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DEPT: ACCOUNTING

MATRIC NO: 17/SMS02/046

The summary of the financial performance of two companies in the same industry using accounting ratios.

THE NAME OF ANLYSED COMPANIES UNDER VARIOUS SECTORS

1) Oil and gas sector: Mobil oil Nig plc

   Oando plc

2) Telecommunication sector: MTN

   Omatek ventures

3) Consumer services: ABC transport

   Capital hotel

4) Consumer goods: flour mill plc

   Nestle plc

5) Industrial sector: Cutix plc

   Beta glass

6) Financial sector: Eco bank

   Assess bank

7) Health sector: Glaxo smith

   Ekocorp

8) Basic material : berger paints

   CAP plc

OIL AND GAS SECTOR

THE ACCOUNTING RATIOS OF MOBIL OIL NIG PLC 2018

1) SHORT TERM SOLVENCY RATIOS

₦

a) Current ratios

= current assets

Current liabilities

34,183,632

19,327,761 =76:1

b) Acid test ratios

Current assets - inventory

Current liabilities

34,183,632-17,918,599

19,327,761 =0.84:1

c) Receivable collection period

Average trade receivable x 365days

Credit sales

11,513,890 x 365 days

164,609,535

=25days

d) Payables payment period

Average trade payable x 365 days

Credit payables

8,212,101 x 365days

148,015,916

= 20days

e) Inventory turnover period

Average inventory x 365 days

Cost of sales

8,959,210 x 365 days

148,015,916

= 22 days

f) Receivable turn over

$$\frac{\text{Credit sales}}{\text{Average receivables}}$$

$$\frac{164{,}609{,}535}{11{,}513{,}890}$$

= 14times

g) Payables turn over

$$\frac{\text{Credit purchases}}{\text{Average payables}}$$

$$\frac{148{,}015{,}916}{8{,}212{,}101}$$

=18times

h) Inventory turn over

$$\frac{\text{Cost of sales}}{\text{Average inventory}}$$

$$\frac{148{,}015{,}916}{8{,}959{,}210}$$

= 16times

2) PROFITABILITY RATIO

i) Gross profit margin

Gross profit x 100

Sales

16,593,619 x 100

164,609,535

=10%

j) ROCE

PBIT x 100

Capital employed

13,695,459

33,772,775

=41%

k) Net profit margin

Net profit x 100

Sales

9,328,935 x 100

164,609,535

=6%

l) Expenses percentage

Individual expense x 100

Total expense

6,924,989 x 100

16,385,147

=42%

m) Administration expenses

5,024,634 x 100

16,385,147

=30%

n) Other operating expenses

28,386 x 100

16,385,147

=0.17%

o) Income tax expense

4,366,524 x 100

16,385,147

=27%

3) INVESTORS RATIO

a) Earnings per share

Given as= 2,587Mps=147.9

b) Price earnings ratio

MPs

Eps

147.9

2,587

=0.057

=0.1times

c) Earning yield

Eps

MPs

2,587

147.9

=17times

d) Dividend per share

Gross dividend

No of ordinary shares

180,297,630

360,595,261

=₦0.5

e) Dividend pay out

Dps x 100

Eps

50 x 100

2587

=2%

f) Dividend yield

Dps

MPs

0.5 x 100

147.9

=0.34%

g) Dividend cover

Eps

Dps

2587

50

=52times

LONG TERM SOLENCY RATIO

h) Gearing ratio

Debt

Equity

36,888,023

33,772,775

=1

i) Total debt to equity

Noncurrent liabilities + current liabilities

Equity

19,327,761+17,560,262

33,772,775

=1

j) Fixed interest covered

PBIT

Finance cost

13,695,459

28,368

=483times

THE ACCOUNTING RATIOS FOR OANDO FINANCIAL STATEMENT AS AT 31 DECEMBER 2018

1) SHORT TERM SOLVENCY

a) Current ratios

130,118,542

448,602,832

=0.29:1

b) Quick assets ratio

130,118,542-28,392,500

227,409,609

=:0.2:1

c) Receivables collection period

84,791,443 x 365days

679,465,339

=45days

d) Payables payment period

265,417,181 x 365days

583,191,386

=0.45x365

=166days

e) Inventory turnover period

$\frac{14,196,250}{583,191,386} \times 365$ days

= 9 days

f) Receivable turn over period

$\frac{679,465,339}{84,791,443}$

=8times

g) Payables turnover period

$\frac{583,191,386}{265,417,181}$

=2times

h) Inventory turnover

$\frac{583,191,386}{29,392500}$

=19times

PROFITABILITY

i) Gross profit margin

$\frac{96,273,953}{679,465,339} \times 100$

=14%

j) ROCE

96,273,953 x 100

277,116,711

=35%

k) Net profit margin

(18,321,877) x 100

488,518,160

=4%

l) Expenses percentage

Administrative expenses

10,939,966 x 100

29,148,939

=38%

m) Finance cost

17,582,406 x 100

29,148,939

=60%

n) Income tax expense

626,567 x 100

29,148,939

=2%

INVESTORS RATIO

a) Eps =197

MPs=3.89

b) Price earnings ratio

$$\frac{3.89}{197}$$

=0.02times

c) Earning yield

$$\frac{197}{3.89}$$

=51times

d) Net asset per share

$$\frac{236,366,708}{12,431,412}$$

=₦19

e) Dividend per share

$$\frac{6,215,706}{12,431,412}$$

=₦0.5

f) Dividend pay out

$$\frac{50}{197} \times 100$$

=25%

g) Dividend yield

$$\frac{0.5}{} \times 100$$

3.89

=13%

h) Dividend covered

197

50

=4times

LONG TERM SOLVENCY RATIO

a) Gearing ratio

69,856,667

60,899,568

=1.1

b) Total debt to equity

297,266,276

60,899,568

=5

c) Fixed interest covered

17,695,310

17,582,406

=1

INTERPRETATION AND COMPARISON FOR OIL AND GAS SECTOR

1) Current ratio: as regards to this ratio Mobil oil performed better than Oando plc. and therefore, equally has a better chance of settling its current liability than Oando.

2) Acid test ratio: they both didn't perform well under this ratio since they didn't

meet the rule of 1:1, but Mobil oil has the ability to meet its short term debt as compared to Oando

3) Receivable collection period: in this ratio Mobil oil has a shorter receivable collection period, while that of Oando is longer. This simply shows that Mobil oil collect from their debtors just in time to settle their payables.

4) Payables payment period: from the computation of this ratio this shows that they both perform well, because both Oando plc. And Mobil oil, are both able to pay their debts in time, even before collecting from their receivables.

5) Inventory turnover: this ratio measure the average number of day's inventory spends in the store before being sold. Oando plc. is at an advantage because it is lower, which means it sells out its goods faster than Mobil oil.

