NAME: UDOH, EDIDIONGABASI EKONG

MATRIC NUMBER: 17/SMS02/063

TITLE OFTERM PAPER – ACCOUNTING RATIOS

NAMES OF COMPANIES ANALYSED:

CAPITAL HOTELS PLC

TRANSCORP HOTELS PLC

BETA GLASS PLC.

CUTIX PLC.

BOC GASES NIGERIA PLC

PORTLAND PAINTS AND PRODUCTS

CHAMS NIGERIA

MTN NIGERIA

PHARMA DEKO PLC

FIDSON HEALTHCARE PLC

CONOIL

11PLC (MOBIL)

NESTLE NIGERIA PLC

PRESCO PLC

COMPUTATION AND INTERPRETATION OF ACCOUNTING RATIOS

SECTOR: OIL AND GAS (CONOIL AND 11PLC (MOBIL)

1. Short term solvency and Liquidity ratios

a) Current Ratio = Current Assets

Current Liabilities

For conoil (₦’000)

= 54908451

41641699

= 1.32

For 11plc (₦’000)

= 34183632

19327761

= 1.77

b) Quick test Ratio = current assets- inventories

Current liabilities

For conoil (₦’000)

= 54908451- 9141599

41614699

= 45766852

41614699

= 1.10

For 11plc (₦’000)

= 34183632 - 17918599

19327761

= 16265033

19327761

= 0.84

c) Receivables collection period = Average trade receivables x 365days

Credit sale

For conoil (₦’000)

= 15147548 × 365 days

122213014

= 0.1239 × 365 days

= 45.24 days

For 11plc (₦’000)

= 575694 x 365days

164609535

= 0.003497 x 365days

= 1.28 days

d) Payables payment period = average trade payables

Cost of sales

For conoil (₦’000)

= 17532936

109442111

= 0.16

For 11plc (₦’000)

= 4106050

148015916

= 0.028

e) Inventory turnover period = Average inventory

Cost of sales

For conoil (₦’000)

= 4570799.5

109442111

= 0.042

For 11plc (₦’000)

= 8959299.5

148015916

= 0.061

f) Receivables turnover = credit sales

Average trade receivable

For conoil (₦’000)

= 122213014

15147548

=8.07

For 11plc (₦’000)

= 164609535

15147548

= 10.87

g) Payables turnover = credit purchases

Average trade payables

For conoil (₦’000)

= 109442111

17532936

= 0.62

For 11plc (₦’000)

=148015916

4106050

= 36.05

h) Inventory turnover = cost of sales

Average inventory

For conoil (₦’000)

= 109442111

4570799.5

=23.9

For 11plc (₦’000)

= 148015916

8959299.5

= 16.52

2. Efficiency/profitability ratios

a. Return on capital employed = profit (return)

Capital employed

For conoil (₦’000)

= 2566765

60897246

= 0.042

For 11plc (₦’000)

= 13695459

164609535

= 0.083

b. Gross profit percentage = gross profit x 100

Sales

For conoil (₦’000)

= 12770902 x 100

122213014

= 0.1045 x 100

= 10.45%

For 11plc (₦’000)

= 16593619 x 100

164609535

= 0.1008 x 100

=10.08%

c. Net profit percentage = net profit x 100

Sales

For conoil (₦’000)

= 1796042 x 100

122213014

= 0.0150 x 100

= 1.50%

For 11plc (₦’000)

= 9328935 x 100

164609535

= 0.05667 x 100

=5.67%

d. Expenses percentage = individual expenses x 100

Total expenses

For conoil (₦’000)

Distribution expense

= 2571260 x 100

8809784

= 0.2919 x 100

= 29.19 %

Administrative expenses

=6238524 ×100

8809784

= 0.7081 x 100

= 70.81%

For 11plc (₦’000)

