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Matric:17/SMS02/028

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Term paper: Ratio analysis for companies listed in Nigeria’s stock exchange

**Consumer Service Sector**

|  |  |  |
| --- | --- | --- |
| Ratios | Transcorp PLC | Ikejga hotel PLC |
| **Short term solvency ratio**   * Current Ratio= Current asset/current liabilities * Acid test ratio= Current asset-inventory/current liabilities * Receivable collection period= Average receivable/Credit sales x 365 * Payable payment= Average payable / Cost of sales x 365 * Inventory turnover = Inventory/ cost of sales x 365 * Receivable turnover= Credit sales/ Average receivables * Payable turnover= Cost of sales/ Average payables * Inventory turnover=Cost of sales/ average inventory | 5,722,247/19,627,117  =0.29  5,722,247-526,851/19,627,117  =0.26  2051,882/16,475,720 x 365  =45 days  7,804,949/4,233,787 x 365  =673 days  526,851/4,233,787 x 365  =45days  16,475,720/2,051,882  =8.03times  4,233,787/7,804,949  =0.54 times  4,233,787/526,851  =8.04 times | 4,051,588/6,754,209  =0.6  4,051,588-55,333/6,754,209  =0.6  770,733/7,290,231 x 365  =39 days  1,252,102/4,670,742 x365  =98 days  55,333/4,670,742 x365  =4 days  7,290,231/770,733  =9 times  4,670,742/1,252,102  =4.3 times  4,670,742/55,333  =84.4 times |
| **Profitability Ratio**   * Gross Earning= Gross profit/sales x 100 * Expense percentage   Individual expense/ toal expense   * Administration tax * Income tax * Sales and amrketing * Expense to sales * Administration tax * Income tax * Sales and marketing * ROCE: PBT/Capital employed x 100 * Net profit margin | 12,241,933/16475720 x 100  =74%  7,835,534/9,146,601 x 100  =85.7%  1,311,067/9,146,601 x 100  =14.3%    \_  7,835,534/16,475,720 x 100  =47.6%  1,311,067/16,475,720 x 100  =7.8%  \_  5,187,367/89,158,573 x 100  =5.28%  3876,300/16,475,720 x 100  =23.53% | 2,619,489/7,290,231  =36%  983,406/1,370,229 x 100  =72%  150,239/1,370,229 x 100  =10%  236,584/1,370,229 x 100  72%  983,406/7,290,231 x100  =14%  150,239/7,290,231 x100  =2%  236,584/7,290,231 x100  =3%  827,273/17854901 x 100  =4.63%  677,034/7,290,231 x 100  =9.29% |
| **Shareholders Ratio**   * Earning per share= Profit after tax/ ordinary share capital * Net asset per share= Net asset / ordinary share capital\ * Dividend per share= dividend/ordinary share capital * Dividend payout= DPS/EPS * Dividend yield= DPS/MPS * Dividend cover   EPS/DPS   * Earning yield=   EPS/MPS X 100   * Price earning =   MPS/EPS | 3,876,300/7,600,403,900 x 100  =49(kobo)  108,785,690/7,600,403,900  =0.14(naira)  3,800,201,950/7,600,403,900  =5  49/5  =9.8  5/0.69  =7.25  5/49  =0.10  49/0.69 x 100  =7101%  0.69/49  =0.01 | 677,034/2,078,796 x 100  =33(kobo)  24,609,110/2,078,796  =11.84(naira)  1,039,398,200/2,078,796  =500  500/33  =15  500/1.04  =480.77  32.57/500  =0.07  32.57/1.04 x 100  =3131.73%  1.04/32.57  =0.03 |
| Long term solvency   * Gearing ratio   =Debt/Equity   * Debt of shareholders =   =Non-Current liabilities+ Current liabilities/Equity | 19627117/57637528  =0.34  51148162/57637528  =0.89 | 6,754,209/8,102,939  =0.83  16,505,171/8,102,939  =2.04 |

Interpretation and comparison between Transcorp and Ikeja hotel

Short term solvency

1. Current ratio: Neither of these companies met up to their current liabilities with their current asset since they both failed to meet the general rule of 2.1. Transcorp doing substantially worse than Ikeja hotel
2. Acid test ratio: Neither of these companies cannot met the requirement of 1.1 to cover their liabilities with their assets
3. Receivable collection period: In this comparison Ikeja hotel has a shorter number of days to collect debt which is being owed to them whereas Transcorp takes a lot longer to obtaun their receivables
4. Payable payment period: In this ratio it is clear that Ikeja hotel will pay up for their credit purchases in a shorter period of time than Transcorp hotel
5. Inventory turnover: According to the ratio computed above Ikeja hotel will sell out their stock faster than Transcorp will
6. Receivable turnover: This shows the number of times it takes receivables to turn over during a period. From both companies Transcorp hotel is better seeing that it is higher
7. Payable turnover: This shows the number of times it takes for payables to turnover during a period . see the ratios of both companies it is apparent that Transcorp is better since it is lower
8. Inventory turnover: This shows the number of times it will take for inventory will turnover during the financial period. From the ratio above Ikeja is better than Transcorp due to its higher figure

Profitability ratio

1. Gross profit margin: it highlights the average gross profit I the form of percentages. F rom the ratio calculated above Transcorp is better due to its higher percentage
2. Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.
3. Expense to sale:This ratio shows the sources of improvement or worsening in the net profit to sales percentage. From both companies you can see that is shows improvement due to low percentages which are shown between the two companies
4. ROCE: From the ratio it is apperant that Transcorp is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated
5. Net profit margine: This shows the profitability of the company after considering all the assets and liabilities. From the computation above it indicates that Transcorp is better due to its higher percentage

Shareholders ratio

1. Earning per share: This ratio shows the amount ofprofit and profit attributable to each ordinary share. Thus Transcorp is better because it is higher
2. Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus Ikeja hotel is better duse to the fact it came out with a higher value
3. Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Ikeja hotel is better since it has a higher DPS
4. Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Ikeja hotel has a higher DPR ratio than Transcorp hotel
5. Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Ikeja hotel is better, since it has a higher percentage of return.
6. Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis both companies have a poor dividend covered ratio since both are lower than 1
7. Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis both companies will take less than a year to regain what the shareholders invested.
8. Earning yield: This ratio shows potential return on the shareholder investment. From analysis transcorp plc performed better in this ratio than ikeja hotel.