6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, Mobil oil performed better than Oando plc. since its higher, and the higher the better.

7) Payables turn over: this measures the number of times payables are turned over in a period. The above computation indicates that Oando plc. is better, since its lower and the lower the better.

8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. Oando plc. Is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to Mobil oil.

9) ROCE: this ratio measures the profitability of a business. This therefore indicates that Mobil oil is more profitable because it has a higher return on capital employed.

10) Gross profit margin: this ratio shows the average gross profit as a percentage of goods sold. From the above computation Oando plc. has a better percentage than Mobil oil.

11) Net profit margin: this measures the profitability of a business after taking into account all income and expenses for the period in question. From the above computation Mobil oil has a better net profit as a percentage to sales.

12) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis Mobil oil has the better eps ratio than Oando plc.

13) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, Mobil oil is better since it takes lesser time to recoup its shareholders investment.

14) Earning yield: oando plc. Has a better earning yield than Mobil oil and therefore their shareholders are able to recoup a higher investment.

15) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share in issue. Therefore Oando plc. Has a better ratio than Mobil oil.

16) Dividend per share: from the above computation the both companies have the same Dps which is ₦0.5.

17) Dividend pay-out ratio: from the computation above Oando plc. Has a higher dividend pay-out ratio than Mobil oil. This indicates that the shareholders from Oando plc. Get high pay in form of dividend as compared to Mobil oil.

18) Dividend yield: this ratio measures the actual return on shareholders' investment. Therefore, based on the above computation Oando plc. Is better

since it's higher than Mobil oil.

19) Dividend cover: Mobil oil has a higher dividend cover and is therefore better than Oando plc.

20) Gearing ratio: they both have a highly geared ratio since they are both greater than one that is it has more of fixed interest capital to equity, which is bad for the company.

21) Total debt to equity: based on the above computation Mobil oil is better due to its low ratio which indicates that the company is stable while Oando plc. has a higher chance of liquidation.

22) Fixed interest cover: this ratio measures the number of times fixed interest is covered by profit. The higher this ratio the higher the company's ability to obtain loan, therefore, Mobil oil performed better than Oando.

TELECOMMUNICATION SERVICES

₦

OMATEK VENTURES

Ratio computation from the statement of profit or loss and the statement of financial position as at 2018 (group)

Liquidity ratios

a) Current ratio

$$\frac{766,000,000}{6,903,000}$$

11:1

b) Quick asset ratio

766,000,000-620,000,000

6,903,000

=1:21

c) Receivable collection period

108,000,000 x 12months

18000000

=72months

d) Payables payment period

5,918,000 x 12months

5,000,000

=14months

e) Inventory turnover period

310,000,000 x 12months

5000000

=744months

f) Receivable turnover period

18,000,000

108,000,000

=0.16

=0times

g) Payables turnover

5,000,000

5,918,000 =0.84

=1time

h) Inventory turn over

5,000,000

310,000,000

=0.01times

PROFITABILITY

ROCE

1,154,000 x 100

5,964,000

=19%

i) Gross profit margin

130,000,000 x 100

15,000,000

=72%

j) Net profit margin

(1,045,000) x 100

80,000,000

=1.3%

i) Expense percentage

Admin expenses

43,000,000 x 100

966,000,000

=4%

j) Income tax expense

4,000,000 x 100

966,000,000

=0.4%

k) Finance cost

919,000,000 x 100

966,000,000

=95%

INVESTORS RATIO

l) Net asset per share

5,288,000

2,941,789

=₦2

m) Dividend per share

1,470,895

2,941,789

=₦0.5

LONG TERM SOLVENCY RATIO

a) Gearing ratio

8,335,000

3,064,000

=3

b) Total debt to equity

3,909,000+4,425,000

3,046,000

=3

c) Fixed interest covered

1,042,000

919,000,000

0times

THE RATIO COMPUTATION FOR MTN ANNUAL FINANCIAL STATEMENT AND STSTEMENT OF FINANCIAL POSITION

SHORT TERM SOLVENCY RATIO

₦

a) Current ratio

58,038,000

72,570,000

=0.8

=1:1

b) Acid test ratio

58,038,000-2,995,000

72,570,000

=0.75:1

c) Receivable collection period

26,669,000 x 12 months

134,560,000

=2months

d) Payable payment period

48,354,000 x 12months

25,370,000

=22 months

e) Inventory period

2,995,000 x 12months

25,370,000

= 1 month

f) Receivable turnover

134,560,000

26,669,000

=5times

g) Payables turnover

25,370,000

48,354,000

=1times

h) Inventory turnover

25,370,000

2,995,000

=8times

PROFITABILITY RATIO

i) ROCE

15,008,000 x 100

88,226,000

=17%

j) Expenses percentage

Finance cost

404,000,000 x 100

625,000,000

=65%

k) Operating cost

266,000,000 x 100

625,000,000

=43%

l) Income tax expenses

15,000,000 x 100

625,000,000

=2%

LONG TERM SOLVENCY RATIO

m) Gearing ratio

2,866,000

21,490,000

=0.13

n) Total debt to equity

2,866,000

21,490,000

=0.13

o) Fixed interest covered

11,972,000

404,000,000

=0.03times

INTERPRETATION AND COMPARISON FOR THE TELECOMMUNICATION SECTOR

1) Current ratio: as regards to the above computation Omatek performed better than MTN and therefore, has a better chance of settling its current liability than MTN.

2) Acid test ratio: Omatek performs better than Mtn since its ratio meets the rule of 1:1, this means that Omatek can easily meet their short term debts as opposed to Mtn.

3) Receivable collection period: in this ratio Mtn has a shorter receivable collection period, while that of Omatek is longer. This simply shows that Mtn collects from their debtors just in time to settle their payables.

4) Payables payment period: Mtn performs better under this ratio because it collects its receivables just in time to pay its debts, while Omatek don't collect their receivables in time and may not be able to settle its payables.

5) Inventory turnover: this ratio measure the average number of day's inventory spends in the store before being sold Mtn is at an advantage because it is lower, which means it sells out its goods faster than Omatek.

6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, Mtn performed better than Omatek since its higher, and the higher the better.

7) Payables turn over: both Mtn and Omatek are good in this ratio since they both have a low payable turnover.

8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. MTN is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to Omatek.

9) ROCE: this ratio measures the profitability of a business. This therefore indicates that Omatek is more profitable because it has a higher return on capital employed.

10) Gearing ratio: Omatek is at a disadvantage based on the above computation since it's greater than 1 that means it's highly geared, while Mtn is at an advantage since it is less than 1, which means it is lowly geared.

