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TITLE OF TERM PAPER: ACCOUNTING RATIOS

NAME OF COMPANIES ANALYZED:

Consumer services: Capital hotels plc and Transcorp hotels plc (2018)

Consumer goods: Honeywell flour mill plc and Nigerian breweries (2017)

Oil and gas: Mobil oil plc and Oando oil plc (2018)

Basic materials: CAP plc (2017) and Bocgas plc (2018)

Industrial: Beta glass plc and Cutix plc (2018)

Health services: May and baker plc and Glaxosmith plc (2018)

Telecommunications: Omatek ventures and E-tranzact plc 2018

Banking: Zenith bank and sterling bank 2018

RATIO ANALYSIS FOR BASIC MATERIALS::

CAP PLC FOR THE YEAR ENDED 2017.

1. Short- term solvency and liquidity ratios:
* Current ratio: current assets

 Current liabilities

 = 4263484

 2671721

 = 1.5:1

The company has enough enough liquid assets to cover its short term liabilities and debts the business has ~~N~~1.50k of current assets for every ~~N~~1 of current liabilities

* Quick asset ratio: current assets- inventory

 Current liabilities

 =4263484-1187405

 2671721

 = 1.15:1

The company has enough quick assets to pay for its current liabilities

* Receivables collection period: average trade receivables x365

 Credit sales

 Average trade receivables = 110700+627520

 2

=369110 x100

 7113950

= 19 days

It takes the company 19 days on average to collect accounts receivable.

* Payables payment period: average trade payables x 365

 Credit purchases

Average trade payables = 1130834 + 1176078

 2

=1153456 x 365

 3863985

= 109 days

It takes the company 109 days to pay off credit purchases

* Inventory turnover period: average inventory x 365

 Cost of sales

Average inventory = 1187405+ 933886

 2

= 1060645.5 x 365

 3863985

= 100 days

The company has an average number of 100 days to keep inventory stock before it is sold

* Receivables turnover ratio:

Credit sales

Average receivables

 = 7113950

 369110

 = 19.2 = 19 times

The company can turn its account receivables 19 times into cash during the accounting period

* Payables turnover:

Credit purchases

Average trade payables

= 3863985

 1153456

= 3.34. ~ 3 times

The company pays off all of it creditors and suppliers 3 times during the accounting period

* Inventory turnover:

Cost of sales

Average inventory

= 3863985

 1060645.5

=3.6 ~ 4 times

The company sold inventory approximately 4 times during the accounting period

1. Efficiency/ profitability ratios:
* Return on capital employed:

Profit (EBIT)

Capital employed

Capital employed = total assets-current liabilities

= 5013990-2671721

=2342269

= 2181711

 2342269

=0.93 ~ 1

The company has a low Roce therefore there is no efficient use of capital

* Gross profit percentage:

Gross profit x 100

Sales

= 3249965 x 100

 7113950

= 45.6% ~ 46%

The company has a high gross profit margin of revenue that exceeds cost of goods sold in the accounting period

* Net profit percentage:

Net profit x 100

Sales

= 1498730 x 100

 7113950

= 21.0%

The company has a high net profit margin therefore the company’s net income is high with total sales achieved

* Expenses percentage

Individual expenses x 100

Total expenses

Total expenses = 2055530

For selling and distribution expenses =

301225 x 100

2055530

= 14.6% ~ 15%

For administrative expenses = 1050656 x 100

 2055530

=51.1%

The company has a high administrative expense percentage

For finance cost = 20668 x 100

 2055530

=1.00%

The company has a low finance cost expense percentage

For income tax expenses = 682981 x 100

 2055530

=33.2%

The company has a low income tax expense percentage percentage

* Expenses to sales :

Individual expenses x 100

Sales

For selling and distribution expenses =

 301225 x 100

7113950

= 4.23%

The company has a low ratio which indicates higher profitability

For administrative expenses =

1050656 x 100

7113950

= 14.76%

The company has a low administrative expenses ratio which shows higher profitability

For finance cost=

20668 x 100

7113950

= 0.29%

The company has a low finance cost percentage which shows higher profitability

For income tax expenses =

682981 x 100

7113950

= 9.60%

The company has a low income tax expenses which shows higher profitability

1. Investors/ shareholders ratio:
* Earnings per share:

Profit after tax- preference dividend

Number of ordinary shares issued

= 1498730- 0

 700000

=~~N~~ 2.14k

The company has a low earnings per share rate which indicates a low profitability rate

* Price earning ratio =

MPS

EPS

= 34.00

 2.14

15.8 times ~ 16

The company has a high price earnings ratio which shows the investors will be willing to pay a higher share price

* Earnings yield:

Earnings per share

Market price per share

= 2.14

 34. 00

= 0.062

The company has a low earnings yield which indicates the lesser in value an investment is to shareholders

* Net assets per share:

Net assets- preference share capital

Number of ordinary shares issued

= 5013990 – 0

 700000

~~N~~ 7.16k

The company has a high net assets per share scheme showing a good outcome from investments

* Dividend per share :

Gross dividend

Number of ordinary shares issued

1540000

700000

~~N~~2

The company has a good dividend per share rate which indicates good payout

* Dividend payout ratio:

DPS X 100

EPS

2 x 100

2.14

93.4%

The company has a high dividend payout ratio showing a good/high net income

* Dividend yield

Dps X 100

MPS

2 x 100

34.00

5.88%

The company has an ideal dividend yield percentage which shows earnings growth

1. Long term solvency ratio
* Gearing ratio:

Debt

Equity

2771770

2242220

1.23

The company is highly geared and isn’t at risk with investments

* Total debt to shareholders funds:

Non current liabilities + current liabilities

Equity

4263484+26711721

2242220

1.23

The company has a low debt to shareholders fund ratio which shows their interests are best protected in an event of business decline

RATIO ANALYSIS FOR BOCGAS PLC FOR THE YEAR ENDED 2017:

1. Short term solvency ratios:

Current ratio:

* Current assets

Current liabilities

=26334166

 9042950

=2.91:1

The company has an acceptable current ratio which shows the business has 2 times more current assets than liabilities to cover its debts

* Quick asset ratio:

Current assets- inventory

Current liabilities

26334166-5025216

9042950

=2.35:1

The company has enough quick assets to pay for its liabilities in the accounting period

* Receivables collection period:

Average trade receivables x 365

Credit sales

Average trade receivables =

14377983 + 10392071

 2

= 12385027 X 365

 22186258

= 203 days

The company has 203 days to collect account receivables during the accounting period

* Payables payment period:

Average trade payables x 365

Credit purchases

Average trade payables =

5282427+5348226

 2

5315326.5 x 365

16938395

=114.5 ~ 115 days

The company has 115 days to pay off credit purchases

* Inventory turnover period:

Average inventory x 365

Cost of sales

4617942 x 365

16938395

=99.5 ~ 96 times

The company has a high inventory turnover which means the company is selling goods fast

* Receivables turnover:

Credit sales

Average receivables

22186258

12385027

* 1. ~ 2times

The business can turn its accounts receivables into cash equivalents 2 times during the accounting period

* Payables turnover :

Credit purchases

Average trade payables

16938395

5315326.5

=3.18~ 3times

The company paid off all its creditors 3 times in one year

* Inventory turnover:

Cost of sales

Average inventory

16938395

4617942

=3.6 ~ 4 times

The company has a good inventory turnover rate and it shows the business sold the entire inventory 4 times during the accounting period

1. Efficiency/ profitability ratios:

ROCE:

Profit (EBIT)

Capital employed

5854740

25145117

=0.23

The company has a high RoCe rate which shows increased profitability on the efficiency of the capital used during the accounting period

* Gross profit margin:

Gross profit x 100

Sales

5247863 x 100

22186258

= 23.6%

The company has a high gross profit margin which shows that the company can make a reasonable profit on sales

* Net profit margin:

Net profit x 100

Sales

4115142 x 100

22186258

= 18.5%

The company has a high net profit margin which shows that the company is more efficient in converting sales into actual profit

* Expenses percentage:

Individual expense x100

Total expenses

For selling and distribution expenses =

97792 x 100

3356781

=2.9%

The company has a low selling and distribution expenses percentage

 For administrative expenses =

1393130 x100

3356781

=41.5%

The company has a high administrative expenses percentage

For finance cost=

126261 x100

3356781

= 3.7%

The company has a low finance cost expense percentage

For income tax expenses =

1739598 x 100

3356781

=51.8%

* Expenses to sales:

Individual expenses x100

Sales

For selling and distribution expenses =

97792 x 100

22186258

0.44%

The company has a low selling and distribution expenses

For administrative expenses =

1393130 x100

22186258

= 6.27%

The company has a low administrative expenses percentage

For finance cost expense =

126261 x 100

22186258

0.56%

ANALYSIS OF ACCOUNTING RATIOS FOR CONSUMER SERVICES:

CAPITAL HOTELS PLC 2018. TRANSCORP HOTELS PLC

 2018

1. Efficiency/profitability ratios :
* Current ratio:

Current assets

Current liabilities

5698295. 5722247

2630478. 19621972

2.1:1 0.29:1

Capotal hotels has a more acceptable current ratio and it has 2 times more current assets than liabilities to cover its debts

* Quick assets ratio:

Current assets-inventory

Current liabilities

5698295-141990. 5195396

2630478. 19621972

2.1:1. 0.26:1

 Capital hotels has a higher quick assets ratio which shows that the business can pay its current liabilities without needing to sell its inventory or needing extra financing unlike Transcorp hotels plc which may struggle with payment of debts

* Receivables collection period:

Average trade receivables x 365

Credit sales

1617967 x365. 3059218.5 x365

5977436. 16475720

98.7 ~ 99 days 67.7~ 68 days

It takes capital hotels 99 days to collect account receivables while it takes Transcorp hotels a shorter period to collect account receivables during the accounting period

* Payables payment period:

Average trade payables x 365

Credit purchases

2156609.5 x365. 5735318.5 x 365

4869732. 4233787

161.6~162 days. 494 days

It takes Transcorp hotels a longer period to pay off credit purchases during the accounting period period

Inventory turnover period:

Average inventory x365

Cost of sales

 196609.5 x365. 596500.5 x365

4869732. 4223787

14.7~ 15 times 51 times

Transcorp hotel has a higher inventory turnover than capital hotels which typically means the company is selling goods very quickly

* Receivables turnover

Credit sales

Average receivables

5977436. 16475720

1617967. 3059218.5

3.69~ 4 times 5times

Tran Corp hotel has a higher receivables turnover which means it was ale to turn its account receivables to cash faster than capital hotel