Selling and distribution expenses

= 6924989 x 100

11949623

= 0.5795 x 100

= 57.95%

Administrative expenses

= 5024634 x 100

11949623

= 0.4205 x 100

= 42.05%

e. Expenses to sales = individual expenses x 100

Sales

For conoil (₦’000)

Distribution expense

= 2571260 X 100

122213014

= 0.02104 x 100

= 2.104%

Administrative expenses

= 6238524 ×100

122213014

=0.05105 x 100

=5.11%

For 11plc (₦’000)

Selling and distribution expenses

= 6924989 x 100

164609535

= 0.04207 x 100

= 4.21%

Administrative expenses

= 5024634 x 100

164609535

= 0.03052 x 100

= 3.052%

3. Investors/ shareholders ratios

a) Earnings per share = PAT – preference dividend

No. of ordinary shares issued

For conoil (₦’000)

= 1796042 - 1387904

346976

= 408138

346976

= 1.18

For 11plc (₦’000)

= 9328935 - 2884762

194677

= 6444173

194677

=33.10

b) Price earnings ratio = Market price per share

Earnings per share

For conoil (₦’000)

= 2637kobo

259kobo

= 1.01

For 11plc (₦’000)

= 50kobo

2587

= 0.019

c) Earnings yield = Earnings per share

Market price per share

For conoil (₦’000)

= 259kobo

2637kobo

= 0.098

For 11plc (₦’000)

= 2587

50

= 51.74

d) Net asset per share = net asset – preference share capital

No. of ordinary share in issue

For conoil (₦’000)

= 60897246 - 346976

693952117

= 60550270

693952117

= 0.08725

For 11plc (₦’000)

= 1109177 - 180298

360595261

= 928879

360595261

= 0.00258

e) Dividend payout ratio = dividend per share x 100

Earnings per share

For conoil (₦’000)

= 200 x 100

259

= 0.7722 x 100

= 77.22%

For 11plc (₦’000)

= 825 x 100

2587

= 0.3189 x 100

= 31.89%

f) Dividend yield = DPS x 100

MPS

For conoil (₦’000)

= 200 x 100

50

= 400%

For 11plc (₦’000)

= 825 x 100

50

=1650%

The shareholders ratios shows that 11plc shareholders will gain good returns on their investments in the company

4. Long term solvency and stability ratios

a) Gearing ratio = long term and short term borrowings

Equity

For conoil (₦’000)

= 4766240

18301074

= 0.26

For 11plc (₦’000)

= 1248892

33772775

= 0.037

b) Total debt to shareholders fund = non-current liabilities + current liabilities

Equity/ shareholder’s fund

For conoil (₦’000)

= 954473 - 41641699

18301074

= 42596172

18301074

For 11plc (₦’000)

= 17560262 - 19327761

33772775

= 36888023

33772775

= 1.09

Conoil investors and lenders have a higher level of confidence in the ability of the company to pay back their debt.

COMPUTATION AND INTERPRETATION OF ACCOUNTING RATIOS

SECTOR: CONSUMER GOODS (NESTLE NIGERIA PLC AND PRESCO PLC)

1. Short term solvency and Liquidity ratios
2. Current Ratio = Current Assets

Current Liabilities

For nestle (₦’000)

= 82734317

92117501

= 0.90

For presco (₦’000)

= 15506385

22186865

= 0.70

1. Quick test Ratio = current assets- inventories

Current liabilities

For nestle (₦’000)

= 82734317 - 23124020

92117501

= 59610297

92117501

= 0.65

For presco (₦’000)

= 15506385 – 4631715

22186865

= 10874670

22186865

= 0.49

1. Receivables collection period = Average trade receivables x 365days

Credit sales

For nestle (₦’000)

= 21087531 x 365days

266274621

= 0.07917 x 365days

= 28.90days

For presco (₦’000)

= 2531286 x 365days

21344730

= 0.1186 x 365days

= 43.39 days

d) Payables payment period = average trade payables

Cost of sales

For nestle (₦’000)

= 30192227

152354445

=0.20

For presco (₦’000)