Long term solvency

1. Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Berger paint plc has a better Gearing ratio by far since is less than 1 which means that it is lowly geared (that is has more of equity capital in relation to fixed interest capital) while CAP has a ratio greater than 1 meaning it has highly geared (that is has more of fixed interest capital to equity) which is very bad for the company.
2. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis Berger paint plc is still better due to the low ratio indicating that the company is stable while CAP ratio is not good because it means the company may run into risk in the future of liquidating

**Health Care Sector**

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| --- | --- | --- |
| Ratios | Fidson PLC | Ekocrop PLC |
| **Short term solvency ratio**   * Current Ratio= Current asset/current liabilities * Acid test ratio= Current asset-inventory/current liabilities * Receivable collection period= Average receivable/Credit sales x 365 * Payable payment= Average payable / Cost of sales x 365 * Inventory turnover = Inventory/ cost of sales x 365 * Receivable turnover= Credit sales/ Average receivables * Payable turnover= Cost of sales/ Average payables * Inventory turnover=Cost of sales/ average inventory | 7,575,483/10,535,885  =0.7  7,575,483-2,875,/10,535,885  =0.4  3,803,982/16,229,903 x365  =86 days  3,682,712/9,910,219 x 365  =136 days  3,682,7129,910,219 x 365  =106 days  16,229,903/3,803,982  4.3times  9,910,219/3,682,712  =2.7 times  9,910,219/3,682,712  =3.4 times | 278,129/1,499,792  =0.2  278,129-50,367/1,499,792  =0.2  212,842/1,472,720 x 365  =53 days  1,258,913/1,289,095 x 365  =356 days  50,367/1,289,095 x 365  =14 days  1,472,720/212,842  =6.9 times  1,289,095/1,258,913  =1.02 times  1,289,095/50,367  =25.6 times |
| **Profitability Ratio**   * Gross Earning= Gross profit/sales x 100 * Expense percentage   Individual expense/ toal expense  Administration tax  Income tax  Selling expenses  Finance cost  Operating   * Expense to sales   Administration tax  Income tax  Sales and marketing  Finance cost   * Operating expense | 97,447/16,229,903 x 100  =0.6%  2,614,355/6,703,001 x 100  =39%  258,314/6,703,001 x 100  3.9%  1,905,330/6,703,001 x 100  =28.4%  1,925,002/6,703,001 x 100  =29%  \_  2614355/16229903 x 100  =16.1%  258314/16229903 x 100  =1.6%  1905330/16229903 x 100  =11.7%  1925002/16229903 x 100  =11.9% | 183,625/1,472,720 x 100  =12.5%  \_  102,733/632,721 x 100  =16.2%  \_  11,084/632,721 x 100  =1.8%  518,904/632,721 x 100  =82%  -  102,733/1,472,720 x 100  =6.9%  11,084/1,472,720 x 100  =0.8%  518,904/1,472,720 x 100  =35.2% |
| **Shareholders Ratio**   * Earning per share= Profit after tax/ ordinary share capital * Net asset per share= Net asset / ordinary share capital\ * Dividend per share= dividend/ordinary share capital * Dividend payout= DPS/EPS * Dividend yield= DPS/MPS * Dividend cover   EPS/DPS   * Earning yield=   EPS/MPS X 100   * Price earning =   MPS/EPS | 97447/150000 x 100  =(6)(kobo)  7153781/1500000  =477  750000000/1500000  =500  500/(6)  =(83)  500/2.98  =168  6.5/500  =0.01  65/2.98 x 100  =218.12  298/6.5  =0.46 | (328,468)/249,300 x 100  =132(kobo)  3,154,672/249,300  =12.65  249,301/249,300  =1.00  1.00/131.76  =7.59  \_  131.70/1.00  =131.76  \_  \_ |
| Long term solvency   * Gearing ratio   =Debt/Equity   * Debt of shareholders   =Non-Current liabilities+ Current liabilities/Equity | 10535885/7153781  =1.47  13329544/7153781  =1.86 | 2,798,403/3,154,672  =0.89  1,499,792/3,154,672  =0.48 |

Interpretation and comparison between Fidson and Ekocrop

Short term solvency

1. Current ratio: Neither of these companies met up to their current liabilities with their current asset since they both failed to meet the general rule of 2.1. Ekocrop doing substantially worse than Fidson
2. Acid test ratio: Neither of these companies cannot met the requirement of 1.1 to cover their liabilities with their assets
3. Receivable collection period: In this comparison Ekocrop has a shorter number of days to collect debt which is being owed to them whereas Fidson takes a lot longer to obtain their receivables
4. Payable payment period: In this ratio it is clear that Fidson plc will pay up for their credit purchases in a shorter period of time than Ekocrop plc
5. Inventory turnover: According to the ratio computed above Ekocrop plc will sell out their stock faster than fidson plc will
6. Receivable turnover: This shows the number of times it takes receivables to turn over during a period. From both companies Ekocrop plc hotel is better seeing that it is higher
7. Payable turnover: This shows the number of times it takes for payables to turnover during a period . see the ratios of both companies it is apparent that Fidson plc is better since it is lower
8. Inventory turnover: This shows the number of times it will take for inventory will turnover during the financial period. From the ratio above Ekocrop plc is better than Fidson plc due to its higher figure