* Payables turnover:

Credit purchases

Average trade payables

4869732. 4233787

2156609.5. 5735318.5

2.2~ 2 times. 0.73~ 1 time

Capital hotels has a higher rate of payables turnover which means it paid all its creditors twice in the accounting period

* Inventory turnover:

Cost of sales

Average inventory

= 4869731. 4233787

 196609.5. 596500.5

24.7. 7.09

Capital hotels has a higher inventory turnover than transcorp hotels which means they sold their entire inventory 25 times during the accounting period

* ROCE:

Profit(EBIT)

Capital employed

Capital employed =

Total assets-current liabilities

=507781. 5187367

 7446341. 89163718

0.068. 0.058

Capital hotels has a higher roce percentage therefore it is generating a higher profitfrom the utilization of capital

* Gross profit margin:

Gross profit x100

Sales

= 1177704x 100. 12241933 x 100

 5977436. 16475720

=18.53%. 74.3%

Transcorp hotels has a way higher gross profit margin than Capital hotels which shows that the business can make reasonable profit on sales but Capital hotels percentage is still acceptable

* Net profit percentage:

Net profit x100

Sales

=379946 x100. 3876300x 100

 5977436. 16475720

=6.3%. 23.5%

Capital hotels has a low net profit percentage while transcorp hotels has a higher percentage which shows that Transcorp is more efficient in converting sales into actual profits

* Expenses percentage:

Individual expenses x100

Total expenses

 For administrative expenses = 721477 x100. 7835534 x100

 849312. 9146601

=84.9%. =85.6%

Transcorp has a higher administrative expenses percentage to capital hotels

For income tax expenses = 127835 x100. 1311067 x 100

 849312. 9146601

=15%. = 14.3%

Capital hotels has a higher income tax expenses percentage to transcorp hotels

* Expenses to sales:

Individual expenses x100

Sales

For administrative expenses =

721477 x100. 7835534 x100

5977436. 16475720

12%. 47.5%

Transcorp hotel has a higher administrative expenses percentage to capital hotels

For Income tax expenses =

127835 x100. 1311067 x100

5977436. 16475720

2%. 7.9% ~8%

Transcorp hotels has a higher income tax expenses percentage to capital hotels

* Earnings per share:

P.A.T -preference dividend

Number of ordinary shares issued

=379946-0. 3876300-0

1548780. 7600403900

0.24k. ~~N~~5.1

Transcorp hotels has a higher Earnings ratio showing that the investors are willing to pay a higher share price unlike capital hotels

* Price earnings ratio:

MPS

EPS

3.10. 6.10

0.24. 5.1

 =12.9. 1.19

Capital hotels has a higher price earnings ratio which shows that investors will pay higher to invest in the business

* Earnings yield:

EPS

MPS

0.24. 5.1

3.10. 6.10

0.07. 0.83

Transcorp hotels has a higher earnings yield to capital hotels which show investors will have a more valuable output in investing in Transcorp

* Net assets per share:

Net assets-preference share capital

Number of ordinary shares issued

10076819-0. 108785690-0

1548780. 7600403900

6.50. 14.3

Transcorp hotels has a higher net assets percentage to capital hotels which shows that the business scheme investments are doing well

* Dividend per share:

Gross dividend

Number of ordinary shares issued

77439 1140061.

1548780 7600403900

0.05 0.15

Transcorp hotels has a higher dividend per share rate to capital hotels

* Dividend payout ratio

DPS x 100

EPS

0.05 x 100. 0.15 x100

0.24. 5.1

20.8%. 2.9%

Capital hotels has a higher dividend payout percentage to transcorp hotels therefore a higher dividend is allocated to shareholders in Capital hotels

* Dividend yield:

Dps x100

MPS

0.05 x100. 0.15 x100

3.10. 6.10

1.6%. 2.4%

Transcorp hotels has a higher dividend yield percentage than capital hotels

* Dividend cover

EPS

DPS

0.24 5.1

0.05. 0.15

4.8.~ 5 times 34 times

Dividend is covered by distributable earnings 34 times in transcorp hotels while capital hotels has a lower dividend cover

* Gearing ratio:

Debt

Equity

3659836. 51148162

6416983. 57637528

0.57. 0.88

Transcorp hotels has a higher gearing ratio which shows that the business has a high proportion of debt to equity capital hotels also has a higher gearing rate

* Total debts to shareholders fund:

Non current liabilities +current liabilities

Equity

1029358+2630478. 51148162

6410933. 57637528

0.57. 0.88

Capital hotels has a lower debt to shareholders fund to Transcorp hotels which is more advisable so as to protect the interests of shareholders Incase of business decline

ANALYSIS OF ACCOUNTING RATIOS FOR OIL AND GAS SECTOR:

Mobil oil plc for the year 2017 Oando oil plc for the year 2018

1. Short term solvency ratios:
* Current ratio:

Current assets

Current liabilities

34183632 164402215

19327761. 227409609

* 1. ~. 0.7~

2:1. 1.7:1

Both companies have an acceptable current ratio which shows that both businesses has 2 times more current assets than liabilities to cover its debts during the accounting period

* Quick asset ratio:

Current assets-inventory

Current liabilities

34183632-17918599. 164402215-2651991

19327761. 227409609

=0.84. 0.60

Both companies have an acceptable quick asset rate which means that both Mobil and Oando plc have enough quick assets to pay for its current liabilities

