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## A DETAILED ANALYSIS OF THE ACCOUNTING RATIOS OF CERTAIN COMPANIES ON THE STOCK EXCHANGE MARKET AS WELL AS THEIR INTERPRETATIONS

- BERGER PAINTS

- CAP PLC

-NESTLE NIGERIA

- CHAMPION BREWERIES

-TRANSCORP HOTELS PLC

- CAPITAL HOTELS

-ZENITH BANK

- ACCESS BANK

-GLAXOSMITHKLINE CONUMER NIGERIA PLC

- MAYBAKER NIGERIA PLC

-JULIUS BERGER

- BETA GLASS

- FORTE OIL

- CONOIL

-CHAMS PLC

- E-TRANZACT

# BASIC MATERIALS

**BERGER PAINTS**

1. Short term solvency and liquidity ratio

-Current ratio =

=

= 1.3:1

This means that Berger paints will be able to settle its current liabilities with its current assets as they fall due.

-Quick asset ratio =

= 0.8:1

This implies the company’s liquid assets cannot be able to settle current liability when they fall due

-Receivables collection period = × 365

ATR=

= 183,186

RCP 365

RCP= 20 days

This implies that it will take an average of 20 days for trade receivables to be collected

-Payables payment period = × 365

ATP= = 589,943

PPP= 365

= 114 days

This implies that it takes an average number of 114 days for which trade payables remain unpaid

- Inventory turnover period = × 365

= × 365

= 114 days

This implies that it takes an average number of 114 days for inventory to remain unsold in the store

- Receivables turnover =

=

=18 times

This implies that it takes an average of 18 times for which trade receivables are turned over during the year

- Payables turnover =

=

=3 times

This implies that it takes an average of 3 times for which trade payables are turned during the year

- Inventory turnover =

=

= 3.21

This indicates the period from which goods are produced to when they are sold

(2)Efficiency and profitability ratio

-Return on capital employed =

=

= 0.1

This shows the overall profitability of the business

-Gross profit percentage= × 100

= × 100

= 43.8%

This shows that the company makes a profit of 44% in relation to goods sold

- Net profit percentage= × 100

= × 100

= 9.5%

This shows that the company makes a net profit of 9.5% in relation to goods sold

(3) Investors ratio

- Price earnings ratio

=

=2.4 times

This means that it will the company an average of 2.4 years to recoup shareholder’s investment

- Earnings yield =

=

=41.3%

This implies that the company recoups 41.3% on shareholder’s investment

- Dividend payout ratio = × 100

= × 100

= 45.1%

This shows that the company pays 45.1% of its distributable earnings to shareholders

- Dividend yield = × 100

=

= 18.6%

This shows that there is a current return of 18.6% on the shareholder’s investment

(4) Long term solvency ratio

-Total debt to shareholders fund =

=

= 0.61

The lower the debt to shareholders fund the greater stability for the company

**CAP PLC**

(1)Short term solvency and liquidity ratio

-Current ratio=

= 1.64:1

This implies CAP PLC will be able to settle its current liability with its current asset if they fall due

-Quick asset ratio=

= 1.38:1

This implies that the company will be able to settle its current liabilities with its liquid assets if they fall due

- Receivables collection period= × 365

= 6.6 days

This implies that it takes average of 7 days for trade receivables to be collected

- Payables payment period= × 365

= 121.8 days

This implies that it takes an average of 122 days for trade payables to remain unpaid

- Inventory turnover period= × 365

= 93.7 days

This implies that it takes an average of 94 days for inventory to remain in the store without being sold

- Receivables turnover=

= 54.8 times

This implies that it takes an average of 55 times for trade receivables to be turned during the year

- Payables turnover=

= 3 times

This implies that it takes an average of 3 times for trade payables to be turned during the year

- Inventory turnover=

= 3.9

This shows the period from which goods are produced to when they are sold

(2)Efficiency or profitability ratio

- Return on capital employed =

= 0.7

This shows the overall profitability of the company

- Gross profit percentage= × 100

= 48%

This shows that the company makes an average gross profit of 48% in relation to sales

- Net profit percentage= × 100

= 26%

This shows that the company makes a profit of 26% in relation to sales

(3)Investors ratio

- Price earnings ratio=

= 0.2 times

This implies that it will take the company 0.2 years to recoup shareholder’s investment