11) Total debt to equity: based on the above computation Mtn is better due to its low ratio which indicates that the company is stable while Omatek has a higher chance of liquidation.

12) Fixed interest cover: this ratio measures the number of times fixed interest is covered by profit. The higher this ratio the higher the company's ability to obtain loan, therefore both Mtn and Omatek are at a disadvantage.

CONSUMER SERVICES

THE RATIO COMPUTATION OF ABC TRANSPORT FINANCIAL STATEMENT AND STATEMENT OF FINANCIAL POSITION.

LIQUIDITY RATIO

₦

a) Current ratio:

$$\frac{1,824,309}{2,249,247}$$

=0.81:1

b) Acid test ratio:

$$\frac{1,824,309-853,448}{2,249,247}$$

=:0.4:1

c) Receivable collection period

$$\frac{326,642}{1,701,475} \times 365\text{days}$$

=70days

d) Payables payment period

$$\frac{1,369,191}{3,704,150} \times 365\text{days}$$

=135days

e) Inventory turnover

$$\frac{853,448}{3,704,150} \times 365$$

=84days

f) Receivable turnover

$$\frac{4,743,755}{326,642}$$

=15times

g) Payables turnover

$$\frac{3,704,150}{1,369,191}$$

=3times

h) Inventory turn over

$$\frac{3,704,150}{853,448}$$

=4times

PROFITABILITY RATIO

i) ROCE:

$$\frac{56,980}{1,827,669} \times 100$$

=3%

j) Gross profit

$$\frac{1,039,605}{4,743,755} \times 100$$

=22%

INVESTORS RATIO

k) Eps =7

MPs=0.41

l) Price earning

0.41

7

=0times

m) Earning yield\

7

0.41

=17times

CAPITAL HOTEL

THE RATIO COMPUTATION OF CAPITAL HOTEL FINANCIAL STATEMENT AND STATEMENT OF FINANCIAL POSITION.

LIQUIDITY RATIO

₦

a) Current ratio

5,698,295

2,630,478

=2:1

b) Acid test ratio

5,698,295-141,990

2,630,478

=2.1:1

c) Receivable collection period

1,620,077 x 365days

5,977,436

=99days

d) Payables payment period

$\frac{2,378,096}{4,869,732} \times 365$days

=178days

e) Inventory turnover period

$\frac{141,990}{4,869,732} \times 365$days

=11days

f) Receivable turnover

$\frac{5,977,436}{1,620,077}$

=4times

g) Payables turnover

$\frac{4,869,732}{2,378,096}$

=2times

h) Inventory turnover

$\frac{4,869,732}{141,990}$

=34times

PROFITABILITY RATIO

i) ROCE

$\frac{507,781}{} \times 100$

6,416,983

=10%

j) Gross profit

1,107,704

6,416,983

=19%

INVESTORS RATIO

k) Eps =0.25

MPs =2.75

l) Price earnings ratio

$\frac{2.75}{0.25}$ =11times

k) Earning yield

$\frac{0.25}{2.75}$

=0times

THE INTERPRETATION AND COMPARISON FOR CONSUMER SERVICES

1) Current ratio: as regards to this ratio Capital hotel performed better than ABC transport. And therefore, equally has a better chance of settling its current liability than ABC transport.

2) Acid test ratio: ABC transport did not perform well under this ratio because it does not abide by the rule of 1:1 while Capital hotel on the other hand abides by the rulenofn1:1, which means it can settle its short term debts.

3) Receivable collection period: in this ratio ABC transport has a shorter receivable collection period, while that of Capital hotel is longer. This simply

shows that ABC transport collect from their debtors just in time to settle their payables.

4) Payables payment period: from the computation of this ratio this shows that they both perform well, because both ABC transport and Capital hotel, are both able to collect their receivables in time to settle their payables.

5) Inventory turnover: ABC transport is at an advantage because it is lower, which means it sells out its goods faster than Capital hotel.

6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, ABC hotels performed better than Capital hotel since its higher, and the higher the better.

7) Payables turn over: this measures the number of times payables are turned over in a period. The above computation indicates that Capital hotel is better, since it has a lower payables turn over as compared to ABC transport.

8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. Capital hotel is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to ABC transport.

9) ROCE: this ratio measures the profitability of a business. This therefore indicates that Capital hotel is more profitable because it has a higher return on capital employed.

10) Gross profit margin: this ratio shows the average gross profit as a percentage of goods sold. From the above computation ABC hotels has a better percentage than Capital hotels.

11) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis ABC transport has the better eps ratio than Capital hotel.

12) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, ABC transport is better since it takes lesser time to recoup its shareholders investment.

13) Earning yield: ABC transport has a better earning yield than Capital hotel and therefore their shareholders are able to recoup a higher investment.

