	4,989,445 52,143,219 x100%=10%	
		24,941,948 52,143,219 x100%=48%	2,606,774 72,629,039 x100%=4%
	Finance costs	4,909,254 52,143,219 x100%=9%	16,742,820 72,629,039 x100%=23%
	income tax expense		

5	Expense to Sales= Individual expense/ Sales x 100% Selling and distribution expenses Administrative expenses Operating losses Finance costs income tax expense	5,595,264 389,397,836 x100%=1.4% 11,707,308 389,397,836 x100%=3% 4,989,445 389,397,836 x100%=1.3% 24,941,948 389,397,836 x100%=6% 4,909,254 389,397,836 x100%=1.3%	43,489,890/ 266,274,621x100%=16% 9,789,555 266,274,621x100%=4% 2,606,774 266,274,621x100%=1% 16,742,820 266,274,621x100%=6%
C1	Investors/Shareholder Ratios EPS= PAT-Preference	9,244,729 2,624,253=352kobo	43,008,026 792,656 x100%=5426kobo

	dividend/ No of Ordinary Shares x 100		
2	Price Earnings Ratio= MPS/EPS	20.40/ 3.52=6years	1095 54=20years
3	Earning Yield=EPS/MPS x 100%	3.52 20.40 x100%=17%	54 1095 x100%=5%
4	Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares	322,604,582-0 2,624,253=₦123	162,334,422 792,656=₦205
5	Dividend Per Share=Gross Dividend/No of Ordinary Shares	1,312,127 2,624,253=₦0.5	396,328/ 792,656=₦0.5
6	Dividend Payout Ratio=DPS/EPS x100%	50 352 x100%=14%	50 5426 x100%=1%
7	Dividend Yield=DPS/MPSX100%	0.5 20.40 x100%=2%	0.5 1095 x100%=0.05%
8	Dividend Covered= EPS/DPS	352 50=7times	5426 50=109times
D	**Long Term Solvency Ratios**		
1	Gearing Ratio=Debt/Equity	171,158,286 151,446,296=1.13	112,113,936 50,220,486=2.2
2	Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity	31,083,760+140,074,526 151,446,296=1.13	19,996,435+ 92,117,501 50,220,486 =2.2
3	Fixed Interest Covered=PBIT/Finance cost	14,153,983 24,941,948=0.57times	59,750,846 2,606,774=30times

INTERPRETATION AND COMPARISON OF THE CONSUMER GOODS SECTORS

S/N	RATIOS	FMN	NESTLE
1.	CURRENT RATIO	Performed better than NESTLE since its ratio was 1.10:1	Performed less than FMN since its ratio was 0.9:1
2.	Acid Test Ratio	If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average.	Performed better than FMN
3.	Receivable Collection Period	It has a better ratio in this area.	Its ratio is not good in this area and not better than FMN
4	Payable Payment Period	It isn't not better because its lesser	Its better because its more
5	Inventory Turnover Period	It is not better since it has much higher	It is better since it has much lower
6	Receivables Turnover	It is still better since the higher the better	it is not better since the higher the better and its lower

7	Payables Turnover	It is not better since the lower the better and its higher	It is still better since the lower the better
8.	Inventory Turnover	It isn't better because its inventory turnover is lower	It is still better because it has higher inventory turnover
B1	ROCE	it isn't better in the comparison because its capital is lesser	It is still a better ratio than FMN because it means for every capital employed more profit is being generated
2	Gross Profit Margin	It doesn't have a better edge over NESTLE	it still has a better edge over FMN
3	Net Profit Margin	It doesn't have a better edge over NESTLE plc.	It has a better edge over FMN
C1	Earnings per Share:	It doesn't have a better EPS ratio	It still has a better EPS ratio
2	Price Earnings ratio	It is better since it takes 6 years to recoup what shareholders has invested	Is not better since it takes 20years to recoup what shareholders has invested
3.	Earning yield	performed better in this ratio meaning that shareholder get a higher potential return on their investment	performed lesser in this ratio , meaning that shareholder get a lower potential return on their investment
4	Net Asset Per	It doesn't have a better ratio	It has a better ratio since it is

	share	since it is lower	higher
5	Dividend per share	They are both good and the same	They are both good and the same
6	Dividend Payout Ratio	It did better since it has higher DPS ratio	It didn't do better since it has lower DPS ratio
7	Dividend yield	It is better, since it has a higher percentage of return on shareholders' investment	It isn't better, since it has a lower percentage of return on shareholders' investment.
8	Dividend Covered	It is not better as it has a lower ratio	It is better as it has a higher ratio
D1	Gearing ratio	it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared	it has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company
2	Total Debt to Shareholder fund	It is still better due to the low ratio indicating that the company is stable	It is not good because it means the company may run into risk in the future of liquidating
3.	Fixed Interest Covered	It is not better than NESTLE since it can't cover up to or more than NESTLE	It is better since its profit before interest and tax can cover its finance cost up to 30 times