Profitability ratio

1. Gross profit margin: it highlights the average gross profit I the form of percentages. From the ratio calculated above Ekocrop plc is better due to its higher percentage
2. Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.
3. Expense to sale:This ratio shows the sources of improvement or worsening in the net profit to sales percentage. From both companies you can see that is shows improvement due to low percentages which are shown between the two companies
4. ROCE: From the ratio it is apperant that Transcorp is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated
5. Net profit margine: This shows the profitability of the company after considering all the assets and liabilities. From the computation above it indicates that Transcorp is better due to its higher percentage

Shareholders ratio

1. Earning per share: This ratio shows the amount of profit and profit attributable to each ordinary share. Thus Ekocrop is better because it is higher
2. Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus Fidson plc is better duse to the fact it came out with a higher value
3. Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Fidson plc is better since it has a higher DPS
4. Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Ekocrop has a higher DPR ratio than Fidson plc
5. Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Fidson is better, since it has a higher percentage of return.
6. Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis Ekocrop is higher thus better
7. Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis both companies will take less than a year to regain what the shareholders invested.
8. Earning yield: This ratio shows potential return on the shareholder investment. From analysis transcorp plc performed better in this ratio than ikeja hotel.

Long term solvency

1. Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Ekocrop plc has a better Gearing ratio by far since it is less than 1.
2. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis Ekocrop plc is still better due to the low ratio indicating that the company is stable

**Industrial Sector**

|  |  |  |
| --- | --- | --- |
| Ratios | cutix | Chams |
| **Short term solvency ratio**   * Current Ratio= Current asset/current liabilities * Acid test ratio= Current asset-inventory/current liabilities * Receivable collection period= Average receivable/Credit sales x 365 * Payable payment= Average payable / Cost of sales x 365 * Inventory turnover = Inventory/ cost of sales x 365 * Receivable turnover= Credit sales/ Average receivables * Payable turnover= Cost of sales/ Average payables * Inventory turnover=Cost of sales/ average inventory | 1957976/1359513  =1.44  1957976-1317958/1359513  =0.47  525058/5057374 x 365  =38  499300/3536685 x 365  =51  1359513/3536685 x 365  =136  5057374/525058  =9.63  3536685/499300  =7.08  3536685/1317958  =2.68 | 607,801/1,418,060  =0.41  607,801-67,648/1,478,060  =0.37  510,446/584,392 x 365  =318.81    231,856/346,230 x 365  =244.43  67,648/346,230 x 365  =71.32  584,392/510,446  =1.49  346,230/231,856  =1.49  346,230/67,648  =5.12 |
| **Profitability Ratio**   * Gross Earning= Gross profit/sales x 100 * Expense percentage   Individual expense/ toal expense   * Administration tax * Income tax * Sales and marketing * Finance cost * distribution * Expense to sales * Administration tax * Income tax * Sales and marketing * Distribution cost * Finance cost * ROCE: PBT/Capital employed * Net profit margin | 1520689/5057374 x100  =30.07%  613304/114291 x 100  =55.04  221268/114291 x 100  =19.86  \_  137507/114291 x 100  =12.34  142212/114291 x 100  =12.76  613304/5057374 x 100  =12.13  221268/5057374 x 100  =4.38  142212//5057374 x 100  =2.81  137507/5057374 x 100  =2.72  661563/1476749 x 100  =44.8  440295/5057374 x 100  =8.71 | 238,162/584,392 x 100  =40.75%  817,142/817,142 x 100  =100  817,142/584,392 x 100  =139.83 |
| **Shareholders Ratio**   * Earning per share= Profit after tax/ ordinary share capital * Net asset per share= Net asset / ordinary share capital\ * Dividend per share= dividend/ordinary share capital * Dividend payout= DPS/EPS * Dividend yield= DPS/MPS * Dividend cover   EPS/DPS   * Earning yield=   EPS/MPS X 100   * Price earning =   MPS/EPS | 440295/880661022 x 100  =0.05  1299292/880661022  =1.48  440330511/880661022  =0.5  0.5/0.005  =10  0.5/1.60  =0.31  0.05/0.5  =0.1  0.05/1.60 x 100  =3.13  1.60/0.05  =32 | 385,796/4,696,060 x 100  =8.22  3,727,899/4,696,060  =0.79  2,348,030,000/4,696,060  =0.5  8.22/0.5  =16.44  0.5/0.23  =2.17  0.5/8.22  =0.06  8.22/0.23 x 100  =3573.91  0.23/8.22  =0.03 |
| Long term solvency  • Gearing ratio  =Debt/Equity   * Debt of shareholders   Non-Current liabilities+ Current liabilities/Equity | 1536970/1299292  =1.18  1359513/1299292  =1.05 | 1,478,060/3,727,899  =0.4  1,478,060/3,727,899  =0.4 |

Interpretation and comparison between Cutix and Chams

Short term solvency

a)Current ratio: Neither of these companies met up to their current liabilities with their current asset since they both failed to meet the general rule of 2.1. Charms doing substantially worse than Cutix

b)Acid test ratio: Neither of these companies cannot met the requirement of 1.1 to cover their liabilities with their assets

c)Receivable collection period: In this comparison Cutix has a shorter number of days to collect debt which is being owed to them whereas Chams takes a lot longer to obtaun their receivables

d)Payable payment period: In this ratio it is clear that cutix will pay up for their credit purchases in a shorter period of time than Chams

e)Inventory turnover: According to the ratio computed above Chams will sell out their stock faster than Cutix will

f)Receivable turnover: This shows the number of times it takes receivables to turn over during a period. From both companies Cutix is better seeing that it is higher

g) Payable turnover: This shows the number of times it takes for payables to turnover during a period . see the ratios of both companies it is apparent that Chams is better since it is lower

h)Inventory turnover: This shows the number of times it will take for inventory will turnover during the financial period. From the ratio above Cutix is better due to its higher figure

Profitability ratio

a)Gross profit margin: it highlights the average gross profit I the form of percentages. F rom the ratio calculated above Chams is better due to its higher percentage

b)Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.