- Earnings yield= × 100

= 547%

This shows the potential return on shareholder’s investment

- Dividend per share=

=2.05 Naira

This shows that the shareholders will get 2.05 Naira on each share held

- Dividend payout ratio= × 100

= 70.7%

This shows that the company pays 70.7% of its earnings to its shareholder’s

- Dividend yield= ×100

= 386.8%

This shows the current actual return on shareholder’s investment

(4) Long term solvency ratio

- Total debt to shareholders fund=

= 1.25

The lower the total debt to shareholders funds the greater the stability for the company

## CONSUMER GOODS

**NESTLE NIGERIAN PLC**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 0.9:1

This implies that the company cannot settle its current liabilities with its current asset if it falls due

- Quick asset ratio=

= 0.6:1

This implies that the company cannot settle its current liabilities with its liquid assets if it falls due

- Receivables collection period= × 365

= 50.4 days

This implies that it will take the company an average 50 days for its trade receivables to be paid

- Payables payment period= × 365

= 127 days

This means that it takes 127 days for trade payables to remain unpaid

- Inventory turnover period= × 365

= 56.3 days

This means it takes inventory an average of 56 days to remain unsold in the store

- Receivables turnover=

= 7.2 times

This implies that it takes an average of 7.2 times for trade receivables to be turned during the year

- Payables turnover=

= 2.9 times

This implies that it takes an average of 2.9 times for trade payables to be turned during the period

- Inventory turnover=

= 6.5

This shows the period from which goods are produced to when they are sold

(2)Efficiency and profitability ratio

- Return on capital employed=

= 0.61

This shows the overall profitability of the company

- Gross profit percentage= × 100

= 42.8%

This implies that the company makes a profit of 42.8% in respect to goods sold

- Net profit percentage= × 100

= 16.2%

This implies that the company makes a profit of 16.2% in respect of goods sold

(3) Investors ratio

- Price earnings ratio=

= 0.009 times

This implies that it takes the company 0.009 years to recoup shareholder’s investment

- Earnings yield= × 100

= 10048.1%

This shows the potential return on the shareholder’s investment

- Dividend payout ratio= × 100

= 87.54%

This shows the amount of earnings of the company that is paid out as dividend

- Dividend yield=

= 9500%

This shows the current actual return on shareholder’s investment

(4) Long term solvency ratio

- Total debt to shareholders fund =

=2.23

The lower the total debt to shareholders funds the greater the level of stability of the company and vice versa

**CHAMPION BREWERIES**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 0.89:1

This implies that the company cannot settle its current liabilities with its current assets if they fall due

- Quick asset ratio=

= 0.57:1

This implies that the company cannot settle its current liabilities with its liquid assets if it falls due

- Receivables collection period= 365

= 83.53 days

This implies that it will take an average of 84 days for trade receivables to be collected

- Payables payment period= × 365

= 183.8 days

This implies that it will take an average of 184 days for trade payables to remain unpaid

- Inventory turnover period= × 365

= 75.5 days

This implies that it takes an average of 76 days for inventory to remain in the store before they are being sold

- Receivables turnover=

= 4.4 times

This implies that trade receivables are turned 4 times during the period

- Payables turnover=

= 2 times

This implies that trade payables are turned 2 times during the period

- Inventory turnover=

= 4.8 times

This shows the period from which inventory are produced to when they are sold

(2)Efficiency and profitability ratio

- ROCE=

= 0.031

This shows the overall profitability of the company

- Gross profit percentage= × 100

= 25%

This shows the company makes a gross profit of 25% in respect to goods sold

- Net profit percentage= × 100

= 5.5%

This shows that the company makes a profit of 5.5% in respect to goods sold

(3)Investors ratio

- Price earnings ratio=

= 55.3

This implies that it will take 55 years for the company to recoup shareholder’s investment

- Earnings yield= ×100

= 1.81%

This implies that the company has made a loss of 1.81% on shareholder’s investment

(4)Long term solvency ratio

- Total debt to shareholders fund=

= 0.32

The lower the Total debt to shareholders fund the greater the stability of the company and vice versa