CONSUMER GOODS SECTOR

THE RATIO COMPUTATION FLOUR MILL NIG PLC STATEMENT OF FINANACIAL POSITION AND STATEMENT OF PROFIT OR LOSS

₦

1) Liquidity ratio

a) Current ratio

$$\frac{154,380,788}{140,074,526}$$

=1.10:1

b) Acid test ratio

$$\frac{154,380,788-71,755,238}{140,078,526}$$

=0.59:1

c) Receivable collection period

$\frac{49,546,925}{389,397,826}$ x 365days

=46days

d) Payables payment period

$\frac{40,126,542}{337,820,842}$ x 365days

=44days

e) Inventory turnover period

$\frac{71,755,238}{337,820,842}$ x 365days

= 78days

f) Receivable turnover

$\frac{389,397,836}{49,546,925}$

=8times

g) Payables turnover

$\frac{337,820,842}{40,126,542}$

=8times

h) Inventory turnover

$\frac{71,755,238}{337,820,842}$

=5times

PROFITABIITY RATIO

i) ROCE

$$\frac{14,153,983}{182,530,056} \times 100$$

=8%

j) Gross profit margin

$$\frac{51,576,994}{389,397,836} \times 100$$

=13%

k) Net profit margin

$$\frac{9,244,729}{389,397,836} \times 100$$

=2%

l) Selling and distribution expenses

$$\frac{5,595,264}{52,143,219} \times 100$$

=11%

l) Administrative expenses

$$\frac{11,707,308}{52,143,219} \times 100$$

= 22%

m) Operating losses

$$\frac{4,989,445}{52,143,219} \times 100$$

=10%

n) Finance cost

$$\frac{24,941,948}{52,143,219} \times 100$$

=48%

o) Income tax expenses

$$\frac{4,909,254}{52,143,219} \times 100$$

=9%

p) Selling and distribution expenses

$$\frac{5,595,264}{389,397,836} \times 100$$

=1.4%

q) Administrative expenses

$$\frac{11,707,308}{389,397,836} \times 100$$

=3%

r) Operating losses

$$\frac{4,989,445}{389,397,836} \times 100$$

=1.3%

s) Finance cost

$$\frac{24,941,948}{389,397,836} \times 100$$

= 6%

t) Income tax expenses

4,909,254 x 100

389,397,836

=1.3%

INVESTORS RATIO

a) Eps

9,244,729

2,624,253

=3.52k

b) Price earnings ratio

20.40

3.52

=6years

c) Earning yield

3.52 x 100

20.40

17%

d) Net asset per share

322,604,582

2,624,253

=₦123

e) Dividend per share

1,312,127

2,624,253

=₦0.5

f) Dividend pay-out ratio

$\frac{50}{352} \times 100$

=14%

g) Dividend yield

$\frac{0.5}{20.40} \times 100$

=2%

h) Dividend cover

$\frac{352}{50}$

=7times

LONG TERM SOLVENCY RATIO

i) Gearing ratio

$\frac{171,158,286}{151,446,296}$

=1.13

j) Total debt to shareholders

$\frac{31,083,760+140,074,526}{151,446,296}$ =1.13

k) Fixed interest cover

$\frac{14,153,983}{24,941,948}$

=0.57times

THE RATIO COMPUTATION FOR NESTLE PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

₦

a) Current ratio\

82,734,317

92,117,501

=0.90:1

b) Acid test ratio

82,734,317-23,124,020

92,117,501

=0.65:1

c) Receivable collection period

42,175,062x 365days

266,274,621

=58days

d) Payables payment period

60,384,454 x 365days

152,354,445

=145days

e) Inventory turnover period

23,124,020 x 365days

152,354,445

=55days

f) Receivable turn over

266,274,621

42,175,062

=6times

g) Payables turnover

152,354,445

60,384,454

=3times

h) Inventory turnover

152,354,445

23,124,020

= 7times

PROFITABILITY RATI0

ROCE

i) 59,750,846 X 100

70,216,921

=85%

Gross profit margin

j) 113,920,176 X 100

266,274,621

=43%

Net profit margin

k) $\frac{43,008,026}{266,274,621} \times 100$

=16%

l) Selling and distribution expenses

$\frac{43,489,890}{72,629,039} \times 100$

=60%

m) Administrative expenses

$\frac{9,789,555}{72,629,039} \times 100$

=13%

n) Finance cost

$\frac{2,606,774}{72,629,039} \times 100$

=4%

o) Income tax expense

$\frac{16,742,820}{72,629,039} \times 100$

=23%

p) Selling and distribution expenses

$\frac{43,489,890}{} \times 100$

266,274,621

=16%

q) Administrative expenses

9,789,555 x 100

266,274,621

=4%

r) Finance cost

2,606,774 x 100

266,274,621

=1%

s) Income tax expenses

16,742,820 x 100

266,274,621

=6%

SHARE HOLDERS RATIO

a) EPS

43,008,026 x 100

792,656

=5426kobo

b) Price earnings ratio

1095

54

=20years

c) Earning yield

$\frac{54}{1095} \times 100$

=5%

d) Net asset per share

$\frac{162,334,422}{792,656}$

=₦205

e) Dividend per share

$\frac{396,328}{792,656}$

=₦0.5

f) Dividend pay-out

$\frac{50}{5426} \times 100$

=1%

g) Dividend yield

$\frac{0.5}{1095} \times 100$

=0.05%

h) Dividend cover

$\frac{5426}{50}$

=109times

LONG TERM SOLVENCY RATIO

a) Gearing ratio

112,113,936

50,220,486

=2.2

b) Total debt to share holders

19,996,435+ 92,117,501

50,220,486

=2.2

c) Fixed interest covered

59,750,846

2*-9,606,774

=30times

INTERPRETATION AND COMPARISON OF CONSUMER GOODS SECTOR.

1) Current ratio: as regards to this ratio FMN performed better than Nestle plc and therefore its current assets can easily settle its current liabilities, while nesle plc will find it difficult to settle its current liabilities.

2) Acid test ratio: they both didn't perform well under this ratio since they didn't meet the rule of 1:1 and may therefore not be able to meet their short term debt, but Nestle plc has the ability to meet its short term debt as compared to FMN.

3) Receivable collection period: in this ratio Nestle Plc has a shorter receivable

collection period, while that of FMN is longer. This simply shows that Nestle plc collect from their debtors just in time to settle their payables.

4) Payables payment period: from the computation of this ratio Nestle plc has a longer payables payment period as compared to its receivable collection period, which means them able to meet their payables, while FMN may not because its payable has a shorter period and can't collect their receivables in time.

5) Inventory turnover period: this ratio measure the average number of day's inventory spends in the store before being sold. Nestle plc. is at an advantage because it is lower, which means it sells out its goods faster than FMC.

6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, FMN performed better than Nestle plc. Since its higher, and the higher the better.

7) Payables turn over: this measures the number of times payables are turned over in a period. The above computation indicates that Nestle plc. Is better, since its lower and the lower the better.

8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. Nestle plc. Is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to FMC.

9) ROCE: this ratio measures the profitability of a business. This therefore indicates that Nestle plc. is more profitable than FMN because it has a higher return on capital employed.

10) Gross profit margin: this ratio shows the average gross profit as a percentage of goods sold. From the above computation Nestle plc. has a better percentage than FMN.

11) Net profit margin: this measures the profitability of a business after taking into account all income and expenses for the period in question. From the

above computation Nestle plc. has a better net profit as a percentage to sales.

12) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis Nestle plc. has the better eps ratio than FMN.

13) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, FMN is better since it takes lesser time to recoup its shareholders investment.

14) Earning yield: FMN has a better earning yield than Nestle plc and therefore their shareholders are able to recoup a higher investment.

15) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share in issue. Therefore Nestle plc. has a better ratio than FMC .

16) Dividend per share: from the above computation the both companies have the same Dps which is ₦0.5.

17) Dividend pay-out ratio: from the computation above FMN plc. has a higher dividend pay-out ratio than Nestle plc. This indicates that the shareholders from FMN plc. get high pay in form of dividend as compared to Mobil oil.

18) Dividend yield: this ratio measures the actual return on shareholders' investment. Therefore, based on the above computation FMN plc. Is better since its dividend yield is higher than Nestle plc.

19) Dividend cover: from the above computation both companies have good dividend cover ratio since they are both greater than one. But, Nestle plc. Has a higher dividend cover and is therefore better than FMN plc.

20) Gearing ratio: they both have a highly geared ratio since they are both greater than one that is it has more of fixed interest capital to equity, which is bad for the company.

21) Total debt to equity: based on the above computation FMN plc. Is better due to its low ratio which indicates that the company is stable while Nestle plc. has a higher chance of liquidation.