* Receivables collection period:

Average trade receivables x 365

Credit sales

Average trade receivables =

11513890+11991262/2 135177498+141588922 / 2

11752576 x365. 138383210 x 365

164609535 488518160

26 days. 103 days

It takes Mobil plc 26 days (a shorter period) on average to collect account receivables

While it takes Oando plc a longer time span

* Payables payment period:

Average trade payables x365

Credit purchases

= 13877627 x 365. 151178584 x 365

 148015916. 488938074

34.2~ 34 days 112.8 ~ 113 days

It takes Oando a longer period to pay off its credit purchases whereas it takes Mobil a short time to pay off purchases

* Inventory turnover period:

Average inventory x365

Cost of sales

12933600 x 365. 132574495.5 x 365

148015916. 488938074

31.8~32days. 9.8~10 days

Mobil plc has a higher inventory turnover period than Oando plc which shows that inventory stayed longer before being sold

* Receivables turnover:

Credit sales

Average receivables

164609535. 488518160

11752576. 138383210

14 times. 3.5. ~ 4times

Mobil has a higher receivables turnover than Oando it collected receivables turnover more times and was converted into cash

* Payables turnover:

Credit purchases

Average trade payables

148015916. 488938074

13877627. 151178584

10.6 ~ 11times 3.2. ~ 3 times

Mobil pays off supplies more times than Oando plc in the accounting period

* Inventory turnover

Cost of sales

Average inventory

148015916. 488938074

12933600. 13257495.5

11.4~11 times. 37 times

Oando has a higher inventory turnover than Mobil oil which means Oando sold its entire inventory 37 times during the accounting period

* ROCE:

Profit (EBIT)

Capital employed

Capital employed =total assets-current liabilities

13695459. 17695310

51333037. 8957099

0.26. (1.97)

Mobil has a higher Roce rate which shows that the business efficiently used its capital unlike Oando plc

* Gross profit margin:

Gross profit x100

Sales

16593619 x100. 419914 x100

164609535. 488518169

10%. (0.085%)

Mobil plc has an average gross profit margin which shows that the company can make an average profit on sales whereas Oando plc has a low/poor gross profit margin

* Net profit margin:

Net profit x100

Sales

9328935 x100. 18321877x 100

164609535. 488518160

5.66% ~6%. 3.7%~(4%)

Mobil plc has a higher net profit margin which shows that it is more efficient in converting sales into actual profit unlike Oando

* Expenses percentage:

Individual expense x100

Total expenses

For operating expenses =

28368 x100. Nil

16385147

0.17%

Mobil plc has a higher operating expenses percentage to Oando

For administrative expenses =

5024634x 100. 10939966

16385147. 29148939

30.6~31%. 37.5~38%

Oando plc has a higher administrative expenses to Mobil plc

For finance cost=

40632 x 100. 17582406 x100

16385147. 29148939

0.24%. 60%

Oando plc has a higher finance cost expense percentage to Mobil plc

For income tax expenses =

4366524 x100. 626567x100

16385147. 29148949

26.6%~27%. 2.1%

Mobil plc has a higher income tax expenses percentage to Oando plc

For selling and distribution expenses =

6924989 x100

16385147

42%. Nil

Mobil plc has a higher selling and distribution expenses percentage to Oando plc

* Expenses to sales:

Individual expenses x100

Sales

For operating expenses =

28368 x100

164609535

0.017%. Nil

Mobil plc has a higher operating expenses percentage to Oando plc

For administrative expenses =

5024634 x100. 10939966 x100

164609535. 488518160

3%. 2%

Mobil plc has a higher administrative expenses percentage to Oando plc

For finance cost =

40632 x100. 17582406 x100

164609535. 488518160

0.024%. 3.5%

Oando plc has a higher finance cost percentage to Mobil plc

For income tax expenses =

4366524x100. 626567 x100

164609535. 488518160

2.6% 0.12%

Mobil plc has a higher income tax expenses percentage to Oando plc

For selling and distribution expenses =

6924989 x100

164609535

4.20%. Nil

Mobil plc has a higher selling and distribution expenses percentage to Oando plc

* Earnings per share:

P.A.T- preference dividend

Number of ordinary shares issued

9328935-0. 19321877-0

194678. 12431412

47.9. 1.47

* Price earnings ratio:

MPS

EPS

194.60 5.00

47.9. 1.47

4.06. 3.4

Mobil has a higher p/e rate which shows that investors are willing to pay a higher share price

* Earnings yield:

EPS

MPS

47.9. 1.47

194.60. 5.00

0.24. 0.294

Both companies have an average earnings yield which shows that the scheme is valuable to investors

* Net assets per share

Net assets-preference share capital

Number of ordinary shares issued

70660798-0. 2363366708-0

194678. 12431412

362.9. 19.0

Both companies scheme investments have been faring well during the accounting period

* Dividend per share:

Gross dividend

Number of ordinary shares issued

2884762. 1650277

194678. 12431412

14.8. 0.13

Mobil plc has a higher dividend per share allocation to shareholders than Oando plc

* Dividend payout:

DPSX100

EPS

14.8 x100. 0.13 x100

47.9. 1.47

30.9%. 8.8%

Mobil plc has a higher payout ratio of dividends allocated to shareholders which can lead to more investments

* Gearing ratio:

Debt

Equity

36888023 297266276

33772775. 60899568

0.97. (4.88)

Mobil plc has a higher percentage/ is highly geared which represents high proportion of debt to equity while Oando plc is lowly geared

* Total debt to shareholders fund:

Non current assets +current liabilities

Equity

36888023. 297266276

33772775. 60899568

0.97. (4.88)

Oando has a very low debt to equity rate which is acceptable because interests of shareholders are protected

ANALYSIS OF ACCOUNTING RATIOS OF HEALTH SERVICES:

May and baker for the year ended 2018. Gloxosmith for the year ended 2018

1. Short term solvency ratios:
* Current ratio

Current assets

Current liabilities

3542877. 13338313

3123863. 6941940

1.13:1. 1.92:1

Both companies have enough current assets to pay off current liabilities and debts in the accounting period

* Quick asset ratio:

Current assets-inventory

Current liabilities

3542877- 1238994 13338313-3938707

3123863. 6941940

0.73. 1.35

Both companies have enough quick assets to pay for its current liabilities in the accounting period

* Receivables collection period:

Average trade receivable x365

Credit sales

1815702.5 x365. 6275744.5 x365

6899496. 18411475

96.05.~96 days 124.4~ 124 days

May and baker has a shorter time period to collect on average accounts receivables during the accounting period for the year

Payables payment period:

Average trade payables x365

Credit purchases

1065144 x365. 7777664 x 365

4384639. 11654697

88.6~ 89 days 243.5~244 days

May and baker has a shorter time period to pay off credit purchases during the accounting period

* Inventory turnover period:

Average inventory x 365

Cost of sales

1347345 x365. 3653566.5 x365

4384639. 11654697

112.1~112 days 114 days

* Receivables turnover:

Credit sales

Average receivables

6899496 18411475

1815702.5. 6275744.5

3.79~4times 2.93~3times

Glaxosmith plc can convert accounts receivables into cash 3 times in the accounting period while may and baker has the higher receivables turnover rate of 4 times

* Payables turnover:

Credit purchases

Average receivables

4384639. 11654697

1065144. 7777664

4.11~ 4 times 1.9~ 2 times

May and baker have a higher payables turnover which means they are able to pay off all its creditors 4 times in one year

* Inventory turnover:

Cost of sales

Average inventory

4384639. 11654697

1347345. 3653566.5

3.25 ~ 3 times 3.18 ~ 3 times

Both companies were able to sell the entire inventory in stock3 times during the accounting period

* ROCE:

Profit (EBIT)

Capital employed

127931. 1160824

5005286. 8758276

0.025. 0.132

2.5%. 13.2%

Glaxosmith has a higher ROCE percentage which means the company’s value can ultimately be returned as profit to stockholders

* Gross profit margin

Gross profit x100

Sales

2514857 x 100. 6756778 x100

6899496. 18411475

36.4% ~ 36%. 36.6% ~37%

Glaxosmith has a higher gross profit percentage which means both companies can makes reasonable profit on sales as long as it keeps overhead costs in control

* Net profit margin:

Net profit x100

Sales

93165 x100. 618389 x100

6899496. 18411475

1.35%. 3.35%

Both companies have a low net profit margin which means that they’re less likely to effectively convert sales to actual profit

* Expenses percentage:

Individual expense x100

Total expenses

For distribution,sales and marketing =

1214974 x100. 3096566 x100

2459199. 5883485

49.4%~ 49%. 52.6% ~ 53%

Glaxosmith has a higher distribution and selling expenses percentage than May and baker

 For administrative expenses =

605870 x100. 2244484 x100

2459199. 18411475

24.6% ~ 25%. 12.1% ~ 12%

May and baker has a higher administrative expenses percentage than Glaxosmith

For finance cost =

603589 x100. Nil

2459199

24.5% ~ 25%

May and baker have a higher finance cost expense percentage than Glaxosmith

For income tax expenses =

34766 x100. 542435 x 100

2459199. =1.4% 5883485= 9.2%

Glaxosmith have a higher income tax expense percentage than May and baker or the accounting period

* Expenses to sales=

Individual expenses x100

Sales

For selling and distribution expenses:

1214974 x100. 2244484 x100

6899496. 5883485

17.6% ~ 18%. 52.6% ~53%

Glaxosmith has a higher selling and distribution expenses percentage than May and baker

For administrative expenses:

605870 x100. 2244484 x100

6899496. 18411475

8.78% ~ 9%. 12.1%

Glaxosmith has a higher administrative expenses percentage than May and baker

For finance cost:

603589 x100. Nil

6899496

8.74%

May and baker have a higher finance cost expense percentage than Glaxosmith

For income tax expenses:

34766 x100. 542435 x100

6899496. 18411475

0.50%. 2.9% ~ 3%

Glaxosmith has a higher income tax expenses percentage than May and baker

* Earnings per share:

PAT-preference dividend

Number of ordinary shares issued

93165-0. 618389-0

980000. 597939

0.095. 1.03

Glaxosmith has a higher earnings per share than May and baker

* Price earnings ratio:

MPS

EPS

2.45. 14.50

0.095. 1.03

25.7. 14.07

May and baker has a higher P/E ratio which shows that investors are willing to pay a higher share price

* Earnings yield:

EPS

MPS

0.095. 1.03

2.45. 14.50

0.038 0.071

Glaxosmith has a higher earnings yield than May and baker which means it is more valuable to invest in than May and baker