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency NESTLE plc performed better than FMN

B. PROFITABILITY RATIO: In General in the area of Profitability ratios NESTLE plc performed better than FMN

C. INVESTORS RATIO: In general , FMN has a better investors ratio than NESTLE

Ratio Analysis for Companies in Technology Sector

S/N	Ratios/Formula	CWG PLC	OMATEK
A1.	**Short term/Liquidity Ratios** Current Ratio=Current Assets/Current Liabilities	9,101,267 9,678,743 =0.94:1	766,000,000 6,903,000 1:11
2	Acid test ratio= Current Assets-inventory/Current Liabilities	9,101267-1,609,651 9,678,743=0.77:1	766,000,000-620,000,000 6,903,000 =1:21

3	Receivable Collection Period= Average Receivables/ Credit sales x 365days	6,818,379 6,018,112 x365days=413days	108,000,000 x 365 days 18000000 =2,190 days
4	Payables Payment Period= Average Payables/ Cost of Sales x 365days	8,044,841 4,641,243 x365days=632days	5,918,000 x 365days 5,000,000 =432 days
5	Inventory turnover Period= Average Inventory/ Cost of Sales x 365days	1,609,651 4,641,243 x365days=127days	310,000,000 x 365 days 5000000 =226 days
6	Receivable Turnover= Credit Sales/ Average Receivables	6,018,112 6,818,379=0.88times	18,000,000 108,000,000 =0.16times
7	Payables Turnover= Cost of Sales/Average payables	4,641,243 8,044,841=0.58times	5,000,000 5,918,000 =0.84 =1time
8	Inventory Turnover= Cost of Sales/Average Inventory	4,641,243 1,609,651=3times	310,000,000 5000000

			=6times
B1.	**Efficiency/Profitability Ratios** ROCE= PBIT/Capital Employed x100% Capital Employed= Total Asset-Current Liabilities	(1,189,251)/ 290,531=(4.1)	1,154,000 5,964,000 =0.19
2	Gross Profit Margin= Gross profit/Sales x 100%	1,376,869 6,018,112 x100%=23%	130,000,000 x 100 15,000,000 =72%
3	Net Profit Margin= Net profit/Sales x100%	(1,227,565) 6,018,112 x100 %= (20%)	1,154,000 5,964,000 =0.19
4	Expense Percentage= Individual Expense/ Total Expense x 100% Selling and Distribution expenses Administration Expense	2,906,239 2,994,748	43,000,000 /966,000,000 x100%=4%

	Other Expense Foreign exchange loss Finance Cost Income Tax Expense	x100%=97% 50,195 2,994,748 x100%=2% 38,314 2,994,748 x100%=1%	919,000,000 /966,000,000 x100%=95% 4,000,000 /966,000,000=0.4%
5	Expense to Sales= Individual expense/ Sales x 100% Selling and Distribution expenses Administration Expense Other Expense	2,906,239 6,018,112x100%=48% 50,195 6,018,112x100%=1%	43,000,000 80,000,000 x100%= 53%

	Foreign exchange loss Finance Cost Income Tax Expense	38,314 6,018,112x100%=0.6%	= 4,000,000 80,000,000 x100%=5%
C1	**Investors/Shareholder Ratios** EPS= PAT-Preference dividend/ No of Ordinary Shares x 100	(1,227,565) 2,524,826 x100=(49kobo)	5,288,000 2,941,789=₦2
2	Price Earnings Ratio= MPS/EPS	2.54 0.49=5years	
3	Earning Yield=EPS/MPS x 100%	(0.49) 2.54 x100 %=(19%)	
4	Net Asset per Share=Net Asset-	9,969,274 2,524,826=₦4	5,288,000 2,941,789=₦2