# CONSUMER SERVICES

**TRANSCORP HOTELS PLC**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 0.29:1

This implies that the company cannot settle its current liabilities with its current asset

- Quick asset ratio=

= 0.26:1

This implies that the company cannot settle its current liabilities with its liquid assets if it falls due

- Receivables collection period= ×365

= 66.8 days

This implies that it will take the company an average of 67 for trade receivables to be collected

-Payables payment period= × 365

= 494.5 days

This implies that it takes the company an average of 494 days for payables to remain unpaid

- Inventory turnover= × 365

= 51.4 days

This shows that it takes an average of 51 days for inventory to remain unsold in the store

- Receivables turnover=

= 5.4 times

This implies that it takes 5.4 times for receivables to be turned during the period

- Payables turnover=

= 0.7 times

This implies that it takes an average of 0.7 times for payables to be turned during the period

- Inventory turnover=

= 7.01 times

This implies the period between inventory are produced to when they are sold

**(2) EFFICIENCY RATIO**

- ROCE=

= 0.04

This shows the overall profitability of the company

- Gross profit margin= 100

= 74.3%

This implies that the company makes a gross profit of 74.3% from goods sold

-Net profit margin= × 100

= 23.5%

This implies that the company makes a profit of 23.5 % in relation to sales

(3) INVESTORS RATIO

- Price earnings ratio=

= 2 times

This implies that it will take the company 2 years to recoup shareholder’s investment

- Earnings yield= × 100

= 49.5%

This implies that the company earns 49.5% from the shareholder’s investment

- Dividend payout ratio= × 100

= 29.4%

This shows that the company pays its shareholders 29.4% of its earnings

-Dividend yield= × 100

= 14.6%

This shows that there is a 14.6% return on current shareholders investment

(4) Long term solvency ratio

- Total debt to shareholders fund=

= 0.88

The lower the long term solvency ratio the greater the stability of the company and vice versa

**CAPITAL HOTELS PLC**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 2.2:1

This shows that the company can settle its current liabilities with its current assets if its falls due

- Quick asset ratio=

= 2.1:1

This implies that the company can settle its current liabilities with its liquid assets if it falls due

-Receivables collection period= × 365

= 98.8 days

This implies that it will take the company an average of 99 days to be paid its trade receivables

- Payables payment period= 365

= 161.6 days

This implies that it will take the company an average of 162 days for trade payables to remain unpaid

- Inventory turnover period= × 365

= 14.7 days

This implies that it takes 15 days for inventory to remain unsold in the store before they are sold

- Receivables turnover=

= 3.7 times

This implies that it takes 3.7 times for receivables to be turned during the period

- Payables turnover=

= 2.3 times

This implies that it takes 2.3 times for trade payables to be turned during the period

- Inventory turnover=

= 24.8 times

This shows the period from inventory is produced to when they are sold

(2)Efficiency ratio

- ROCE=

= 0.05

This shows the overall profitability of the company

- Gross profit margin= × 100

= 18.5%

This implies that the company earns a gross profit of 18.5% in relation to sales

- Net profit margin= × 100

= 6.4%

This implies that the company makes a net profit of 6.4% in relation to sales

(3)Investors ratio

- Price earnings ratio=

= 2 times

This shows the number of years it will take for the company to recoup shareholder’s investment

- Earnings yield= × 100

= 50%

This shows that the company earns a profit of 50% from the shareholder’s investment

- Dividend per share=

= 0.05 Naira

This is the amount accruable to a shareholder for each share owned

- Dividend payout ratio= × 100

= 20%

This implies that the company pays 20% of its earnings to investors

- Dividend yield=

= 10%

This implies that there is a current return of 10% on shareholder’s investment

(4)Long term solvency ratio

- Total debt to shareholders funds=

= 0.59

The lower the debt to shareholders fund the greater the stability of the company and vice versa

# FINANCIAL SECTOR

**ZENITH BANK**

(1)Short term solvency ratio

- Current ratio=

= 1.2:1

This implies that the company can settle off its current liabilities with its current asset if it falls due

- Quick asset ratio=

= 1.2:1

This implies that the company can settle its current liabilities with its liquid assets if it falls due