* Net assets per share:

Net assets-preference share capital

Number of ordinary shares issued

8129149-0. 15700216-0

980000. 597939

8.29. 26.2

Both companies have a high net asset per share rate Which means the schemes investments have been faring well

* Dividend per share

Gross dividend

Number of ordinary shares issued

No dividend was paid. 358761

 597939

 0.59

No dividend was paid and issued to May and baker therefore Glaxosmith has a higher dividend per share rate

* Dividend payout ratio:

DPS x100

EPS

No dividend was paid. 0.59 x100

 1.03

=57.2%

* Dividend yield:

DPS

MPS

NO dividend was paid and issued 0.59 x100

 14.50

= 4.06%

* Gearing ratio:

Debt

Equity

4976598. 7049025

3152551. 8651191

* 1. 0.18

157%. 18%

May and baker is highly geared whereas Glaxosmith is lowly geared may and baker have a high proportion of debt to equity than Glaxosmith

ANALYSIS OF THE BANKING SECTOR:

Zenith bank for the year ended 2018

Short term Solvency and Liquidity Ratio

• Current ratio;

 =Current Asset

 Current Liability

 =N4,955,445

 N4,280.413

 =1.16:1

• Quick Asset ratio;

 =Current Asset - Inventory

 Current Liability

 =N4,955,445- 0

 N4,280.413

 =1.16:1

2. Efficiency and profitability Ratio

• Return On Capital Employed

 =N165,480

 675,032

 =N0.25

3. Investor’s Or Shareholders Ratio

• Earnings Per share;

​ = Profit After Tax- Preference Dividend

​No. Of Ordinary Shares Issued

 =N165,480,00000

 31,396,493,787

 =N5.27

• Price Earnings Ratio;

 =N18.65

 N5.27

 =N3.54

• Earnings Yield;

 =N5.27

 N18.65

 =0.28

• Net Asset Per Share;

​= Net Assets- Preference Share Capital

 ​ No. Of Ordinary Shares

 =N4,955,445 – N4,280,413

 31,396

 =N675,032

 31,396

 =21.5

• Dividend Per Share;

​ =Gross Dividend

 ​ No. Of Ordinary Shares

​= N87,9100

​ 31,396​

 =N2.80

• Dividend Payout Ratio;

​ = Dividend Per Share X 100

 ​ Earnings Per share

​=N2.80x 100

​ N5.27

​=53%

• Dividend Yield;

​ = Dividend Per Share X 100

 ​ Market Price Per share

 = N2.80x100

​ N18.65

​=15%

• Dividend Cover;

​ = Profit After Tax- Preference Dividend

 ​Gross Dividend

 = N165,480,000,000

​N87,910,000​

 =1.88

4. Long Term Solvency And Stability Ratio

• Gearing;

 = Debt

 Equity

​

​=N4,280,413

​ N675,032

 =N6.3

• Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability

 ​ Equity/ Shareholders Fund

​=N4,280,413

​ N675,032

 =N6

ANALYSIS OF ACCOUNTING RATIOS FOR THE TELECOMMUNICATIONS SECTOR:

Omatek ventures for the year ended 2018

Short term solvency ratios:

* Current ratio:

Current assets

Current liabilities

766000000

690300000

0.11:1

The company has a low current ratio therefore the company doesn’t have enough liquid assets to cover debts

* Quick asset ratio:

Current assets-inventory

Current liabilities

766000000-620000000

69030000000

0.02:1

The company has a a low quick asset ratio therefore it does not have enough quick assets to pay for its current liabilities

* Receivables collection period:

Average trade receivables x365

Credit sales

108000000+109000000

2

108500000 x365

18000000

2200.13

The company has a 2200 days on average to collect account receivables during the accounting period

* Inventory turnover period:

Average inventory x365

Cost of sales

597000000 x365

500000

43581

The company has a high inventory turnover rate which means there are strong sales

* Receivables turnover

Credit sales

Average receivables

18000000

108500000

0.16

* Payables turnover

Credit purchases

Average trade payables

5000000

5345500

0.93

* Inventory turnover:

Cost of sales

Average inventory

500000

597000000

8.3 ~ 8times

The company has a high inventory turnover which shows strong sales

1. Efficiency/profitability ratios
* ROCE:

Profit (EBIT)

Capital employed

1154000

2024000

0.57

* Gross profit margin:

Gross profit x100

Sales

13000000 x100

18000000

72%

The company has a high gross profit margin therefore it can make reasonable profit on sales

* Net profit margin

Net profit x100

Sales

1161000 x 100

18000000

6.45%

The company has an average net profit margin which means the company can only convert sales into actual profit on the average

* Expenses percentage

Individual expenses x100

Total expenses

For selling and distribution expenses =

2000000 x100

69106000

85.3%

For administrative expenses =

59000000 x100

69106000

85.3%

For finance cost =

1106000 x100

69106000

10.1%

For tax expenses =

700000 x100

69106000

10%

* Expenses to sales:

Individual expense x100

Sales

For selling and distribution expenses =

2000000 x100

18000000

11%

For administrative expenses =

59000000 x100

18000000

327.7%

For finance cost =

1106000 x100

18000000

6%

For income tax expenses =

7000000 x100

18000000

38.8%

3. Investors/ shareholders ratios:

* Earnings per share

Pat – preference dividend

Number of ordinary shares issued

1161000-0

2941789472

3.94

* Price earnings ratio

MPS

EPS

0.50

3.94

0.13

The company has a low price earnings rate showing that the investors are not willing to pay a higher share price