c)Expense to sale: This ratio shows the sources of improvement or worsening in the net profit to sales percentage. Cutix shows improvement due to low percentages which are shown between the two companies while Chams is much higher

d)ROCE: From the ratio it is apperant that Cutix is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated

e)Net profit margine: This shows the profitability of the company after considering all the assets and liabilities. From the computation above it indicates that Cutix is better due to its higher percentage

Shareholders ratio

a)Earning per share: This ratio shows the amount ofprofit and profit attributable to each ordinary share. Thus Chams is better because it is higher

b)Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus Cutix is better duse to the fact it came out with a higher value

c)Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Neither is better cause they share the same DPS

d)Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Chams has a higher DPR ratio than Cutix

e)Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Chams is better, since it has a higher percentage of return.

f)Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis both companies have a poor dividend covered ratio since both are lower than 1

g)Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis Cutix will take less time to regain what the shareholders invested.

h) Earning yield: This ratio shows potential return on the shareholder investment. From analysis transcorp plc performed better in this ratio than ikeja hotel.

Long term solvency

a.Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Chams plc has a better Gearing ratio by far since is less than 1 which means that it is lowly geared.

b. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis Chams plc is still better due to the low ratio indicating that the company is stable

**Oil and Gas Sector**

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| --- | --- | --- |
| Ratios | Conoil PlC | Total Nigeria |
| **Short term solvency ratio**   * Current Ratio= Current asset/current liabilities * Acid test ratio= Current asset-inventory/current liabilities * Receivable collection period= Average receivable/Credit sales x 365 * Payable payment= Average payable / Cost of sales x 365 * Inventory turnover = Inventory/ cost of sales x 365 * Receivable turnover= Credit sales/ Average receivables * Payable turnover= Cost of sales/ Average payables * Inventory turnover=Cost of sales/ average inventory | 54908451/41641699  =1.32  54908451-9141599/41641699  =1.1  30295096/122213014 X 365  =90 days  35065872/109442111 X 365  =117 days  9141599/109442111 X 365  =30 days  122213014/30295096  =4.03 times  109442111/3506587  =3.12 times  109442111/9141599  =11.97times | 89,912,403/95,984,054  =0.94  89,912,403-30,045,177/95,984,054  =0.62  52,007,770/307,987,896 x 365  =61 days  61,583,881/273,202,676 x 365  =82days  300,450,177/273,202,676 x 365  =40days  307,987,896/52,007,770  =5.92times  273,202,676/61,583,881  =4.43  273,202,676/30,045,177  =9.09 |
| **Profitability Ratio**   * Gross Earning= Gross profit/sales x 100 * Expense percentage   Individual expense/ toal expense   * Administration tax * Distribution * Income tax * Finance * Other expense * Impairment tax * Expense to sales * Administration tax * Distribution * Income tax * Finance tax * Other expenses * Impairment * ROCE: PBT/Capital employed * Net profit margin | 12770902/122213014 X 100  =10.45  6238524/10317848 x100  =60.46%  2571260/10317848 x100  =24.92%  770723/10317848 x100  =0.63%  1508064/10317848 x100  =14.6%  \_  \_  6,238,524/122,213,014 x 100  =5.10%  2,571,260/122,213,014 x 100  =2.1%  770,723/122213014 x 100  =0,06%  1,508,064/122,213,014 x 100  =1.23%  \_  2566765/19255547  =13.33  1796042/122213014 x 100  =1.47 | 19,945,070/26,424,828 x 100  =75.48%  4,470,363/26,424,828 x 100  =16.91%  -  -  1,324,883/26,424,828 x 100  =5.03  684,512/26,424,828 x 100  =2.59  19,945,070/307,987,896 x 100  =6.47%  4,470,363/307,987,896 x 100  =1.45%  -  -  1,324,883/307,987,896 x 100  =0.43  684,512/307,987,896  =0.22  12,098,463/36,536,729 x 100  =33.11  7,960,893/307,987,896 x 100  =2.58 |
| **Shareholders Ratio**   * Earning per share= Profit after tax/ ordinary share capital * Net asset per share= Net asset / ordinary share capital\ * Dividend per share= dividend/ordinary share capital * Dividend payout= DPS/EPS * Dividend yield= DPS/MPS * Dividend cover   EPS/DPS   * Earning yield=   EPS/MPS X 100   * Price earning =   MPS/EPS | 1796042/693952117 x 100  =259  1830074/693952117  =2.637  346976059/693952117  =200  200/259  =0.77  200/21.00  =9.52  259/200  =1.295  259/21 x 100  =12.33  21/259  =0.08 | 7,960,893/339,521,837 x 100  =23  30,730,888/339,521,837  =0.09  169,760,919/339,521,837  =17  17/23  =0.72  17/203  =0.08  23/17  =1.38  23.45/203 x 100  =11.55  203/23.45  =8.66 |
| Long term solvency   * Gearing   =Debt/Equity   * Debt of shareholers   Non-Current liabilities+ Current liabilities/Equity | 42596172/18301074  =2.33  41641699/18301074  =2.28 | 101,789,895/30,730,888  =0.35  95,984,054/30,730,888  =3.12 |

Interpretation and comparison between Conoil and Total Nigeria

Short term solvency

a) Current ratio: Neither of these companies met up to their current liabilities with their current asset since they both failed to meet the general rule of 2.1. however coniol plc was closer to meeting the general standard

b) Acid test ratio: Neither of these companies met the requirement of 1.1 to cover their liabilities with their assets

c) Receivable collection period: In this comparison Total Nigeria plc has a shorter number of days to collect debt which is being owed to them whereas Conoil plc takes a lot longer to obtain their receivables

d) Payable payment period: In this ratio it is clear that Total Nigeria plc will pay up for their credit purchases in a shorter period of time than Coniol plc

e) Inventory turnover: According to the ratio computed above Conoil plc will sell out their stock faster than total Nigeria plc will

f) Receivable turnover: This shows the number of times it takes receivables to turn over during a period. From both companies Total Nigeria plc is better seeing that it is higher

g) Payable turnover: This shows the number of times it takes for payables to turnover during a period . see the ratios of both companies it is apparent that Conoil is better since it is lower

h) Inventory turnover: This shows the number of times it will take for inventory will turnover during the financial period. From the ratio above Conoil is better than Total plc due to its higher figure