(2)Efficiency and profitability ratio

- ROCE=

= 0.25 naira

This shows the overall profitability of the company

(3)Shareholders ratio

- Earnings per share=

= 5.27 Naira

This shows that there is a net profit of 5.27 Naira to each ordinary share in issue

- Earnings yield= × 100

= 28%

This shows how long it will take the company to recoup shareholders investment

- Net asset per share=

= 21.5 naira

This implies that there is a net asset of 21.5 Naira to each ordinary share in issue

- Dividend per share=

= 2.80 Naira

This shows that there is 2.8 Naira accruable to shareholders for each share owned

- Dividend payout ratio= × 100

= 53%

This shows that the company pays 53% of its earnings to shareholders

- Dividend yield= × 100

= 15%

This shows that there is a current return of 15% on shareholder’s investment

Dividend cover=

= 1.88

This shows that 1.88 times ordinary dividend will be covered by the distributable earnings

(4)Long term solvency and stability ratio

- Gearing ratio=

= 6.3 Naira

This measures the degree of vulnerability to financial risk

- Total debt to shareholders fund=

= 6.3 Naira

The lower the risk the greater the stability of the company and vice versa

**ACCESS BANK**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 1.12:1

This implies that the company can settle its current liabilities with its current asset

- Quick asset ratio=

= 0.64:1

This implies that the company cannot settle its current liabilities with its liquid assets if due

(2)Efficiency and profitability ratio

- ROCE=

= 0.17

This shows the total profitability of the company

(3)Shareholders ratio

-Price earnings ratio=

= 3.04years

This shows that it will take the company 3 years to recoup shareholder’s investment

- Earnings yield= × 100

=32.9%

This shows that the company will make a profit of 32.9% from shareholders investment

-Net asset per share=

= 18 Naira

This shows that there is a net asset of 18 Naira on each share

-Dividend payout ratio= × 100

= 75%

This shows that the company pays 75% of its earnings to shareholders

- Dividend yield= × 100

= 2%

This shows that there is a current return of 2% on shareholder’s investment

- Dividend cover=

= 13 times

This shows that ordinary dividend is covered by distributable earnings 13 times

(4)Long term solvency ratio

- Gearing ratio=

= 0.56

This shows the degree of vulnerability of the company to financial risk

- Total debts to shareholders funds=

= 8.02

The lower the shareholders fund the greater the stability of the company and vice versa

# HEALTHCARE SECTOR

**GLAXOSMITHKLINE CONSUMER NIGERIA PLC**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 1.97:1

This implies that the company can settle its current liabilities with its current asset when due

- Quick assets ratio=

= 1.39:1

This implies that the company can settle its current liabilities with its liquid assets when due

- Receivables collection period = × 365

= 113 days

This implies that it takes an average of 113 days for trade receivables to be paid

- Payables payment period= × 365

= 195.6 days

This implies that it takes an average of 196 days for trade payables to remain unpaid

- Inventory turnover period= ×365

= 123.4 days

This implies that it takes 123 days for inventory to remain in the store before they are sold

- Receivables turnover=

= 3.21 times

This implies that it takes 3.21 times for trade receivables to be turned during the period

- Payables turnover=

= 1.87 times

This implies that it takes an average of 1.9 times for payables to be turned during the period

- Inventory turnover=

= 2.96 times

This shows the period it takes from which inventory are produced to when they are sold

(2)Efficiency or profitability ratio

- ROCE=

= 0.13

This shows the total profitability of the company

- Gross profit percentage= × 100

= 36.7%

This implies that the company makes a gross profit of 36.7% in relation to sales

- Net profit percentage= × 100

= 3.35%

This shows that the company makes a net profit of 3.35% in respect to sales

(3)Shareholders ratio

- Price earnings ratio=

= 1.22 times

This shows the number of years it will take to recoup shareholder’s investment

- Earnings yield= × 100

= 82.2%

This shows that the company makes a profit of 82% from shareholders investment

- Dividend per share=

= 0.88 Naira

This is the amount accruable to a shareholder for each share held

- Net asset per share=

= 724.7 Naira

This implies there is a net asset of 724 Naira per share held

- Dividend payout ratio= × 100

= 118.9%

This implies that there is a 119% payout to shareholders

- Dividend yield= × 100

= 97.7%

This shows there is a current 97.7% return on shareholder’s investment

(4)Long term solvency ratio

- Gearing ratio=

= 5.89

This shows the vulnerability of the company to financial risk

- Total debt to shareholders fund=

= 14.8

The lower the debt to shareholders fund the greater the stability of the company and vice versa