* Earnings yield :

EPS

MPs

3.94

0.50

7.88

The company has a low earnings yield therefore the investments are less valuable

* Net assets per share:

Net assets-preference share capital

Number of ordinary shares issued

4879000-0

2941789472

1.65

The company has a low net asset ratio which means scheme investments aren’t doing well enough

1. Long term solvency ratios
* Gearing ratio:

Debt

Equity

10843000

5964000

1.81

* Total debt to shareholders fund:

Non current liabilities +current liabilities

Equity

10843000

5964000

1.81

ANALYSIS OF ACCOUNTING RATIOS FOR CONSUMER GOODS SECTOR:

Honeywell flour mill for the year ended 2017. Nigerian breweries for the year ended 2017

1. Short term solvency ratios
* Current ratio:

Current assets

Current liabilities

20452446000. 87491662000

17503156000. 156698905000

1:0. 0.55:1 ~ 1:0

Both companies have enough liquid assets to cover its current liabilities and debts

* Quick asset ratio:

Current assets-inventory

Current liabilities

20452446000-10009275000. 87491662000- 42728862000

27503156000. 156698905000

0.37. 0.28

Both companies do not have enough quick assets to pay for its current liabilities in the accounting period

* Receivables collection period:

Average trade receivables x365

Credit sales

7335090500 x365. 20179068 x365

45709382. 344562517000

58.5 ~ 59 days. 21 days

Honeywell flour mill has a longer period on average to collect account receivables for the accounting period

* Payables payment period:

Average trade payables x365

Credit purchases

2805238500 x 365. 120233313.5 x365

37788322000. 201013357

27 days. 1day

Honeywell flour mill has a longer period than Nigerian breweries to pay off credit purchases for the accounting period

* Inventory turnover period:

Average inventory x365

Cost of sales

6893899500 x365. 36986782.5 x365

37788322000. 201013357000

67 times 67 times

Both companies have a high inventory turnover period which implies strong sales

* Receivables turnover

Credit sales

Average receivables

45709382000. 344562517

7335090500. 20179068

6 times. 17 times

Nigerian breweries has a longer period to collect account receivables for the accounting period

* Inventory turnover:

Cost of sales

Average inventory

37788322000. 201013357

6893899500. 36986782.5

5.48. 5.43

* ROCE=

Profit (EBIT)

Capital employed

3814599000. 46572313

27934322. 226027635

0.13. 0.20

* Gross profit margin:

Gross profit x100

Sales

7921060000 x100. 143549160 x100

45709382000. 344562517

17%. 15%

Both companies have a high gross profit margin means that both companies are efficient t converting sales into actual profit

* Net profit margin:

Net profit x100

Sales

2843520000 x100. 33009292 x100

45709382000. 344562517

6%. 10%

Nigerian breweries has a higher net profit margin than Honeywell flour mill therefore it is more efficient in converting sales into actual profit

* Expenses percentage

Individual expenses x100

Total expenses

For marketing and distribution expenses

2876600000 x100. 6689905 x100

5844139000. 112930530

49.2%. 59%

For administrative expenses

1468120000 x100. 21742533 x100

5844139000. 112930530

25%. 19%

Honeywell flour mill has a higher administrative expenses percentage than Nigerian breweries for the accounting period

For finance cost

528340000 x 100. 10726071 x100

5844139000. 112930530

9%. 9%

For income tax expenses

971079000 x100. 13563021 x100

5844139000. 344562517

17%. 4%

* Expenses to sales:

Individual expense x100

Sales

For selling and distribution expenses

2876600000 x100. 66898905 x100

45709382000. 344562517

6%. 19%

For administrative expenses

1468120000 x100. 21742533 x100

45709382000. 3445622517

3%. 6%

For finance cost

528340000 x 100. 10726071 x100

45709382000. 344562517

1.15%. 3.11%

Income tax expenses

971079000 x 100. 13563021 x100

45709382. 344562517

2%. 4%

Nigerian breweries has a higher income tax expenses percentage than Honeywell flour mill for accounting period

1. Investors/shareholders ratio
* Earnings per share :

PAT -preference dividend

Number of ordinary shares issued

33009292-0

67801163

0.48

* Price earnings ratio:

MPs

EPS

134.90

0.48

281.0

* Earnings yield:

EPS

MPs

0.48

134.90

3.55

* Net assets per share :

Net assets-preference share capital

Number of ordinary shares issued

382726540-0

67801163

5.64

Dividend per share:

Gross dividend

Number of ordinary shares issued

8028742

67801163

0.11

* Dividend payout ratio:

Dps

EPS

0.11

0.48

0.24

* Dividend yield:

Dps

MPs

0.11

134.90

8.15

* Dividend cover:

EPS

Dps

0.48

0.11

4.36

* Gearing ratio:

Debt

Equity

204575606

178150934

1.14

* Total debt to shareholders fund

Non current liabilities + current liabilities

Equity

204575606

17810934

1.14

ANALYSIS OF ACCOUNTING RATIOS OF INDUSTRIAL SECTOR:

Beta glass for the year ended 2018. Cutix plc for the year ended 2018

1. Short term solvency ratios:
* Current ratio:

Current assets

Current liabilities

28550830. 1957976

13723312. 1359513

2:1. 1.4:1

Both companies have have an acceptable/good current ratio which means that the business has 2 times more current assets than liabilities to cover its debts

* Quick asset ratio:

Current assets-inventory

Current liabilities

28550880-6239740. 1957976-1317958

13723312. 1359513

* 1. 0.47

Both companies have enough quick assets to pay for its current liabilities for the accounting period

* Receivables collection period:

Average trade receivables x365

Credit sales

13908137.5 x365. 525058+323792 x365

26321014. 5057374

193 days. 31 days

Beta glass plc has a higher period on average for the collection of accounts receivables

* Payables payment period:

Average trade payables x365

Credit purchases

84402335 x365. 407402 x365

19940375. 3536685

154 days. 42 days

Beta glass has a longer period to pay off credit purchases for the accounting period whereas cutix plc has a shorter period/span

* Inventory turnover period:

Average inventory x365

Cost of sales

5632478 x365. 1210558 x365

19940375. 3536685

103.1. 125 days

* Receivables turnover:

Credit sales

Average receivables

26321014. 5057374 x365

13908137.5. 424425

1.8. 11.9

* Payables turnover:

Credit purchases

Average trade payables

19940375. 3536685

8440233.5. 407402

* 1. 8.6
* Inventory turnover:

Cost of sales

Average inventory

19940375. 3536685

5632478. 1210558

3.54. 2.92

Both companies have a low inventory turnover which means that both companies don’t sell inventory frequently and there’s low level of demand

ROCE:

Profit (EBIT)

Capital employed

7188181. 661563

32356317. 1299292

0.22. 0.50

Both of companies have a high roce ratio which shows that capital is efficiently utilized

* Gross profit margin:

Gross profit x100

Sales

6380639 x100. 1520689 x100

26321014. 5057374

24%. 30%

Both companies have a high gross profit margin which shows that they can make a reasonable profit on sales as long as overhead costs are in control

* Net profit percentage:

Net profit margin x100

Sales

5052805 x100. 440295 x100

26321014. 5057374

19%. 9%

Cutix plc has a low net profit margin whereas beta glass plc has an average net profit margin therefore cutix is more efficient at converting sales into actual profit

* Expenses percentage:

Individual expenses x100

Total expenses

For selling and distribution expenses =

81161 x100. 142212 x100

3704959. 1114291

2%. 13%

Both companies have a low selling and distribution expenses percentage which means more profitability

For administrative expenses =

1245189 x100. 613304 x100

3704959. 1114291

34%. 55%

Both companies have a low administrative expenses percentage which means more profitability

For finance cost =

243233 x100. 137507 x100

3704959. 1114291

7%. 12%

Both companies have a low finance cost expense percentage which means more profitability

For income tax expenses =

2135376 x100. 221268 x100

3704959. 1114291

58%. 20%

Both companies have a a low income tax expense which means more profitability

* Expenses to sales:

Individual expenses x100

Sales

For selling and distribution expenses =

81161 x100. 142212 x100

26321014. 5057374

0.30% 3%

Both companies have a low selling and distribution expenses percentage which means more profitability

For administrative expenses =

1245189 x100. 613304 x100

26321014. 5057374

4.73% 12%

Both companies have a a low administrative expenses percentage which indicates more profitability

For finance cost =

243233 x100. 137507 x100

26321014. 5057374

0.92%. 3%

Both companies have a low finance cost expense percentage which indicates more profitability

For income tax expenses =

2135376 x100. 221268 x100

26321014. 5057374

8.1%. 4%

Both companies have a low income tax expense percentage which indicates more profitability

* Earnings per share:

Pat-preference dividend

Number of ordinary shares issued

5052805-0. 440295-0

499972. 880661022

10.11. 4.99

* Price earnings ratio:

Market price per share

Earnings per share

68.30. 1.64

10.11 4.99

6.75. 0.32

* Earnings yield:

Earnings per share

Market price per share

10.11. 4.99

68.30. 1.64

0.14. 3.04

* Net assets per share:

Net assets-preference share capital

Number of ordinary shares issued

29627573-0. 2836262-0

499972. 880661022

59.2. 3.22

Both companies have an average net asset per share rate which means investment schemes are faring well

* Dividend per share:

Gross dividend

No of ordinary shares

534970. 158519

499972. 880661022

1.06. 1.80

* Dividend payout ratio:

DPS X100

EPS

1.06 x 100. 1.80 x100

10.11. 4.99

10.48%. 36%

Both companies have a good dividend payout rate which means the don’t owe shareholders any payment of dividend

* Dividend yield:

DPSX100

MPS

* 1. x100. 1.80 x100

68.30. 1.64

1.55%. 109%

* Dividend cover:

EPS X100

DPS

10.11 x 100. 4.99x 100

1.06. 1.80

9.5%. 277%

* Gearing ratio:

Debt

Equity

16452056. 1536970

29627573. 1299292

0,55. 1.1

55%. 11%

Cutix plc is highly geared which means the company has a high proportion of debt to equity while beta glass is lowly geared thereby it has a low proportion of debt to equity

* Total debt to shareholders fund:

Non current liabilities +current liabilities

Equity

16452056. 1536970

29627573. 1299292

0.55. 1.1

Both companies have a low