= 4017057

4753275

= 0.85

e) Inventory turnover period = Average inventory

Cost of sales

For nestle (₦’000)

= 11562010

152354445

= 0.076

For presco (₦’000)

= 2315857.5

4753275

= 0.49

f) Receivables turnover = credit sales

Average trade receivable

For nestle (₦’000)

= 266274621

30192227

= 8.82

For presco (₦’000)

= 21344730

2531286

= 8.43

g) Payables turnover = credit purchases

Average trade payables

For nestle (₦’000)

= 152354445

30192227

= 5.05

For presco (₦’000)

= 4753275

4017057

= 1.18

h) Inventory turnover = cost of sales

Average inventory

For nestle (₦’000)

= 152354445

11562010

= 13.18

For presco (₦’000)

= 4753275

2315857.5

= 2.05

2. Efficiency/profitability ratios

a. Return on capital employed = profit (return)

Capital employed

For nestle (₦’000)

= 59750846

162334422

= 0.37

For presco (₦’000)

= 6321010

58678749

= 0.11

b. Gross profit percentage = gross profit x 100

Sales

For nestle (₦’000)

= 113920176 x 100

266274621

= 0.4278 x 100

= 42.78%

For presco (₦’000)

= 16591455 x 100

21344730

= 0.7773 x 100

= 77.73%

c. Net profit percentage = net profit x 100

Sales

For nestle (₦’000)

= 43008026 x 100

266274621

= 0.1615 x 100

= 16.15%

For presco (₦’000)

= 4284188 x 100

21344730

= 0.2007 x 100

=20.07%

d. Expenses percentage = individual expenses x 100

Total expenses

For nestle (₦’000)

Marketing and distribution expenses

= 43489890 x 100

53279445

= 0.8163 x 100

= 81.63%

Administrative expenses

= 9789555 x 100

53279445

= 0.1837 x 100

=18.37%

For presco (₦’000)

Distribution expenses

= 366923 x 100

6751352

= 0.05435 x 100

= 5.44%

Administrative expenses

= 6384429 x 100

6751352

= 0.94565 x 100

= 94.57%

e. Expenses to sales = individual expenses x 100

Sales

For nestle (₦’000)

Marketing and distribution expenses

= 43489890 x 100

266274621

= 0.16 x 100

16.33%

Administrative expenses

= 9789555 x 100

266274621

= 0.03676 x 100

= 3.68%

For presco (₦’000)

Marketing and distribution expenses

= 366923 x 100

21344730

= 0.01719 x 100

= 1.72%

Administrative expenses

= 6384429 x 100

21344730

= 0.2991 x 100

= 29.91%

3. Investors/ shareholders ratios

a) Earnings per share = PAT – preference dividend

No. of ordinary shares issued

For nestle (₦’000)

= 43008026 – 44554195

792656252

= 1546169

792656252

= 0.00195

For presco (₦’000)

= 4284188 – 200000

500000

= 4084188

500000

=8.17

b) Price earnings ratio = Market price per share

Earnings per share

For nestle (₦’000)

= 50kobo

54.26kobo

= 0.92

For presco (₦’000)

= 50kobo

430kobo

= 0.12

c) Earnings yield = Earnings per share

Market price per share

For nestle (₦’000)

= 54.26kobo

50kobo

= 1.09

For presco (₦’000)

= 430kobo

50kobo

= 8.6

d) Net asset per share = net asset – preference share capital

No. of ordinary share in issue

For nestle (₦’000)

= 162334422 - 396328

792656252

= 161938094

792656252

= 0.20

For presco (₦’000)

= 58678749 – 500000

1000000

= 58178749

1000000

= 58.18

e) Dividend payout ratio = dividend per share x 100

Earnings per share

DPS = total dividend

No. of shares

For nestle (₦’000)

DPR = 38.50 x 100

54.26

= 70.96%

For presco (₦’000)