22) Fixed interest cover: this ratio measures the number of times fixed interest is covered by profit. The higher this ratio the higher the company's ability to obtain loan, therefore, Nestle plc. performed better than FMN.

BASIC MATERIALS SECTOR

THE RATIO COMPUTATION FOR BERGER PAINTS PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

₦

a) Current ratio\

1,642,124

1,285,038

=1.28:1

b) Acid test ratio

1,646,124-606,712

1,285,038

=0.80:1

c) Receivable collection period

190,982x 365days

3,377,223

=21days

d) Payables payment period

622,491 x 365days

* 1,896,862

=120days

e) Inventory turnover period

606,712x 365days

1,896,862

=117days

f) Receivable turn over

3,377,223

190,982

=18times

g) Payables turnover

1,896,862

622,491

=3times

h) Inventory turnover

1,896,862

606,712

= 3times

PROFITABILITY RATI0

ROCE

i) 454,328 X 100

3,250,261

=14%

Gross profit margin

j) 1,480,361 X 100

3,377,223

=44%

Net profit margin

k) 320,509x 100

3,377,223

=10%

l) Selling and distribution expenses

829,609 x 100

1,234,862

=67%

m) Administrative expenses

14,899,000 x 100

1,234,862

=1.2%

n) Finance cost

19,160, x 100

1,234,862

=1.6%

o) Income tax expense

133,819 x 100

1,234,862

=11%

p) Selling and distribution expenses

237,375 x 100

3,377,223

=7%

q) Administrative expenses

829,609 x 100

3,377,223

=25%

r) Finance cost

19,160 x 100

3,377,223

=1%

s) Income tax expenses

133,819 x 100

3,377,233

=4%

SHARE HOLDERS RATIO

i) EPS

320,509-0 x 100

289,823

=1.11kobo

j) Price earnings ratio

7.45

1.11

6years

k) Earning yield

1.11 x 100

7.45

=15%

l) Net asset per share

4,535,299-0

289,823

=₦16

m) Dividend per share

144,912

289,823

=₦0.5

n) Dividend pay-out

50 x 100

1.11

=45%

o) Dividend yield

0.5 x 100

7.45

=7%

p) Dividend cover

1.11

50

=2.2times

LONG TERM SOLVENCY RATIO

t) Gearing ratio

1,722,247

2,813,052

=0.61

u) Total debt to share holders

437,209+1,285,038

2,813,052

=0.61

v) Fixed interest covered

454,328

19,160

=24times

THE RATIO COMPUTATION FOR CAP PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

₦

a) Current ratio\

5,545,093

3,375,254

=1.64:1

b) Acid test ratio

5,545,093-884,115

3,375,254

=1.38:1

c) Receivable collection period

172,488x 365days

7,764,543

=8days

d) Payables payment period

1,559,016 x 365days

4,034,516

=141days

e) Inventory turnover period

884,115 x 365days

4,034,516

=80days

f) Receivable turn over

7,764,534

172,488

=45times

g) Payables turnover

4,034,561

1,559,016

=3times

h) Inventory turnover

4,034,561

1,559,016

= 5times

PROFITABILITY RATI0

ROCE

i) 2,597,832 X 100

2,935,992

=88%

Gross profit margin

j) 3,729,973 X 100

7,764,534

=48%

Net profit margin

k) $\frac{2,029,343}{7,764,534} \times 100$

=26%

l) Selling and distribution expenses

$\frac{1,149,872}{2,089,716} \times 100$

=55%

m) Administrative expenses

$\frac{9,789,555}{72,629,039} \times 100$

=13%

n) Finance cost

$\frac{14,618}{2,089,716} \times 100$

=0.7%

o) Income tax expense

$\frac{568,489}{2,089,716} \times 100$

=27%

p) Selling and distribution expenses

1,149,872 x 100

7,764,534

=15%

q) Administrative expenses

9,789,555 x 100

266,274,621

=4%

SHARE HOLDERS RATIO

a) EPS

2,029,343x 100

700,000

=290kobo

b) Price earnings ratio

20.65

2.9

=7years

c) Earning yield

2.9 x 100

20.65

=14%

d) Net asset per share

6,311,246-0

700,000

=₦9

e) Dividend per share

175,000

700,000

=₦2.5

f) Dividend pay-out

250 x 100

290

=86%

g) Dividend yield

2.5 x 100

20.65

=12%

h) Dividend cover

290

250

=1.2times

LONG TERM SOLVENCY RATIO

a) Gearing ratio

3,502,307

2,808,939

=1.24

b) Total debt to share holders

127,053+ 3,375,254

2,808,939

=1.24

c) Fixed interest covered

2,597,832

214,618

=178times

INTERPRETATION AND COMPARISON

1) Current ratio: based on the above computation both companies performed well under this ratio and their current assets can adequately cover their current liabilities. But CAP plc. performed better than Berger paints.

2) Acid test ratio: from the above computation CAP performed better than Berger paints since its ratio meets the general rule of 1:1, while Berger ratio means that if you take out its inventory from current assets they find it hard to meet their short term debts.

3) Receivable collection period: in this ratio CAP has a shorter receivable collection period, while that of Berger paints is longer. But both CAP and Berger paints can collect from their debtors just in time to settle their payables.

4) Payables payment period: from the computation of this ratio this shows that they both perform well, because both CAP and Berger paints, are able to pay their debts in time.

5) Inventory turnover: this ratio measure the average number of day's inventory spends in the store before being sold. CAP plc. Is at an advantage because it is lower, which means it sells out its goods faster than Berger paints.

6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, CAP plc. performed better than Berger

paints. Since its higher, and the higher the better.

7) Payables turn over: this measures the number of times payables are turned over in a period. The above computation indicates that CAP plc. Is better, since its lower and the lower the better.

8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. CAP plc. Is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to Berger plc.

9) ROCE: this ratio measures the profitability of a business. This therefore indicates that CAP plc. Is more profitable because it has a higher return on capital employed.

10) Gross profit margin: this ratio shows the average gross profit as a percentage of goods sold. From the above computation CAP plc. has a better percentage than Berger plc.

11) Net profit margin: this measures the profitability of a business after taking into account all income and expenses for the period in question. From the above computation CAP plc. Has a better net profit as a percentage to sales than Berger paints.

12) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis CAP plc. has the better eps ratio than Berger paints.

13) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, Berger paints is better since it takes lesser time to recoup its shareholders investment.

14) Earning yield: Berger paints has a better earning yield than CAP plc. and therefore their shareholders are able to recoup a higher investment.

15) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share in issue. Therefore Berger paints has a better ratio than CAP plc.

16) Dividend per share: this ratio shows the amount of gross dividend declared on every issue ordinary share. Based on the above computation CAP plc. did better since it has higher dps.