Profitability ratio

a) Gross profit margin: it highlights the average gross profit I the form of percentages. F rom the ratio calculated above Conoil plc is better due to its higher percentage

b) Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.

c) Expense to sale:This ratio shows the sources of improvement or worsening in the net profit to sales percentage. From both companies you can see that is shows improvement due to low percentages which are shown between the two companies

d) ROCE: From the ratio it is apperant that Total Nigeria is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated

e) Net profit margine: This shows the profitability of the company after considering all the assets and liabilities. From the computation above it indicates that Total Nigeria plc is better due to its higher percentage

Shareholders ratio

a) Earning per share: This ratio shows the amount ofprofit and profit attributable to each ordinary share. Thus conoil is better because it is higher

b) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus conoill is better due to the fact it came out with a higher value

c) Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Conoil is better since it has a higher DPS

d) Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Conoil has a higher DPR ratio than Total Nigeria hotel

e) Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis conoil is better, since it has a higher percentage of return.

f) Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis both companies have a good dividend covered ratio since both are above 1 but total Nigeria surpasses coniol

g) Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis Total Nigeria will take less than a year to regain what the shareholders invested.

h) Earning yield: This ratio shows potential return on the shareholder investment. From analysis total Nigeria plc better in this ratio than Conoil plc.

Long term solvency

a. Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Conoil plc has a better Gearing ratio by far since is less than 1

b. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysi Conoil plc is still better due to the low ratio indicating that the company is stable while Total Nigeria ratio is not good because it means the company may run into risk in the future of liquidating

**Technology Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **CWG PLC** | **CHAMS PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 9,101,267/9,678,743=0.94 | 607,801/1,478,060=0.41 |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 9,101,267-1,609,651/9,678,743  =0.77 | 607,801-67,648/1,478,060  =0.37 |
| ●Receivable Collection Period= Average Receivables/ Credit sales x 365days | 6,818,379/6,018,112 x365days  =413days | 510,446/584,392 x365days  =319days |
| ● Payables Payment Period= Average Payables/ Cost of Sales x 365days | 8,044,841/4,641,243 x365days=632days | 1,246,204/346,230 x365days=1314days |
| ● Inventory turnover Period= Average Inventory/ Cost of Sales x 365days | 1,609,651/4,641,243 x365days=127days | 67,648/346,230 x365days=71days |
| ● Receivable Turnover= Credit Sales/ Average Receivables | 6,018,112/6,818,379=0.88times | 584,392/510,446 =1.1times |
| ● Payables Turnover= Cost of Sales**/**Average payables | 4,641,243/8,044,841=0.58times | 346,230/1,246,204=0.27times |
| ● Inventory Turnover= Cost of Sales**/**Average Inventory | 4,641,243/1,609,651=3times | 346,230/67,648=5times |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100 | (1,189,251)/290,531=(4.1) | 269,440/3,727,899 =7% |
| ● Gross Profit Margin= Gross profit/Sales x 100% | 1,376,869/6,018,112 x100%=23% | 238,162/584,392 x100%=41% |
| ●Net Profit Margin= Net profit**/**Sales x100% | (1,227,565)/ 6,018,112 x100 %= (20%) | 385,796/584,392 x100%=66% |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Selling and Distribution expenses  Administration Expense  Other Expense  Foreign exchange loss  Finance Cost  Income Tax Expense | 2,906,239/2,994,748 x100%=97%  50,195/2,994,748 x100%=2%  38,314/2,994,748 x100%=1% | 817,142/817,142 x100%=100% |
| ● Expense to Sales= Individual expense/ Sales x 100%  Selling and Distribution expenses  Administration Expense  Other Expense  Foreign exchange loss  Finance Cost  Income Tax Expense | 2,906,239/6,018,112x100%=48%  50,195/6,018,112x100%=1%  38,314/6,018,112x100%=0.6% | 817,142/584,392 x 100%=139% |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | (1,227,565)/ 2,524,826 x100=(49kobo) | 385,796/4,696,060 x100=8kobo |
| ●Price Earnings Ratio= MPS/EPS | 2.54/0.49=5years | 0.36/0.08=4years |
| ●Earning Yield=EPS/MPS x 100% | (0.49)/2.54 x100 %=( 19%) | 0.08/0.36 x100%=22% |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 9,969,274/2,524,826=4 | 5,205,959/4,696,060=1 |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 1,262,413/2,524,826=50kobo | 2,348,030/4,696,060=50kobo |
| ●Dividend Payout Ratio=DPS/EPS x100% | 50/(49)x100% =(102%) | 50/8=625% |
| ● Dividend Yield=DPS/MPSX100% | 0.5/2.54 x100%=20% | 0.5/0.36 x100%=139% |
| ●Dividend Covered= EPS/DPS | 49/50=0.98times | 8/50=0.16times |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 9,685,593/283,681=34 | 1,478,060/3,727,899=0.39 |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 6,850+9,678,743/283,681=34 | 1,478,060 +0/3,727,899=0.39 |