DPR = 200kobo x 100

430kobo

= 46.51%

f) Dividend yield = dividend per share x 100

Market price per share

For nestle (₦’000)

= 38.50 x 100

50

=77%

For presco (₦’000)

= 200 x 100

50

= 400%

The shareholders ratios shows that presco shareholders will gain good returns on their investments in the company

4. Long term solvency and stability ratios

a) Gearing ratio = long term and short term borrowings

Equity

For nestle (₦’000)

= 96351900

50220486

= 1.92

For presco (₦’000)

= 15273152

24174342

= 0.63

b) Total debt to shareholders fund = non-current liabilities + current liabilities

Equity/ shareholder’s fund

For nestle (₦’000)

= 19996435 + 92117501

50220486

= 112113936

50220486

= 2.23

For presco (₦’000)

= 12317542 + 22186865

24174342

= 34504407

24174342

= 1.43

Nestle investors and lenders have a higher level of confidence in the ability of the company to pay back their debt.

Computation and interpretation of accounting ratios in the consumer services sector [Capital Hotels Plc. and Transcorp Hotels Plc.]

1. Short term solvency and liquidity ratios
2. Current ratio =

For Capital Hotels Plc. =

= 2.17

For Transcorp Hotels Plc. =

= 2.13

2.17:2.13

The both companies have ability to meet its debt obligations using its current assets on time

1. Quick test ratio =

For Capital Hotels Plc. =

=

= 2.11

For Transcorp Hotels Plc. =

=

= 2.12

2.11:2.12

The both companies have ability to meet its debt obligations using its current assets on time

1. Receivables collection period =

For Capital Hotels Plc. =

= 0.1355 \* 365 days

= 49.46 days

For Transcorp Hotels Plc. =

= 0.06227 \*365 days

= 22.73 days

Transcorp hotels receivable’s collection period is earlier than that of capital hotels

1. Payables payment period =

For Capital Hotels Plc. =

= 0.24

For Transcorp Hotels Plc. =

= 0.92

It will take transcorp hotel a longer time to pay back in cash while it will take capitals hotel a shorter time

1. Inventory turnover period =

For Capital Hotels Plc. =

= 0.015

For Transcorp Hotels Plc. =

= 0.062

1. Receivables turnover =

For Capital Hotels Plc. =

= 7.38

For Transcorp Hotels Plc. =

= 16.06

1. Payable turnover =

For Capital Hotels Plc. =

= 4.10times

For Transcorp Hotels Plc. =

= 1.085times

1. Inventory turnovers =

For Capital Hotels Plc. =

= 68.59

For Transcorp Hotels Plc. =

= 16.07

At the end of analysing the two companies based on liquidity ratio we can conclude that the transcorp hotels has the ability to meet its current liabilities as they fall due than the capital hotel

1. Efficiency Ratio
2. ROCE =

For Capital Hotels Plc. =

= 0.05

For Transcorp Hotels Plc. =

= 0.048

b) Price earnings ratio = Market price per share

Earnings per share

For Capital hotels (₦’000)

= 50kobo

25kobo

= 2

For transcorp hotels (₦’000000)

= 50kobo

49kobo

= 1.02

c) Earnings yield = Earnings per share

Market price per share

For Capital hotels (₦’000)

= 25kobo

50kobo

= 0.5

For transcorp hotels (₦’000000)

= 49kobo

50kobo

= 0.98

d) Net asset per share = net asset – preference share capital

No. of ordinary share in issue

For Capital hotels (₦’000)

= 10076819-774390

1548780000

= 9302429

1548780000

= 0.0060

For transcorp hotels (₦’000000)

= 108786 – 3800

7600403900

= 104986

7600403900

= 0.0000014

The shareholders ratios shows that transcorp shareholders will gain good returns on their investments in the company

4. Long term solvency and stability ratios

b) Total debt to shareholders fund = non-current liabilities + current liabilities

Equity/ shareholder’s fund

For Capital hotels (₦’000)

= 1029358 + 2630478

6416983

= 3659836

6416983

= 0.57

Capital hotels investors and lenders have a higher level of confidence in the ability of the company to pay back their debt.