	Preference share/ No of Ordinary Shares		
5	Dividend Per Share=Gross Dividend/No of Ordinary Shares	1,262,413 2,524,826=50kobo	1,470,895 2,941,789=₦0.5
6	Dividend Payout Ratio=DPS/EPS x100%	50 (49)x100% =(102%)	
7	Dividend Yield=DPS/MPSX100 %	0.5 2.54 x100%=20%	0.5 ________/0.5=100%
8	Dividend Covered= EPS/DPS	49 50=0.98times	
D	**Long Term Solvency Ratios**		
1	Gearing Ratio=Debt/Equity	9,685,593 283,681=34	8,335,000 3,046,000=3
2	Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity	6,850+9,678,743 283,681=34	3,909,000+4,425,000/ 3,046,000=3
3			

INTERPRETATION AND COMPARISON OF THE TELECOM/TECH SERVICES SECTOR

S/N	RATIOS	CWG PLC	OMATEK
1.	CURRENT RATIO	Performed less than OMATEK since its ratio was 0.94:1	Performed better than CWG since its ratio was 1.1:1
2.	Acid Test Ratio	If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average.	Performed better since its ratio meets the general rule of 1:1
3.	Receivable Collection Period	It has a better ratio in this area.	Its ratio is not good in this area and not better than CWG
4	Payable Payment Period	Its better because its more	It isn't not better because its lesser
5	Inventory Turnover Period	It is better since it has much Lower	it is not better since the higher the better and its lower
6	Receivables Turnover	It is still better since the higher the better	it is not better since the higher the better and its lower
7	Payables Turnover	It is still better since the lower the better	It is not better since the lower the better and its higher

8.	Inventory Turnover	It isn't better because its inventory turnover is lower	It is still better because it has higher inventory turnover
B1	ROCE	it isn't better in the comparison because its capital is Negative	It is still a better ratio than CWG because it means for every capital employed more profit is being generated
2	Gross Profit Margin	It doesn't have a better edge over OMATEK	it still has a better edge over CWG
3	Net Profit Margin	It doesn't have a better edge over OMATEK plc.	It has a better edge over CWG plc
C1	Earnings per Share:	It doesn't have a better EPS ratio	It still has a better EPS ratio
2	Price Earnings ratio	Is not better since it takes negative 5years to recoup what shareholders has invested	It is better since it takes 7 years to recoup what shareholders has invested
3.	Earning yield	performed lesser in this ratio , meaning that shareholder get a lower potential return on their investment	performed better in this ratio meaning that shareholder get a higher potential return on their investment
4	Net Asset Per share	It has a better ratio since it is higher	It doesn't have a better ratio since it is lower
5	Dividend per share	They are both good and the same	They are both good and the same
6	Dividend Payout Ratio	It didn't do better since it has lower DPS ratio	It did better since it has higher DPS ratio

7	Dividend yield	It isn’t better, since it has a lower percentage of return on shareholders’ investment.	It is better, since it has a higher percentage of return on shareholders’ investment
8	Dividend Covered	It is not better as it has a lower ratio	It is better as it has a higher ratio
D1	Gearing ratio	it has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company	it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared
2	Total Debt to Shareholder fund	It is not good because it means the company may run into risk in the future of liquidating	It is still better due to the low ratio indicating that the company is stable

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency CWG plc performed better than OMATEK

B. PROFITABILITY RATIO: In General in the area of Profitability ratio OMATEK plc performed better than CWG PLC

C. INVESTORS RATIO: In general , OMATEK plc performed better than CWG PLC

D. LONG SOLVENCY RATIO: In General in the area of long term solvency ratios

OMATEK plc performed better than CWG PLC

COMPUTATION OF ACCOUNTING RATIOS FOR THE CONSUMER'S SERVICES SECTOR

S/N	RATIOS/FORMULA	ABC TRANSPORT	CAPITAL HOTELS
A	SHORT TERM SOLVENCY AND LIQUIDITY RATIOS	N'000	N'000
1	CURRENT RATIOS = Current Assets _Current liabilities	751,579 = 0.5:1 1,392,383	5,698,295 =2.2:1 2,630,478
2	Quick Asset = Current assets-inventory __Current liabilities	751,579 - 224,394 = 0.31:1 1,392,383	5,698,295-141,990=2.1:1 2,630,478
3	RECEIVABLES COLLECTION PERIOD Trade receivables * 365 days Credit sales	279,637* 365 = 25 days 4,083,653	1,620,077*365 = 99 days 5,977,436
4	PAYABLE PAYMENTS PERIOD =Trade payables* 365days __Credit purchases	678,920*365 =75 days 3,314,542	2,378,096 *365 = 178 days 4,869,732
5	INVENTORY TURNOVER PERIOD	198,194*365	196,610* 365 =14.7