Interpretation and comparison between CWG and Chams

Short term solvency

a) Current ratio: Neither of these companies met up to their current liabilities with their current asset since they both failed to meet the general rule of 2.1. Chams plc doing substantially worse than CWG plc

b) Acid test ratio: Neither of these companies cannot met the requirement of 1.1 to cover their liabilities with their assets

c) Receivable collection period: In this comparison Chams has a shorter number of days to collect debt which is being owed to them whereas CWG takes a lot longer to obtain their receivables

d) Payable payment period: In this ratio it is clear that Chams plc will pay up for their credit purchases in a shorter period of time than CWG plc

e) Inventory turnover: According to the ratio computed above Chams plc will sell out their stock faster than CWG plc will

f) Receivable turnover: This shows the number of times it takes receivables to turn over during a period. From both companies Chams plc hotel is better seeing that it is higher

g) Payable turnover: This shows the number of times it takes for payables to turnover during a period . see the ratios of both companies it is apparent that Chams plc is better since it is lower

h) Inventory turnover: This shows the number of times it will take for inventory will turnover during the financial period. From the ratio above Chams plc is better than CWG plc due to its higher figure

Profitability ratio

a) Gross profit margin: it highlights the average gross profit I the form of percentages. From the ratio calculated above Chams plc is better due to its higher percentage

b) Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.

c) Expense to sale:This ratio shows the sources of improvement or worsening in the net profit to sales percentage. CWG shows improvement due to low percentages while Chams are rather high indicating digression

d) ROCE: From the ratio it is apperant that Chams is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated

e) Net profit margine: This shows the profitability of the company after considering all the assets and liabilities. From the computation above it indicates that Chams is better due to its higher percentage

Shareholders ratio

a) Earning per share: This ratio shows the amount of profit and profit attributable to each ordinary share. Thus Chams is better because it is higher

b) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus CWG plc is better due to the fact it came out with a higher value

c) Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Neither is better because they both have the same DPS

d) Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Chams plc has a higher DPR ratio than CWG plc

e) Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Chams is better, since it has a higher percentage of return.

f) Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis CWG plc is higher thus better

g) Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. Chams will take less time to regain what the shareholders invested.

h) Earning yield: This ratio shows potential return on the shareholder investment. From analysis Chams plc performed better in this ratio than CWG.

Long term solvency

a. Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Chams plc has a better Gearing ratio by far since it is less than 1.

b. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis Chams plc is still better due to the low ratio indicating that the company is stable

**Finical Sector**

|  |  |  |
| --- | --- | --- |
| **Ratios/Formula** | **ZENITH BANK PLC** | **ECOBANK PLC** |
| **Short term/Liquidity Ratios**  ● Current Ratio=Current Assets/Current Liabilities | 4,955,445/4,280,413 = 1.16 | 8,191,180,711/7,520,990,240  =1.18 |
| ●Acid test ratio= Current Assets-inventory/Current Liabilities | 4,955,445-0/4,280,413 = 1.16:1 | 8,191,180,711-/7,520,990,240  =1.18:1 |
| **Efficiency/Profitability Ratios**  ● ROCE= PBIT/Capital Employed x100%  Capital Employed= Total Asset-Current Liabilities | 165,480/675,032 x100%=25% | 135,534,498/8,181,063,267 x100%=2% |
| ●Expense Percentage= Individual Expense/ Total Expense x 100%  Interest Expense  Fee and Commission Expense  Administration Expense  Impairment loss  Depreciation  Operating Expense  Income Tax Expense | 124,156/364,141x100%=34%  56,657/364,141x100%=16%  15,313/364,141x100%=4%  16,812/364,141x100%=5%  124,576/364,141x100%=34%  26,627/364,141x100%=7% | 186,105,522/670,388,369x100%=28%  19,582,970/670,388,369x100%=3%  82,044,665/670,388,369x100%=12%  349,040,572/670,388,369 x100%=52%  33,614,640/670,388,369x100%=5% |
| **Investors/Shareholder Ratios**  ●EPS= PAT-Preference dividend/ No of Ordinary Shares x 100 | 165,480/31,396 x100=527kobo | 102,168,869/30,960,263 x100=330kobo |
| ●Price Earnings Ratio= MPS/EPS | 18.65/5.27=4 | 7.05/3.3=2 |
| ●Earning Yield=EPS/MPS x 100% | 5.27/18.65 x100%=28% | 3.3/7.05 x100%=47% |
| ●Net Asset per Share=Net Asset- Preference share/ No of Ordinary Shares | 4,955,445/31,396 =158 | 8,223,984,226/30,960,263=266 |
| ●Dividend Per Share=Gross Dividend/No of Ordinary Shares | 15,698/31,396=₦0.5 | 15,480,132/30,960,263=₦0.5 |
| ●Dividend Payout Ratio=DPS/EPS x100% | 50/527 x100%=9% | 50/330 x100%=15% |
| ● Dividend Yield=DPS/MPSX100% | 0.5/18.65 x100%=3% | 0.5/7.05 x100%=7% |
| ●Dividend Covered= EPS/DPS | 527/50=11times | 330/50=7times |
| **Long Term Solvency Ratios** |  |  |
| ●Gearing Ratio=Debt/Equity | 4,280,413/675,032,000=0.06 | 702,404/1,812,491  =0.38 |
| ●Total Debt to Shareholder Fund=Non-Current liabilities+ Current liabilities/Equity | 4,280,413/675,032,000=0.06 | 702,404/1,812,491  =0.38 |

Interpretation and comparison between Zenith bank and Ecobank

Short term solvency

a) Current ratio: Both of these companies did not meet up to their current liabilities with their current asset since they both cannot meet the general rule of 2.1. However Ecobank plc was closer to the general standard

b) Acid test ratio: Both of these companies met the requirement of 1.1 to cover their liabilities with their assets

Profitability ratio

a) Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.

b) ROCE: From the ratio it is apparent that Zeneth bank is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated

Shareholders ratio

a) Earning per share: This ratio shows the amount of profit and profit attributable to each ordinary share. Thus zenith bank is better because it is higher

b) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus Ecobank plc is better due to the fact it came out with a higher value

c) Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Both companies have the same DPS

d) Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Ecobank plc has a higher DPR ratio than Zenith bank plc

e) Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Ecobank plc is better, since it has a higher percentage of return.

f) Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis both companies have a good dividend covered ratio since both are above 1 but Zenith bank surpasses Ecobank

g) Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis Ecobank will take less time to regain what the shareholders invested.

h) Earning yield: This ratio shows potential return on the shareholder investment. From analysis Ecobank plc better in this ratio than Zeneth bank plc.