Computation and interpretation of accounting ratios in the industrial sector [Beta Glass Plc. and CUTIX Plc.]

1. Short term solvency and liquidity ratios
2. Current ratio =

For Beta Glass Plc. =

= 20.79

For CUTIX Plc. =

= 1.44

1. Quick test ratio =

For Beta Glass Plc. =

=

= 1.63

For CUTIX Plc. =

=

= 0.47

1. Receivables collection period =

For Beta Glass Plc. =

= 0.2552 \* 365 days

= 93.2 days

For CUTIX Plc. =

= 0.05191 \*365 days

= 18.95 days

1. Payables payment period =

For Beta Glass Plc. =

= 0.29

For CUTIX Plc. =

= 0.071

1. Inventory turnover period =

For Beta Glass Plc. =

= 0.16

For CUTIX Plc. =

= 0.19

1. Receivables turnover =

For Beta Glass Plc. =

= 3.92

For CUTIX Plc. =

= 19.26

1. Payable turnover =

For Beta Glass Plc. =

= 0.34

For CUTIX Plc. =

= 14.17

1. Inventory turnovers =

For Beta Glass Plc. =

= 6.39

For CUTIX Plc. =

= 5.37

1. Efficiency Ratio
2. ROCE =

For Beta Glass Plc. =

= 0.16

For CUTIX Plc. =

= 0.23

1. Gross profit percentage =

For Beta Glass Plc. =

= 0.2424 \* 100%

= 24.24%

For CUTIX Plc. =

= 0.3007 \* 100%

= 30.07%

1. Net profit percentage =

For Beta Glass Plc. =

= 0.1920 \* 100%

= 19.20%

For CUTIX Plc. =

= 0.08706 \*100%

= 8.706%

1. Expenses Percentage =

Selling and Distribution Expenses =

For Beta Glass Plc. =

= 0.06119 \* 100%

= 6.12%

For CUTIX Plc. =

= 0.1882 \* 100%

= 18.82%

Administration Expenses =

For Beta Glass Plc. =

= 0.9388 \* 100%

= 93.88%

For CUTIX Plc. =

= 0.8118 \* 100%

= 81.18%

Computation and interpretation of accounting ratios in the basic materials sector [BOC Gases Nigeria Plc and Portland Paints and Products