	=Average inventory* 365 days Cost of sales	=21.8 times 3,314,542	times 4,869,732
6	RECEIVABLES TURNOVER =Credit sales _Receivables	4,083,653 =14.6times 279,637	5,977,436 =3.7 times 1,620,077
7	PAYABLES TURNOVER = Credit purchases Payables	3,314,542 =4.8 times 678,920	4,869,732 =2.04 times 2,378,096
8	INVENTORY TURNOVER =Cost of sales Average inventory	3,314,542 =16.7 times 198,194	4,869,732=24.7 times 196,610
B	EFFICIENCY / PROFITABILITY RATIO		
1	RETURNS ON CAPITAL EMPLOYED= Profit after tax Equity(shareholder's fund)	(175,523) =-0.11 1,564,582	379,946 =0.05 6,416,983
2	GROSS PROFIT MARGIN =Gross profit * 100% sales	769,112 * 100% =18.8% 4,083,653	1,107,704 *100= 18.5% 5,977,436
3	NET PROFIT MARGIN = Net profit * 100 Sales	(175,523)*100 =4.3% 4,083,653	379,946 * 100 =6.4 % 5,977,436
C	INVESTOR/ SHAREHOLDERS' RATIO		

1	EARNING PER SHARE (given)	(11k)	25k
2	PRICE EARNING RATIO =Market price per share Earnings per share	41k =-3.7 times (11k)	2.75k =11 times 0.25k
3	EARNINGS YIELD = EPS MPS	(11k) =0.27 41k	0.25k = 0.09 2.75
4	NET ASSETS PER SHARE =Net assets –preference shares No of ordinary share in issue	3,330,473 -0 =4.0 828,850	10,076,819 -0 = 6.5 1,548,780
5	DIVIDEND PER SHARE =Gross dividend No of ordinary shares	49,731=0.06 828,850	77,439 = 0.05 1,548,780
6	DIVIDEND PAYOUT RATIO =Dividend per share * 100 Earnings per share	0.06*100 =-54.6% -0.11	0.05*100 = 20% 0.25
7	DIVIDEND YIELD= DPS *100 MPS	0.06*100 =-14.6% 0.41	0.05*100 = 1.8% 2.75
8	DIVIDEND COVER =Profit after tax –preference dividend	(175,523)-0=-3.53 49,731	379,946-0 =4.91 77,439

	Gross dividend		
D	LONG TERM SOLVENCY AND STABILITY RATIO		
1	GEARING RATIO = DEBT TOTAL CAPITAL	373,508=0.11 3,330,473	1,029,358=0.10 10,076,819
2	TOTAL DEBT TO SHAREHOLDER'S FUND =Noncurrent liabilities +Current liabilities Equity	1,765,892=0.53 3,330,473	3,659,836 =0.36 10,076,819

INTERPRETATION AND COMPARISON OF THE CONSUMER'S SERVICES SECTOR

S/N	RATIOS	ABC TRANSPORT	CAPITAL HOTELS
1.	CURRENT RATIO	Performed less than CAPITAL HOTELS since its ratio was 0.5:1	Performed better than ABC transport since its ratio was 2:2.1
2.	Acid Test Ratio	If you take out its inventory from current assets their find it hard to meet to their short	Performed better since its ratio meets the general rule of 1:1

		term debts since the ratio was below the general rule and industrial average.	
3.	Receivable Collection Period	It has a better ratio in this area.	Its ratio is not good in this area and not better than ABC
4	Payable Payment Period	It isn't not better because its lesser	Its better because its more
5	Inventory Turnover Period	It is not better since it has much higher	It is better since it has much lower
6	Receivables Turnover	It is still better since the higher the better	it is not better since the higher the better and its lower
7	Payables Turnover	It is not better since the lower the better and its higher	It is still better since the lower the better
8.	Inventory Turnover	It isn't better because its inventory turnover is lower	It is still better because it has higher inventory turnover
B1	ROCE	it isn't better in the comparison because its capital is Negative	It is still a better ratio than ABC because it means for every capital employed more profit is being generated
2	Gross Profit Margin	it still has a better edge over CAPITAL HOTELS	It doesn't have a better edge over ABC TRANSPORT plc.
3	Net Profit Margin	It doesn't have a better edge	It has a better edge over ABC