Long term solvency

1. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysis Ecobank plc is better due to the low ratio indicating that the company is stable while zenith bank ratio is not good because it means the company may run into risk in the future of liquidating

**Basic Mterial Sector**

|  |  |  |
| --- | --- | --- |
| Ratios | Berger PLC | Multiverse PLC |
| **Short term solvency ratio**   * Current Ratio= Current asset/current liabilities * Acid test ratio= Current asset-inventory/current liabilities * Receivable collection period= Average receivable/Credit sales x 365 * Payable payment= Average payable / Cost of sales x 365 * Inventory turnover = Inventory/ cost of sales x 365 * Receivable turnover= Credit sales/ Average receivables * Payable turnover= Cost of sales/ Average payables * Inventory turnover=Cost of sales/ average inventory | 1,646,124/1,128,035  =1.28  1,646,124-606,712/1,285,038  =0.81  190,982/3,377,223 x 365  =21  622,491/1,896,862 x 365  =120  606,712/1,896,862 x 365  =117  3,377,223/190,982  =1.98  1,896,862/622,491  =3.05  1,896,862/606,712  =3.13 | 36,168/3,561,202  =0.01  36,168-29,385/3,561,202  =1.90  3,052/6,740 x 365  =165  574,514/5,267 x 365  =39,813  29,385/5,267 x 365  =2,036  6,740/3,052  =2.21  5,267/574,514  =9.17  5,267/29,385  =0.18 |
| **Profitability Ratio**   * Gross Earning= Gross profit/sales x 100 * Expense percentage   Individual expense/ toal expense   * Administration tax * Income tax * Sales and marketing * Finance cost * Operating expense * Expense to sales * Administration tax * Income tax * Sales and marketing * Finance tax * ROCE: PBT/Capital employed * Net profit margin | 1,480,361/3,377,223 x 100  =392.44  829,609/1,066,984 x 100  =77.75  -  237,375/1,066,984 x 100  =22.25  829,609/3,377,223 x 100  =24.56  -  237,375/3,377,223 x 100  =7.03  454,328/3,250,161 x 100  =13.98%  320,509/3,377,223 x 100  =84.97 | 1,473/6,740 x 100  =21.85  145,062/358,281 x 100  =40.49  5,335/358,281 x 100  1.49  207,884/356,281 x 100  58.02  145,062/6,740 x 100  =2152.26  5,335/6,740 x 100  =79.15  207,884/6,740 x 100  =3084.33  306,734/857,884 x 100  35.75%  312,069/6,740 x 100  =4630.10 |
| **Shareholders Ratio**   * Earning per share= Profit after tax/ ordinary share capital * Net asset per share= Net asset / ordinary share capital\ * Dividend per share= dividend/ordinary share capital * Dividend payout= DPS/EPS * Dividend yield=   DPS/MPS   * Dividend cover   EPS/DPS   * Earning yield=   EPS/MPS X 100   * Price earning =   MPS/EPS | 320,509/289,823,447 x 100  =111  2,813,052/289,823,447  =9.71  144,911,723.5/289,823,447  =0.5  0.5/1.11  =0.45  320,509/289,823,447  =1.1058  0.11/7.45 x 100  =1.48  7.45/0.11  =67.73 | 312,069/4,261,938 x 100  =0.07  854,838/4,261,938,000  =2.01  2,130,969,000/4,261,938,000  =0.5  0.07/0.5  =0.14  0.5/0.20  =2.5  312,069/4,261,938,000  =7.32  0.07/0.20 x 100  35  0.20/0.07  =2.86 |
| Long term solvency   * Gearing ratio   Debt/Equity   * Debt of shareholders   Non-Current liabilities+ Current liabilities/Equity | 1,285,038/2,813,052  =0.46  437,209 + 1,285,038/2,813,052  =0.61 | 3,561,202/854,838  =4.17  3,564,248/854,838  =0.41 |
| Ratios | Dangote Flour Mill | Guiness Nigeria |
| **Short term solvency ratio**   * Current Ratio= Current asset/current liabilities * Acid test ratio= Current asset-inventory/current liabilities * Receivable collection period= Average receivable/Credit sales x 365 * Payable payment= Average payable / Cost of sales x 365 * Inventory turnover = Inventory/ cost of sales x 365 * Receivable turnover= Credit sales/ Average receivables * Payable turnover= Cost of sales/ Average payables * Inventory turnover=Cost of sales/ average inventory | 92,246,781/80,420,220  =1.15  92,246,781-24,223,586/80,420,220  =0.85  8,698,652/96,865,832 x 365  =33  13,571,855/88,460,626 x 365  =55  24,223,586/88,460,626 x 365  96  96,865,832/8,698,652  =11.14  88,460,626/13,571,855  =6.52  88,460,626/24,223,586  =3.65 | 54,610,047/42,847,115  =1.27  54,610,047-19,032,362/42,847,115  =0.83  23,890,304/142,975,792 x 365  =70  2,841,607/94,350,387 x 365  =11  19,032,362/94,350,387 x 365  =7  142,975,792/23,890,304  =5.98  94,350,387/2,841,607  =33.20  94,350,387/19,032,362  =4.96 |
| **Profitability Ratio**   * Gross Earning= Gross profit/sales x 100 * Expense percentage   Individual expense/ toal expense   * Administration tax * Income tax * Sales and marketing * Finance cost * Operating expense * Expense to sales * Administration tax * Income tax * Sales and marketing * Finance tax * ROCE: PBT/Capital employed * Net profit margin | 8,405,206/96,865,832 x 100  =8.68%  10,337,086/13,938,973 x 100  =7.40  43,802/13,938,973 x 100  =0.03  3,558,085/13,938,973 x 100  =2.55  10,337,086/96,865,832 x 100  =10.67  43,802/96,865,832 x 100  =0.05  3,558,085/96,865,832 x 100  =3.67 | 48,625,405/142,975,792 x 100  =34.01%  3,225,559/31,689,193 x 100  10.18  26,012,074/31,689,193 x 100  82.08  5,644,560/31,689,193 x 100  =17.81  3,225,559/142,975,972 x 100  =2.26  26,012,074/142,975,792 x 100  =18.19  5,644,,560/142,975,792 x 100  =3.95  9,943,164/87,588,174 x 100  11.35  6,717,605/142,975,792 x 100  4.7 |
| **Shareholders Ratio**   * Earning per share= Profit after tax/ ordinary share capital * Net asset per share= Net asset / ordinary share capital\ * Dividend per share= dividend/ordinary share capital * Dividend payout= DPS/EPS * Dividend yield= DPS/MPS * Dividend cover   EPS/DPS   * Earning yield=   EPS/MPS X 100   * Price earning =   MPS/EPS | 1,053,422/5,000,000,000  =0.02  120,942,220/5,000,000,000  =0.02  2,500,000,000/5,000,000,000  =0.5  0.5/0.02  =25  0.5/22.25  =0.02  0.02/0.5  =0.04  0.02/22.25 x 100  =0.09  22.25/0.02  =1112.5 | 6,717,605/2,190,383 x 100  =306.69  153,254,968/2,190,383  =69.97  1,095,192/2,190,383  =0.5  0.5/306.69  =1.63  0.5/15.00  =3.33  306.69/0.5  =613.38  306.69/15.00 x 100  2044.6  15.00/306.69  =0.05 |
| Long term solvency   * Gearing ratio   =Debt/Equity   * Debt of shareholders=Non-Current liabilities+ Current liabilities/Equity | 80,420,220/36,872,168  =2.28  84,070,052/36,872,168  =2.28 | 153,254,908/87,588,174  =1.75  65,666,794/87,588,174  =0.75 |