1. Short term solvency and liquidity ratios
2. Current ratio =

For BOC Gases Nigeria Plc. =

= 1.63

For Portland Paints and Products =

= 2.45

1. Quick test ratio =

For BOC Gases Nigeria Plc. =

=

= 1.51

For Portland Paints and Products =

=

= 1.41

1. Receivables collection period =

For BOC Gases Nigeria Plc. =

= 0.7418 \* 365 days

= 27.1 days

For Portland Paints and Products =

= 0.08415 \*365 days

= 30.7 days

1. Payables payment period =

For BOC Gases Nigeria Plc. =

= 0.36

For Portland Paints and Products =

= 1.14

1. Inventory turnover period =

For BOC Gases Nigeria Plc. =

= 0.55

For Portland Paints and Products =

= 0.21

1. Receivables turnover =

For BOC Gases Nigeria Plc. =

= 13.48

For Portland Paints and Products =

= 11.88

1. Payable turnover =

For BOC Gases Nigeria Plc. =

= 2.78

For Portland paints and Products =

= 6.99

1. Inventory turnovers =

For BOC Gases Nigeria Plc. =

= 18.23

For Portland Paints and Products =

= 4.82

1. Efficiency Ratios
2. Return on capital employed =

=

For BOC Gases Nigeria Plc. =

= 0.12

For Portland paints and products =

= 0.14

1. Gross profit percentage =

For BOC Gases Nigeria Plc. =

= 0.5032 \* 100%

= 50.32%

For Portland paints and products =

= 0.3801 \* 100%

= 38.01%

1. Net profit percentage =

For BOC Gases Nigeria Plc. =

= 0.1246 \* 100%

= 12.46%

For Portland paints and products =

= 0.07306 \*100%

= 7.31%

1. Expenses percentage =

Selling and Distribution Expenses =

For BOC Gases Nigeria Plc. =

= 0.4901 \* 100%

= 49.01%

For Portland paints and products =

= 0.3241 \* 100%

= 32.41%

Administration Expenses =

For BOC Gases Nigeria Plc. =

= 0.5099 \* 100%

= 50.99%

For Portland paints and products =

= 0.6759 \* 100%

= 67.59%

1. Expenses to sales =

For Bocgas (₦’000)

Selling and distribution expenses

= 509929 x 100

2869713

= 0.1777 x 100

= 17.77%

Administrative expenses

= 530625 x 100

2869713

= 0.1849 x 100

= 18.49%

For Portland paints (₦’000)

Selling and distribution expenses

= 264619 x 100

2829262

= 0.09353 x 100

= 9.35

Administrative expenses

= 551883 x 100

2829262

= 0.1951 x 100

= 19.51

Transcorp hotels has good efficiency ratios, the business stands to generate more revenues and profits while capital hotels does not.

3. Investors/ shareholders ratios

a) Earnings per share = PAT – preference dividend

No. of ordinary shares issued

For Bocgas (₦’000)

= 357604 – 83249

416244706

= 274355

416244706

= 0.00059

For Portland paints (₦’000)

= 206693 – 39671

793416

= 167022

793416

= 0.21

b) Price earnings ratio = Market price per share

Earnings per share

For Bocgas (₦’000)

= 50

86

= 0.58

For Portland paints (₦’000)

= 50

26

= 1.92

c) Earnings yield = Earnings per share

Market price per share

For Bocgas (₦’000)

= 86

50

= 1.72

For Portland paints (₦’000)

= 26

50

= 0.52

d) Net asset per share = net asset – preference share capital

No. of ordinary share in issue

For Bocgas (₦’000)

= 4491256 - 208122

416244706

= 4283134

416244706

= 0.010

For Portland paints (₦’000)

= 2251468 - 396708

793416

= 1854760

793416

= 2.34

e) Dividend payout ratio = dividend per share x 100

Earnings per share

For Bocgas (₦’000)

= 20kobo x 100

86kobo

= 0.2326 x 100

= 23.26%

For Portland paints (₦’000)

= 5kobo x 100

26kobo

= 0.1923 x 100

= 19.23%

f) Dividend yield = DPS x 100

MPS

For Bocgas (₦’000)

= 20kobo x 100

50kobo

= 0.4 x 100

= 40%

For Portland paints (₦’000)

= 5kobo x 100

2.80kobo

= 1.7857 x 100

= 178.6%

The shareholders ratios shows that transcorp shareholders will gain good returns on their investments in the company

4. Long term solvency and stability ratios

a) Gearing ratio = long term and short term borrowings

Equity

For Bocgas (₦’000)

= 297723

2662537

= 0.11

For Portland paints (₦’000)

= 43742

1536981

= 0.028

b) Total debt to shareholders fund = non-current liabilities + current liabilities

Equity/ shareholder’s fund

For Bocgas (₦’000)

= 529765 + 1298954

2662537

= 1828719

2662537

= 0.69

For Portland paints (₦’000)

= 14048 + 700437

1536981

= 714487

1536981

= 0.46

Bocgas investors and lenders have a higher level of confidence in the ability of the company to pay back their debt.