		over CAPITALS HOTELS plc.	TRANSPORT
C1	Earnings per Share:	It doesn't have a better EPS ratio	It still has a better EPS ratio
2	Price Earnings ratio	Is not better since it takes negative 4years to recoup what shareholders has invested	It is better since it takes 11 years to recoup what shareholders has invested
3.	Earning yield	performed lesser in this ratio , meaning that shareholder get a lower potential return on their investment	performed better in this ratio meaning that shareholder get a higher potential return on their investment
4	Net Asset Per share	It doesn't have a better ratio since it is lower	It has a better ratio since it is higher
5	Dividend per share	They are both good and the same	They are both good and the same
6	Dividend Payout Ratio	It didn't do better since it has lower DPS ratio	It did better since it has higher DPS ratio
7	Dividend yield	It isn't better, since it has a lower percentage of return on shareholders' investment.	It is better, since it has a higher percentage of return on shareholders' investment
8	Dividend Covered	It is not better as it has a lower ratio	It is better as it has a higher ratio
D1	Gearing ratio	it has a ratio greater than 1	it has a better Gearing ratio

		meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company	by far since is less than 1 which means that it is lowly geared
2	Total Debt to Shareholder fund	It is not good because it means the company may run into risk in the future of liquidating	It is still better due to the low ratio indicating that the company is stable

E. SHORT TERM SOLVENCY: In General in the area of Short term solvency CAPITAL HOTELS plc performed better than ABC TRANSPORT

F. PROFITABILITY RATIO: In General in the area of Profitability ratios CAPITAL HOTELS plc performed better than ABC TRANSPORT

G. INVESTORS RATIO: In general , CAPITAL HOTEL has a better investors ratio than ABC TRANSPORT

H. LONG SOLVENCY RATIO: In General in the area of long term solvency ratios CAPITAL HOTELS performed better than ABC TRANSPORT

COMPUTATION OF ACCOUNTING RATIOS FOR THE OIL AND GAS SECTOR

S/N	RATIOS/FORMULA	CONOIL PLC	FORTE OIL PLC

A	SHORT TERM SOLVENCY AND LIQUIDITY RATIOS	N'000	N'000
1	CURRENT RATIOS = Current Assets _Current liabilities	54,908,451=1.32:1 41,641,699	49,591,082=1.26:1 39,438,641
2	Quick Asset = Current assets-inventory __Current liabilities	54,908,451-9,141,599 41,641,699 =1.1:1	49,591,082-9,528,146 39,438,641 =1.0:1
3	RECEIVABLES COLLECTION PERIOD =Trade receivables * 365 days Credit sales	30,295,096*365 days 122,213,014 =91days	28,611,871*365days 134,706,306 =78days
4	PAYABLE PAYMENTS PERIOD =Trade payables* 365days __Credit purchases	35,065,872*365days 109,442,111 =117 days	26,097,620*365days 123,376,240 =77 days
5	INVENTORY TURNOVER PERIOD =Average inventory* 365 days Cost of sales	7,401,377*365days 109,442,111 =25 days	7,072,266*365days 123,376,240 =21 days
6	RECEIVABLES TURNOVER =Credit sales _Receivables	122,213,014 =4 times 30,295,096	134,706,306 =4.7 times 28,611,871
7	PAYABLES TURNOVER	109,442,111=3.1 times	123,376,240 =4.7