17) Dividend pay-out ratio: from the computation above CAP plc. Has a higher dividend pay-out ratio than Berger paints. This indicates that the shareholders from CAP plc. get a high pay in form of dividend as compared to Berger paints.

18) Dividend yield: this ratio measures the actual return on shareholders' investment. Therefore, based on the above computation CAP plc. Is better since it's higher than Berger paints.

19) Dividend cover: this measures the number of times ordinary dividend is covered by distributable earnings. Based on my computations both companies have a good dividend cover since they are both greater than one, but Berger paints is better since it has a higher ratio than CAP plc.

20) Gearing ratio: from the above computation Berger paints plc. has a better gearing ratio than CAP plc. since its ratio is less than 1 which means it is lowly geared, while CAP is highly geared which is bad.

21) Total debt to equity: based on the above computation Berger plc. Is better due to its low ratio which indicates that the company is stable while CAP has a chance of liquidation.

22) Fixed interest cover: this ratio measures the number of times fixed interest is covered by profit. The higher this ratio the higher the company's ability to obtain loan, therefore, CAP plc. Performed better than Berger paints.

INDUSTRIAL SECTOR

THE RATIO COMPUTATION FOR CUTIX PLC STATEMENT OF FINANCIAL INTERPRETATION AND COMPARISON

POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

₦

a) Current ratio\

1,957,976

1,359,513

=1.44:1

b) Acid test ratio

5,545,093-884,115

3,375,254

=1.38:1

c) Receivable collection period

525,058x 365days

5,057,374

=38days

d) Payables payment period

499,300 x 365days

3,536,685

=52days

e) Inventory turnover period

1,317,958 x 365days

3,536,685

=136days

f) Receivable turn over

5,057,374

525,058

=9times

g) Payables turnover

3,536,685

499,300

=7times

h) Inventory turnover

3,536,658

1,317,958

= 3times

PROFITABILITY RATI0

ROCE

i) 799,070 X 100

1,476,749

=54%

Gross profit margin

j) 1,520,689 X 100

3,536,685

=43%

Net profit margin

k) 440,295 x 100

3,536,685

=12%

l) Expense percentage

221,268x 100

799,070

=28%

m) Selling and distribution expenses

142,212 x 100

5,057,375

=2%

n) Administrative expenses

613,304 x 100

799,070

=76%

o) Impairment loss

85,887 x 100

5,057,375

=2%

p) Finance cost

137,507 x 100

799,070

=17%

q) Income tax expense

221,268 x 100

5,057,375

=34%

r) Selling and distribution expenses

142,212 x 100

5,057,374

=3%

s) Administrative expenses

613,304 x 100

3,536,685

=17%

SHARE HOLDERS RATIO

i) EPS

=50kobo

j) Price earnings ratio

1.47

50

=9times

k) Earning yield

50 x 100

1.47

=34%

l) Net asset per share

2,836,262-104,356

1,435,802

=₦1.9

m) Dividend per share

=18kobo

n) Dividend pay-out

18 x 100

50

=36%

o) Dividend yield

18 x 100

1.47

=12%

p) Dividend cover

50

18

=3times

LONG TERM SOLVENCY RATIO

t) Gearing ratio

177,457

1,299,292

=0.13

u) Total debt to share holders

177,457+1,359,513

1,299,292

=1.18

v) Fixed interest covered

799,070

137,507

=5.8

THE RATIO COMPUTATION FOR BETA GLASS PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

₦

a) Current ratio\

28,550,830

13,723,312

=208:1

b) Acid test ratio

$\frac{28,550,830-6,239,740}{13,723,312}$

=1.63:1

c) Receivable collection period

$\frac{13,438,292}{26,321,014}$ x 365days

=186days

d) Payables payment period

$\frac{11,598,037}{19,940,375}$ x 365days

=212days

e) Inventory turnover period

$\frac{6,239,740}{19,940,375}$ x 365days

=114days

f) Receivable turn over

$\frac{26,321,014}{13,438,292}$

=1.9times

g) Payables turnover

$\frac{19,940,375}{11,598,037}$

=1.7times

h) Inventory turnover

$$\frac{19,940,375}{6,239,740}$$

= 3.1times

PROFITABILITY RATI0

ROCE

i) $\frac{7,188,181}{32,356,317}$ X 100

=22%

Gross profit margin

j) $\frac{6,380,639}{19,940,375}$ X 100

=30%

Net profit margin

k) $\frac{5,502,805}{19,940,375}$x 100

=25%

l) Expense percentage

$\frac{839,368}{5,839,657}$ x 100

=14%

m) Selling and distribution expenses

$\frac{81,161}{19,940,375} \times 100$

=0.4%

n) Administrative expenses

$\frac{1,245,189}{5,893,657} \times 100$

=25%

o) Impairment loss

$\frac{135,430}{5,893,657} \times 100$

=2%

p) Finance cost

$\frac{243,233}{19,940,375} \times 100$

=14%

q) Income tax expense

$\frac{2,135,376}{19,940,375} \times 100$

=11%

r) Expense to sale

$\frac{839,368}{26,321,014} \times 100$

=3%

s) Selling and distribution expenses

$\frac{81,161}{19,940,375} \times 100$

=0.4%

t) Administrative expenses

$\frac{1,245,189}{26,321,041} \times 100$

=19%

SHARE HOLDERS RATIO

a) EPS

=10.11kobo

b) Price earnings ratio

$\frac{53.8}{10.11}$

=5 times

c) Earning yield

$\frac{10.11}{53.8} \times 100$

=0.18%

d) Net asset per share

$\frac{46,079,629-312,847}{499,972}$

=₦91

e) Dividend per share

=1.07

f) Dividend pay-out

1.07 x 100

10.11

=11%

g) Dividend yield

1.07 x 100

53.8

=1.9%

h) Dividend cover

10.11

1.07

=9times

LONG TERM SOLVENCY RATIO

i) Gearing ratio

3,389

29,627,573

=1.14

j) Total debt to share holders

2,728,744+13,723,312

29,627,573

=0.55

k) Fixed interest covered

7,188,181

1,405,030

=5.11

INTERPRETATION AND COMPARISON FOR INDUSTRIAL SECTOR

1) Current ratio: Based on the above computation of the current ratio Beta glass has a better chance of settling its current liabilities than Cutix plc.
2) Acid test ratio: they both performed well under this ratio since they met the rule of 1:1, therefore both Cutix plc and Beta glass have the ability to meet their short term debt.
3) Receivable collection period: Based on the above ratio computation Cutix plc has a shorter receivable collection period, while Beta glass is longer. This simply shows that Cutix plc collects from their debtors just in time to settle their payables.
4) Payables payment period: from the computation of this ratio it shows that Cutix plc collects its receivables in time to settle it payables, while Beta glass does not collect its receivables in time to settle its payables.
5) Inventory turnover: based on the above computation Beta glass has a lower inventory turnover and will therefore be able to sell out at a shorter period.
6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, Cutix plc performed better than Beta glass since its higher, and the higher the better.
7) Payables turn over: this measures the number of times payables are turned over in a period. The above computation indicates that Beta glass is better, since its lower and the lower the better.
8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. Cutix plc. Is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to Beta glass.
9) ROCE: this ratio measures the profitability of a business. This therefore indicates

that Cutix plc is more profitable because it has a higher return on capital employed.