Computation and interpretation of accounting ratios in the telecommunication sector [Chams Nigeria and MTN Nigeria]

1. Short term solvency and liquidity ratios
2. Current ratio =

For Chams Nigeria =

= 0.70

For MTN Nigeria =

= 0.34

1. Quick test ratio =

For Chams Nigeria =

=

= 0.62

For MTN Nigeria =

=

= 0.34

1. Receivables collection period =

For Chams Nigeria =

= 0.4367 \* 365 days

= 159.4 days

For MTN Nigeria =

= 0.01846 \*365 days

= 6.8 days

1. Payables payment period =

For Chams Nigeria =

= 1.80

For MTN Nigeria =

= 0.35

1. Inventory turnover period =

For Chams Nigeria =

= 0.098

For MTN Nigeria =

= 0.0025

1. Receivables turnover =

For Chams Nigeria =

= 2.29

For MTN Nigeria =

= 53.89

1. Payable turnover =

For Chams Nigeria =

= 0.94

For MTN Nigeria =

= 2.89

1. Inventory turnovers =

For Chams Nigeria =

= 10.24

For MTN Nigeria =

= 395.01

1. Efficiency Ratios
2. Return on capital employed =

=

For Chams Nigeria =

= 0.10

For MTN Nigeria =

= 0.29

1. Gross profit percentage =

For Chams Nigeria =

= 0.4086 \* 100%

= 40.86%

For MTN Nigeria =

= 0.2613 \* 100%

= 26.13%

1. Net profit percentage =

For Chams Nigeria =

= 0.6602 \* 100%

= 66.02%

For MTN Nigeria =

= 0.1433 \*100%

= 14.33%

1. Expenses Percentage =

Administration Expenses =

For Chams Nigeria =

= 1 \* 100%

= 100%

Operating Expenses =

For MTN Nigeria =

= 1 \* 100%

= 100%

1. Expense to sales =

For Chams Nigeria =

= 1.3983 \* 100%

= 139.83%

For MTN Nigeria =

= 0.06439 \* 100%

= 6.44%

1. Investors and Shareholders ratios
2. Earnings per share =

For Chams Nigeria =

=

= 0.082

For MTN Nigeria =

=

= 170.17

The shareholders ratios shows that MTN Nigeria shareholders will gain good returns on their investments in the company

COMPUTATION AND INTERPRETATION OF ACCOUNTING RATIOS

SECTOR: HEALTH CARE (PHARMA DEKO PLC AND FIDSON HEALTHCARE PLC)

1. Short term solvency and Liquidity ratios

a) Current Ratio = Current Assets

Current Liabilities

For Pharma deko (₦’000)

=510849

545790

=0.94

For Fidson (₦’000)

=7575483

10535885

=0.72

b) Quick test Ratio = current assets- inventories

Current liabilities

For Pharma deko (₦’000)

= 510849-255224

545790

= 255625

545790

=0.47

For Fidson (₦’000)

= 7575483 – 2875133

10535885

= 4400350

10535885

= 0.42

c) Receivables collection period = Average trade receivables x 365days

Credit sales

For Pharma deko (₦’000)

= 84761 x 365days

1023806

= 0.08277 x 365days

=30.22days

For Fidson (₦’000)

= 1901991

16229903

=0.1172 x 365days

=42.77days

d) Payables payment period = average trade payables

Cost of sales

For Pharma deko (₦’000)

= 34049

622439

= 0.055

For Fidson (₦’000)

= 1841356

9910219

=0.19

e) Inventory turnover period = Average inventory

Cost of sales

For Pharma deko (₦’000)

= 127612

622439

= 0.21

For Fidson (₦’000)

= 1437566.5

9910219

= 0.15

f) Receivables turnover = credit sales

Average trade receivable

For Pharma deko (₦’000)

= 1023806

84761

=12.08

For Fidson (₦’000)

= 16229903

1901991

= 8.53

g) Payables turnover = credit purchases

Average trade payables

For Pharma deko (₦’000)

= 622439

34049

= 18.28

For Fidson (₦’000)

= 9910219

1841356

= 5.38

h) Inventory turnover = cost of sales

Average inventory

For Pharma deko (₦’000)

= 622439

127612

= 4.88

For Fidson (₦’000)