Interpretation and comparison between Dangote flour Mill and Guiness Nigeria

Short term solvency

a) Current ratio: Neither of these companies met up to their current liabilities with their current asset since they both failed to meet the general rule of 2.1. However Guiness plc was closer to meeting the general standard

b) Acid test ratio: Neither of these companies met the requirement of 1.1 to cover their liabilities with their assets

c) Receivable collection period: In this comparison Dangote plc has a shorter number of days to collect debt which is being owed to them whereas Guiness plc takes a lot longer to obtain their receivables

d) Payable payment period: In this ratio it is clear that Total Nigeria plc will pay up for their credit purchases in a shorter period of time than Guiness plc

e) Inventory turnover: According to the ratio computed above Guiness plc will sell out their stock faster than total Dangote plc will

f) Receivable turnover: This shows the number of times it takes receivables to turn over during a period. From both companies Dangote plc is better seeing that it is higher

g) Payable turnover: This shows the number of times it takes for payables to turnover during a period . see the ratios of both companies it is apparent that Dangote is better since it is lower

h) Inventory turnover: This shows the number of times it will take for inventory will turnover during the financial period. From the ratio above Guiness plc is better than Total plc due to its higher figure

Profitability ratio

a) Gross profit margin: it highlights the average gross profit I the form of percentages. F rom the ratio calculated above Guiness plc is better due to its higher percentage

b) Expense percentage: This ratio illustrates the relationship between the individual expense and total expense in the financial year.

c) Expense to sale:This ratio shows the sources of improvement or worsening in the net profit to sales percentage. From both companies you can see that is shows improvement due to low percentages which are shown between the two companies

d) ROCE: From the ratio it is apparent that Guiness is better due to it’s higher value of return on capital employed, which implies that with every capital employed more profit is being generated

e) Net profit margine: This shows the profitability of the company after considering all the assets and liabilities. From the computation above it indicates that Guiness plc is better due to its higher percentage

Shareholders ratio

a) Earning per share: This ratio shows the amount of profit and profit attributable to each ordinary share. Thus Guiness plc is better because it is higher

b) Net asset per share: this ratio shows the amount of net asset attributable to each ordinary share issued. Thus Guiness plc is better due to the fact it came out with a higher value

c) Dividend per share: This ratio shows the gross dividend given to every ordinary share issued. Neither of the two surpasses one another because they have the same DPS

d) Dividend Payout Ratio: This ratio measures what percentage of the companies distributable earning is being paid to ordinary shareholders in the form dividend. From analysis from both companies Dangote plc has a higher DPR ratio than Guiness

e) Dividend yield: This ratio Measures the current actual return on shareholders’ investment. From analysis Guiness is better, since it has a higher percentage of return.

f) Dividend Covered: This measures the number of times ordinary dividend is covered by distributable earnings. From my analysis Guiness has a good dividend covered ratio since it is above 1 but Dangote plc is below 1

g) Price Earnings ratio: This ratio measures the number of years it would take assuming current earning are maintained and ignoring taxation of dividend to recoup share holder investment in the form of dividend paid or capital growth. From analysis Total Guiness will take less than a year to regain what the shareholders invested.

h) Earning yield: This ratio shows potential return on the shareholder investment. From analysis Guiness plc better in this ratio than Dangote plc.

Long term solvency

a. Gearing ratio: This ratio measures the degree of risk to the company to the financial risk attached to fixed interest securities. From my analysis Guiness plc has a better Gearing ratio by far since is less than 1

b. Total Debt to Shareholder fund: This ratio is the measure of the solvency of the business and indicates the extent of cover for external debt. From the analysi Guiness plc is still better due to the low ratio indicating that the company is stable while Total Nigeria ratio is not good because it means the company may run into risk in the future of liquidating