	= Credit purchases Payables	35,065,872	times 26,097,620
8	INVENTORY TURNOVER =Cost of sales Average inventory	109,442,111=15 times 7,401,377	123,376,240 =18 days 7,072,266
B	EFFICIENCY / PROFITABILITY RATIO		
1	RETURNS ON CAPITAL EMPLOYED= Profit after tax Equity(shareholder's fund)	1,796,042 =0.10 18,301,074	631,471=0.05 13,748,970
2	GROSS PROFIT MARGIN =Gross profit * 100% sales	12,770,902 *100 122,213,014 =10.5%	11,330,066*100 134,706,306 =8.4%
3	NET PROFIT MARGIN = Net profit * 100 Sales	1,796,042 *100 122,213,014 =1.5%	631,471*100 134,706,306 = 0.46%
C	INVESTOR/ SHAREHOLDERS' RATIO		
1	EARNING PER SHARE (given)	0.259	0.48
2	PRICE EARNING RATIO =Market price per share Earnings per share	18.5 =71times 0.259	18.1=38 times 0.48
3	EARNINGS YIELD = EPS	0.259=0.014 18.5	0.48 =0.027 18.1

	MPS		
4	NET ASSETS PER SHARE =Net assets –preference shares No of ordinary share in issue	60,897,246-0 693,952 =87.8	60,729,733-0 1,310,628, =46.3
5	DIVIDEND PER SHARE =Gross dividend No of ordinary shares	2,151,252 693,952 =3.1	
6	DIVIDEND PAYOUT RATIO =Dividend per share * 100 Earnings per share	3.1*100=12% 0.259	
7	DIVIDEND YIELD= DPS *100 MPS	3.1*100 =16.7% 18.5	
8	DIVIDEND COVER =Profit after tax –preference dividend Gross dividend	1,796,042- 0 2,151,252 =0.83	
D	LONG TERM SOLVENCY AND STABILITY RATIO		
1	GEARING RATIO =	954,473	7,542,122

	DEBT TOTAL CAPITAL	60,897,246 =0.02	60,729,733 =0.12
2	TOTAL DEBT TO SHAREHOLDER'S FUND =Noncurrent liabilities +Current liabilities Equity	42,596,172 60,897,246 =0.7	46,980,763 60,729,733 =0.8

INTERPRETATION AND COMPARISON OF THE OIL AND GAS SECTOR

S/N	RATIOS	CONOIL PLC	FORTE OIL PLC
1.	CURRENT RATIO	Performed better than FORTE since its ratio was 1.32:1	Performed less than CONOIL since its ratio was 1.26:1
2.	Acid Test Ratio	Performed better since its ratio meets the general rule of 1:1	Performed well but not better than CONOIL
3.	Receivable Collection Period	Its ratio is not good in this area and not better than FORTE	It has a better ratio in this area.
4	Payable Payment Period	Its better because its more	It isn't not better because its lesser
5	Inventory	It is not better since it has	It is better since it has much

	Turnover Period	much higher	lower
6	Receivables Turnover	it is not better since the higher the better and its lower	It is still better since the higher the better
7	Payables Turnover	It is still better since the lower the better	It is not better since the lower the better and its higher
8.	Inventory Turnover	It isn't better because its inventory turnover is lower	It is still better because it has higher inventory turnover
B1	ROCE	It is still a better ratio than FORTE because it means for every capital employed more profit is being generated	it isn't better in the comparison because its capital is lesser
2	Gross Profit Margin	it still has a better edge over FORTE	It doesn't have a better edge over CONOIL plc.
3	Net Profit Margin	It has a better edge	It doesn't have a better edge
C1	Earnings per Share:	It doesn't have a better EPS ratio	It still has a better EPS ratio
2	Price Earnings ratio	Is not better since it takes 71years to recoup what shareholders has invested	It is better since it takes 38 years to recoup what shareholders has invested
3.	Earning yield	performed lesser in this ratio , meaning that shareholder get	performed better in this ratio meaning that shareholder get

		a lower potential return on their investment	a higher potential return on their investment
4	Net Asset Per share	It has a better ratio since it is higher	It doesn't have a better ratio since it is lower
5	Dividend per share	NIL	NIL
6	Dividend Payout Ratio	NIL	NIL
7	Dividend yield	NIL	NIL
8	Dividend Covered	NIL	NIL
D1	Gearing ratio	it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared	it has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company
2	Total Debt to Shareholder fund	It is still better due to the low ratio indicating that the company is stable	It is not good because it means the company may run into risk in the future of liquidating