10) Gross profit margin: this ratio shows the average gross profit as a percentage of goods sold. From the above computation Cutix plc has a better percentage than Beta glass.

11) Net profit margin: this measures the profitability of a business after taking into account all income and expenses for the period in question. From the above computation Beta glass has a better net profit as a percentage to sales.

12) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis Cutix plc has a better eps ratio than Beta glass.

13) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, Beta glass is better since it takes lesser time to recoup its shareholders investment.

14) Earning yield: Cutix plc has a better earning yield than Beta glass and therefore their shareholders are able to recoup a higher investment.

15) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share in issue. Therefore Beta glass has a better ratio than Cutix plc.

16) Dividend per share: from the above computation Cutix plc did better since it has the higest dps ratio.

17) Dividend pay-out ratio: from the computation above Cutix plc. Has a higher dividend pay-out ratio than Beta glass. This indicates that the shareholders from Cutix plc. Get high pay in form of dividend as compared to Beta glass.

18) Dividend yield: this ratio measures the actual return on shareholders' investment. Therefore, based on the above computation cutix plc. Is better since it's higher than Beta glass.

19) Dividend cover: Beta glass has a higher dividend cover and is therefore better than Cutix plc.

20) Gearing ratio: Beta glass is highly geared which is a disadvantage to them, Cutix plc on the other hand is lowly geared which makes it better than Beta glass for that year.

21) Total debt to equity: based on the above computation Beta glass is better due to its low ratio which indicates that the company is stable while Cutix plc. has a higher chance of liquidation.

22) Fixed interest cover: this ratio measures the number of times fixed interest is covered by profit. Therefore, both Cutix plc and Beta glass have a good chance at obtaiing loan from lenders.

FINANCIAL SECTOR

RATIO COMPUTATION OF ECO BANK PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

₦

a) Current ratio\

8,191,180,711

7,520,990,240

=1.18:1

b) Acid test ratio

8,191,180,711-2,797,417

7,520,990,240

=1.08:1

PROFITABILITY RATI0

ROCE

c) 218,360,082 X 100

1,840,272

=118%

d) Capital employed

22,492,121-20,651,849

=1,840,272

e) Income tax expense

=112,831

SHARE HOLDERS RATIO

a) EPS

=1.06kobo

b) Price earnings ratio

$\frac{7.05}{1.06}$

=7 times

c) Earning yield

$\frac{1.06}{7.05} \times 100$

=15%

d) Net asset per share

$\frac{22,582,196}{2,113,957}$

=₦10

e) Dividend per share

=61.5kobo

f) Dividend pay-out

$\frac{61.5}{1.06} \times 100$

=58%

g) Dividend yield

$\frac{61.5}{7.05} \times 100$

=8%

h) Dividend cover

1.06

61.5

=0.02times

LONG TERM SOLVENCY RATIO

i) Gearing ratio

702,404

1,812,491

=0.38

j) Total debt to share holders

275,539+20,651,849

1,812,491

=11.5

k) Fixed interest covered

435,977

1,528,410

=0.28

THE RATIO COMPUTATION FOR ASSESS BANK PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

LIQUIDITY RATIO

a) Current ratio\

3,955,872,785

3,527,314,852

=1.12:1

b) Acid test ratio

3,955,872,785-1,681,761,862

3,527,314,852

=0.64:1

PROFITABILITY RATI0

ROCE

c) 75,248,146 X 100

440,799,757

=17%

d) Capital employed

3,968,114,609-3,527,314,852

=440,799,757

e) Income tax expense

=1,651,851

SHARE HOLDERS RATIO

f) EPS

=331kobo

g) Price earnings ratio

10.05

331

=0.03times

h) Earning yield

331 x 100

10.05

=32%

i) Net asset per share

3,968,114,609

212,438,802

=₦18

j) Dividend per share

=25.0kobo

k) Dividend pay-out

25.0 x 100

331

=7%

l) Dividend yield

25.0 x 100

10.05

=248%

m) Dividend cover

331

25.0

=13times

LONG TERM SOLVENCY RATIO

n) Gearing ratio

251,251,383

440,799,757

=0.56

o) Total debt to share holders

7,870,360+ 3,527,314,852

440,799,757

=8

p) Fixed interest covered

75,248,146

128,216,746

=0.58

THE RATIO COMPUTATION AND INTERPRETATION FOR THE FINANCIAL SECTOR:

1) Current ratio: based on the above computation both Eco bank and assess bank plc are able to settle their current liabilities.
2) Acid test ratio: Eco bank performed better under this ratio as opposed to Assess bank, therefore, eco bank can easily settle its short term debts.
3) ROCE: this ratio measures the profitability of a business. This therefore indicates that Eco bank is more profitable because it has a higher return on capital employed.
4) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis Assess bank has a better eps ratio than Eco bank.

5) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, Assess bank is better since it takes lesser time to recoup its shareholders investment, while Eco bank take a longer time.

6) Earning yield: Assess bank has a better earning yield than Eco bank and therefore their shareholders are able to recoup a higher investment.

7) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share in issue. Therefore Assess bank has a better ratio than Eco bank.

8) Dividend per share: from the above computation eco bank is better because it has a higher dps ratio than assess bank.

9) Dividend pay-out ratio: from the computation above Eco bank has a higher dividend pay-out ratio than Mobil Assess bank. This indicates that the shareholders from Eco bank get high pay in form of dividend as compared to Assess bank.

10) Dividend yield: this ratio measures the actual return on shareholders' investment. Therefore, based on the above computation Assess bank is better since it has a higher dividend yield as compared to Eco bank.

11) Dividend cover: Assess bank has a higher dividend cover and is therefore better than Eco bank.

12) Gearing ratio: they both have a lowly geared ratio since they are less than 1 which is good for the companies.

13) Total debt to equity: based on the above computation both Assess bank and Eco bank are highly geared and are therefore likely to be solvent.

14) Fixed interest cover: this ratio measures the number of times fixed interest is covered by profit. Therefore, both Eco bank and assess bank have a good chance at obtaining loan from their lenders.