= 9910219

1437566.5

= 6.89

2. Efficiency/profitability ratios

a. Return on capital employed = profit (return)

Capital employed

For Pharma deko (₦’000)

= 255045

2323137

= 0.11

For Fidson (₦’000)

= 160867

20483325

= 0.0079

b. Gross profit percentage = gross profit x 100

Sales

For Pharma deko (₦’000)

= 401367 x 100

1023806

=0.3920 x 100

= 39.20%

For Fidson (₦’000)

= 6319684 x 100

16229903

= 0.3894 x 100

= 38.94%

c. Net profit percentage = net profit x 100

Sales

For Pharma deko (₦’000)

= 265260 x 100

1023806

= 0.2591 x 100

= 25.91%

For Fidson (₦’000)

= 97447 x 100

16229903

= 0.00600 x 100

= 0.60%

d. Expenses percentage = individual expenses x 100

Total expenses

Selling and distribution expenses

For Pharma deko (₦’000)

= 92181 x 100

667642

= 0.1381 x 100

= 13.81%

For Fidson (₦’000)

= 1905330 x 100

4519684

= 0.42156 x 100

= 42.16%

Administration expenses

For Pharma deko (₦’000)

= 575461 x 100

667642

= 0.8619 x 100

= 86.19%

For Fidson (₦’000)

= 2614354 x 100

4519684

= 0.5784 x 100

=57.84%

e. Expenses to sales = individual expenses x 100

Sales

Selling and distribution expenses

For Pharma deko (₦’000)

= 92181 x 100

1023806

= 0.0900 x 100

= 9.00%

For Fidson (₦’000)

= 1905330 x 100

16229903

= 0.1174 x 100

= 11.74%

Administration expenses

For Pharma deko (₦’000)

= 575461 x 100

1023806

= 0.5621 x 100

= 56.21%

For Fidson (₦’000)

= 2614354 x 100

16229903

= 0.1611 x 100

= 16.11%

3. Investors/ shareholders ratios

a) Earnings per share = PAT – preference dividend

No. of ordinary shares issued

For pharma deko

= 265260 - 0

216931596

= 0.0022

For fidson

= (97447) - 225000

1500000000

= (322447)

1500000000

= 0.000215

b) Price earnings ratio = Market price per share

Earnings per share

For pharma deko

= 50

122

= 0.41

For fidson

= 50kobo

6kobo

= 8.3

c) Earnings yield = Earnings per share

Market price per share

For Pharma deko

= 122

50

= 2.44

For Fidson

= 6

50

= 0.12

d) Net asset per share = net asset – preference share capital

No. of ordinary share in issue

For pharma deko

= 2323137 - 108466

216931596

= 2214671

216931596

= 0.010

For fidson

= 20483325 - 750000

1500000000

= 19733325

1500000000

= 0.013

e) Dividend payout ratio = dividend per share x 100

Earnings per share

For pharma deko

= 5kobo x 100

122kobo

= 0.04098 x 100

= 4.10

For fidson

= 15kobo x 100

6kobo

= 2.5 x 100

= 250

f) dividend yield = DPS x 100

MPS

For pharma deko

= 5kobo x 100

50kobo

= 0.1 x 100

= 10

For fidson

= 15kobo x 100

50kobo

= 0.3 x 100

= 30

The shareholders ratios shows that Fidson shareholders will gain good returns on their investments in the company

4. Long term solvency and stability ratios

a) Gearing ratio = long term and short term borrowings

Equity

For pharma deko

= 50000

1590356

= 0.0314

For fidson

= 5832975

7153781

= 0.82

b) Total debt to shareholders fund = non-current liabilities + current liabilities

Equity/ shareholder’s fund

For pharma deko

= 186991 + 545790

1590356

= 732781

1590356

= 0.46

For Fidson

= 2793659 + 10535885

7153781

= 13329544

7153781

= 1.86

Fidson investors and lenders have a higher level of confidence in the ability of the company to pay back their debt.