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency

CONOIL plc performed better than FORTE OIL

B. PROFITABILITY RATIO: In General in the area of Profitability ratios CONOIL plc performed better than FORTE OIL

C. INVESTORS RATIO: In general, FORTE OIL has a better investor's ratio than CONOIL

D. LONG SOLVENCY RATIO: In General in the area of long term solvency ratios CONOIL plc performed better than FORTE OIL

RATIO ANALYSIS FOR COMPANIES IN THE INDUSTRIAL SECTOR

Ratio/formula	CUTIX PLC	BETA GLASS PLC
Short term/liquidity ratios • Current ratio=Current Assets/Current liabilities	1,957,976 1,359,513 =1.44:1	28,550,830 13,723,312 =2.08:1
• Acid test ratio=current assets-inventory/current liabilities	1,957,976-1,317,958 1,359,513 =0.41:1	28,550,830—6,239,740 1,359,513 =16.4:1
• Receivable collection period= average trade receivables/credit sales×365 days	525,058 5057,374×365 days =0.10days	13,438,292 26,321,014×365days =0.51days
• Payables payment	499,300	11,598,037

period=Average trade payables/cost of sales × 365 days	3,536,685 ×365 days =0.14days	19,940,375×365 days =0.58days
• Inventory turnover period= average inventory/cost of sales×365 days	1,317,958 3,536,685× 365 days =0.37days	6,239,740 19,940,375×365days =0.31days
• Receivable turnover =credit sales/average receivables	5,057,374 525,058 =9 times	26,321,014 13,438,292 =1.9 times
• Payables turnover=cost of sales/ average payables	3,536,658 499,300 =7 times	19,940,375 11,598,037 =1.7 times
• Inventory turnover =cost of sales/average inventory	3,536,658 1,317,958 =2.6 times	19,940,375/ 6,239,740 =3.1 times
Efficiency/profitability ratios • ROCE= PBIT/capital employed×100% • Capital employed=total asset-current liabilities	799,070 1,476,749×100% =0.54% 2,836,262—1,359,513 =1,476,749	7,188,181 32356317×100% =0.22% 46,079,629—13,723,312

		=32356317
• Gross profit margin= gross profit/sales×100%	1,520,689 3,536,685×100% =0.4%	6,380,639 /19,940,375×100% =0.3%
• Net profit margin=net profit/sales×100%	440,295 /3,536,685×100% =0.12%	5,052,805 /19,940,375×100% =0.25%
• Expense percentage= individual expense/total expense ×100% • selling and distribution expenses • administration expenses • Impairment loss • Finance cost	221,268 /799,070×100% =0.27% 142,212 /5,057,375×100% =0.02% 613,304/ 799070×100% =0.76% 85,887/ 5,057,375×100%	839,368 /5,893,657×100% =0.14% 81,161// 19,940,375×100% = 1,245,189 /5,893,657×100% =0.25% 135,430/ 5,893,657×100%

	=12.0%	=1.4%
• Income tax expense	137,507/ 799070×100% =0.23% 221,268/ 5,057,375×100% =0.34%	243,233 /19,940,375×100 % =0.14% 2,135,376/ 19,940,375×100% =4.0%
• Expense to sale=individual expense/ sale × 100% • selling and distribution expenses • Administration expense • Impairment loss	221,268/ 3,536685×100% =0.06% 142,212/ 5,057,374×100% =0.02% 613,304 /3536,685×100% =0.17%	839,368/ 26,321,014×100% =0.03% 81,161/ 19,940,375×100% =0.4% 1,245,189 /26,321,041×100 % =0.19%

	85,887 /3536,685×100% =0,02%	135,430/ 26,321,041×100% =0.05%
• Finance cost	137,507 /5057,374×100% =0.02%	243,233 /19,940,375×100% =0.5%
• Income tax expense	221,268 /5,057,374×100% =3.5%	2,135,376/ 19,940,375×100% =2.4%
Investors /Shareholder Ratios • EPS=PAT-Preference dividend/ No of ordinary shares×100%	=50kobo	=10.11kobo
• Price earnings ratio=MPS/EPS	1.47/ 50 =9years	53.8 /10.11 =5 years