HEALTH SECTOR

THE RATIO COMPUTATION OF EKO CORP PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

₦,000

LIQUIDITY RATIO

a) Current ratio

$\frac{278,129}{1,499,792}$

=0.18:1

b) Acid test ratio

$\frac{278,129-50,367}{1,499,792}$

=0.15:1

c) Receivable collection period

$\frac{212,842}{1,472,720}$ x 365days

=53days

d) Payables payment period

1,258,913 x 365days

1,289,095

=357days

e) Inventory turnover period

39,442.5 x 365days

1,289,095

=11days

f) Receivable turn over

1,427,720

212,842

=7times

g) Payables turnover

1,289,095

1,285,095

=1.0times

h) Inventory turnover

1,289,095

39,422.5

= 32.7times

PROFITABILITY RATI0

ROCE

i) (328,468) x 100

3,154,672

=10%

Gross profit margin

j) 183,625X 100

1,472,720

=13%

Net profit margin

k) (328,468)x 100

1,472,720

= (22%)

SHARE HOLDERS RATIO

a) EPS

=65.88kobo

b) Price earnings ratio

4.07

65.88

=6times

c) Earning yield

65.88 x 100

4.07

=16%

d) Net asset per share

3,154,672-0

498,601

=₦6

e) Dividend per share

249,301

498,601

=₦6

f) Dividend pay out

50 x 100

(66)

=(75%)

g) Dividend yield

0.5 x 100

4.07

=12%

h) Dividend covered

66

50

=1.3times

LONG TERM SOLVENCY RATIO

i) Gearing ratio

1,298,611

3,154,672

=0.41

j) Total debt to share holders

2,798,403

3,154,672

=0.88

THE RATIO COMPUTATION OF GLASKO SMITH PLC STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS

₦, 000

LIQUIDITY RATIO

a) Current ratio\

13,338,313

6,941,940

=1.92:1

b) Acid test ratio

13,338,313-3,938,707

6,941,940

=1.35:1

c) Receivable collection period

5,240,325 x 365days

18,411,475

=104days

d) Payables payment period

6,434,732 x 365days

11,654,657

=202days

e) Inventory turnover period

$\frac{3,653,566.5 \times 365\text{days}}{11,654,657}$

=114days

f) Receivable turn over

$\frac{18,411,475}{5,240,325}$

=3.5times

g) Payables turnover

$\frac{11,654,657}{6,434,732}$

=1.8times

h) Inventory turnover

$\frac{11,654,657}{3,653,566.5}$

= 3times

PROFITABILITY RATI0

ROCE

i) $\frac{618,389}{8,651,191} \times 100$

=7%

Gross profit margin

j) $\frac{6,756,778}{} \times 100$

18,411,475

=36.7%

Net profit margin

k) 1,160,824 x 100

18,411,475

= 6.3%

SHARE HOLDERS RATIO

l) EPS

=52kobo

m) Price earnings ratio

6.3

52

=12times

n) Earning yield

52 x 100

6.3

=8%

o) Net asset per share

3,154,672-0

249,300

=₦12.65

p) Dividend per share

597,938

1,195,876

=₦0.5

q) Dividend pay out

$\frac{50}{52} \times 100$

=96%

r) Dividend yield

$\frac{0.5}{6.3} \times 100$

=8%

s) Dividend covered

$\frac{52}{50}$

=1 time

LONG TERM SOLVENCY RATIO

t) Gearing ratio

$\frac{1,298,611}{3,154,672}$

=0.41

u) Total debt to share holders

$\frac{2,798,403}{3,154,672}$

=0.88

THE RATIO COMPUTATION AND INTERPRETATION FOR THE HEALTH SECTOR.

1) Current ratio: Based on the above computation of the current ratio GSK has a better chance of settling its current liabilities than Ekocorp, since GSK its ratio was above the industrial average.

2) Acid test ratio: if the inventory from the current asset of Ekocorp is taken out they may find it difficult to meet their short term liabilities, while GSK performed better because their ratio abides by the rule of 1:1.

3) Receivable collection period: Based on the above ratio computation Eko corp has a shorter receivable collection period, while GSK is longer. This simply shows that Ekocorp collects from their debtors just in time to settle their payables.

4) Payables payment period: from the computation of this ratio it shows that Eko corp collects its recievables in time to settle it payables, while GSK does not collect its recievables in time to settle its payables.

5) Inventory turnover: based on the above computation Ekocorp has a lower inventory turnover and will therefore be able to sell out at a shorter period.

6) Receivable turnover: this indicates the number of times it takes receivable to turnover during a period. Therefore, Ekocorp performed better than GSK since its higher, and the higher the better.

7) Payables turn over: this measures the number of times payables are turned over in a period. The above computation indicates that Ekocorp is better, since its lower and the lower the better.

8) Inventory turnover: this ratio measures the physical turnover of inventory, from the moment they are purchased to the point they are sold. Ekocorp is better because it has a higher inventory turnover. This means that he sells goods at a faster pace as compared to GSK.

9) ROCE: this ratio measures the profitability of a business. This therefore indicates that Ekocorp is more profitable because it has a higher return on capital employed.

10) Gross profit margin: this ratio shows the average gross profit as a percentage of goods sold. From the above computation GSK has a better percentage than Ekocorp.

11) Net profit margin: this measures the profitability of a business after taking into account all income and expenses for the period in question. From the above computation Ekocorp has a better net profit as a percentage to sales.

12) Earnings per share: this ratio measures the amount of PAT and preference dividend attributable to each ordinary shares. Therefore, from the analysis Ekocorp has a better eps ratio than GSK.

13) Price earnings ratio: this ratio measures the number of years it takes to recoup its shareholders investment. Therefore, Ekocorp is better since it takes lesser time to recoup its shareholders investment.

14) Earning yield: Ekocorp has a better earning yield than GSK and therefore their shareholders are able to recoup a higher investment.

15) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share in issue. Therefore GSK has a better ratio than Ekocorp.

16) Dividend per share: they both perform equally well in this ratio.

17) Dividend pay-out ratio: from the computation above GSK has a higher dividend pay-out ratio than Ekocorp. This indicates that the shareholders from GSK get a high pay in form of dividend as compared to Beta glass.

18) Dividend yield: this ratio measures the actual return on shareholders' investment. Therefore, based on the above computation Ekocorp Is better since it's higher than GSK.

19) Dividend cover: Ekocorp has a higher dividend cover and is therefore better than GSK.

20) Gearing ratio: they both performed well under this ratio but GSK performed better than Ekocorp.

21) Total debt to equity: based on the above computation GSK is better due to its low ratio which indicates that the company is stable while Ekocorp has a higher chance of liquidation.