• Earnings yield =EPS/MPS×100%	<u>50/</u> 1.47 =34.0%	<u>10.11</u> /53.8 =0.18%
• Net asset per share=net asset-preference share/No of ordinary share	<u>2,836,262—104,356</u> /1,435,802 =₦1.9	<u>46,079,629—312,847</u> /499,972 =₦91
• Dividend per share =gross dividend /No of ordinary share	=18kobo	=1.07kobo
• Dividend payout ratio=DPS/EPS×100%	<u>18</u> /50×100% =0.36%	<u>1.07/</u> 10.11×100% =0.10%
• Dividend yield=DPS/MPS×100%	<u>18</u> /1.47 =12%	<u>1.07</u>/53.8×100% =0.01%
• Dividend covered=EPS/DPS	<u>50</u> /18=2.7 times	<u>10.11</u> /1.07=9.4 times
Long Term Solvency Ratios		
• Gearing Ratio=debt/ equity	<u>177457/</u> 1,299,292	<u>3,389/</u> 29,627,573

• Fixed interest cover=profit before interest& tax/fixed interest	=0.13 799,070 /137,507 =5.8	=1.14 7,188,181 /1,405,030 =5.11
• Total debt to shareholder fund= noncurrent liabilities +current liabilities/equity	177,457+1,359,513 /1,299,292 =1.18	2,728,744+13,723,312/ 29,627,573 =0.55

INTERPRETATION AND COMPARISON OF ACCOUNTING RATIOS OF THE INDUSTRIAL SECTOR

S/N	RATIOS	CUTIX PLC	BETA GLASS
1.	CURRENT RATIO	Performed less than BETA GLASS since its ratio was 1.44:1	Performed better than CUTIX PLC since its ratio was 2.08:1
2.	Acid Test Ratio	If you take out its inventory from current assets their find it hard to meet to their short term debts since the ratio was below the general rule and industrial average.	Performed better since its ratio meets the general rule of 1:1
3.	Receivable Collection Period	It has a better ratio in this	Its ratio is not good in

		area.	this area and not better than CWG
4	Payable Payment Period	Its better because its more	It isn’t not better because its lesser
5	Inventory Turnover Period	It is not better since it has much higher	It is better since it has much lower
6	Receivables Turnover	It is still better since the higher the better	it is not better since the higher the better and its lower
7	Payables Turnover	It is not better since the lower the better and its higher	It is still better since the lower the better
8.	Inventory Turnover	It isn’t better because its inventory turnover is lower	It is still better because it has higher inventory turnover
B1	ROCE	It is still a better ratio than BETA GLASS because it means for every capital employed more profit is being generated	it isn’t better in the comparison because its capital is lesser
2	Gross Profit Margin	it still has a better edge over BETA GLASS	It doesn’t have a better edge over CUTIX
3	Net Profit Margin	It doesn’t have a better edge over BETA GLASS.	It has a better edge over CUTIX PLC

C1	Earnings per Share:	It still has a better EPS ratio	It doesn't have a better EPS ratio
2	Price Earnings ratio	Is not better since it takes 9 years to recoup what shareholders has invested	It is better since it takes 5years to recoup what shareholders has invested
3.	Earning yield	performed better in this ratio meaning that shareholder get a higher potential return on their investment	performed lesser in this ratio , meaning that shareholder get a lower potential return on their investment
4	Net Asset Per share	It doesn't have a better ratio since it is lower	It has a better ratio since it is higher
5	Dividend per share	This ratio is better	This ratio is good but not like CUTIX plc
6	Dividend Payout Ratio	It did better since it has higher DPS ratio	It didn't do better since it has lower DPS ratio
7	Dividend yield	It is better, since it has a higher percentage of return on shareholders' investment	It isn't better, since it has a lower percentage of return on shareholders' investment
8	Dividend Covered	It is not better as it has a lower ratio	It is better as it has a higher ratio
D1	Gearing ratio	it has a better Gearing ratio by far since is less than 1 which means that it is lowly geared	it has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company
2	Total Debt to Shareholder	It is not good because it	It is still better due to

	fund	means the company may run into risk in the future of liquidating	the low ratio indicating that the company is stable
3.	Fixed Interest Covered	It is better because it covers 5.8 times	It's not better because it covers less

A. SHORT TERM SOLVENCY: In General in the area of Short term solvency BETA GLASS performed better than CUTIX PLC

B. PROFITABILITY RATIO: In General in the area of Profitability ratios CUTIX PLC performed better than BETA GLASS PLC

C. INVESTORS RATIO: In general , CUTIX PLC performed better than BETA GLASS PLC

D. LONG SOLVENCY RATIO: In General in the area of long term solvency ratios CUTIX PLC performed better than BETA GLASS PLC