**MAY BAKER NIGERIAN PLC**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 2.57:1

This shows the ability of the company to settle its current liabilities with its current asset when due

- Quick asset ratio=

= 2.17:1

This shows the ability of the company to settle its current liabilities with its liquid assets when due

- Receivables collection period= × 365

= 101 days

This shows that it takes 101 days for receivables to be collected

- Payables payment period= × 365

= 87.1 days

This implies that it takes 87 days for payables to remain unpaid

- Inventory turnover period= × 365

= 104 days

This implies that it takes 104 days for inventories to remain in the store before they are being sold

- Receivables turnover=

= 3.6 times

This implies that it takes 3.6 times for trade receivables to be turned during the period

- Payables turnover=

= 4.2 times

This implies that it takes 4.2 times for trade payables to be turned during the period

- Inventory turnover=

= 3.5 times

This implies the period it takes inventory from when they are produced to when they are sold

(2)Efficiency and profitability ratio

- ROCE=

= 0.15%

This shows the total profitability of the company

- Gross profit percentage= × 100

= 36.5%

This implies that the company makes a gross profit of 36.5% from sales

- Net profit percentage= × 100

= 9%

This implies that the company makes a net profit of 9% from sales

(3) Investors ratio

- Price earnings ratio=

= 5.7 times

This shows the period it will take for the company to recoup shareholder’s investment

- Earnings yield= × 100

= 17.6%

This shows the company makes a profit of 17.6% on shareholder’s investment

- Dividend per share=

= 0.2 Naira

This is the amount accruable to shareholders for each share held

- Dividend payout ratio= × 100

= 52.63%

This implies 52.6% of the earnings are paid to shareholders

- Dividend yield= × 100

= 9.6%

This implies that there is a 9.6% current return on shareholder’s investment

(4)Long term solvency ratio

- Total debt to shareholders fund=

= 1.19

The lower the debt to shareholders fund the greater the stability of the company and vice versa

# INDUTRIAL SECTOR

**JULIUS BERGER**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 1.71:1

This implies that the company can settle off its current liabilities with its current asset

- Quick asset ratio=

= 1.55:1

This implies that the company can settle its current liabilities with its liquid assets

- Receivables collection period= × 365

= 150.5 days

This implies there is an average of 151 days before trade receivables are paid

- Payables payment period= × 365

= 118.5 days

This implies there is an average of 119 days with which payables remain unpaid

- Inventory turnover= × 365

= 28.3 days

This implies that it takes inventory 28 days in the store before it is sold

- Receivables turnover=

= 2.4 times

This implies that trade receivables are turned 2.4 times during the period

- Payables turnover=

= 3.08 times

This implies that it takes trade payables 3.08 times to be turned during the period

- Inventory turnover=

= 12.9 times

This shows the total period with which inventory are produced to when they are sold

(2)Efficiency ratio

- ROCE=

= 0.02

This shows the total profitability of the company

- Gross profit percentage= × 100

= 22.35%

This implies that the company generates a 22.35 gross profit from sales

- Net profit percentage= × 100

= 2.73%

This implies that the company generates a net profit of 2.73% from sales

(3)Shareholders ratio

-Price earnings ratio=

= 0.14 years

This is the number of years it will take for the company to recoup shareholder’s investment

- Earnings yield=

= 726%

This is the profit of the company from shareholders investment

- Dividend payout ratio= × 100

= 55.1%

This implies that 55.1% of the earnings are paid to shareholders

- Dividend yield= × 100

= 6.08%

This implies that there is a current return of 6.08% on shareholders fund

(4)Long term solvency ratio

- Total debt to shareholders share=

= 15.04

The lower the total debt to shareholders share the greater the stability of the company and vice versa

**BETA GLASS**

(1)Short solvency and liquidity ratio

- Current ratio=

= 2.01:1

This implies that the company can settle its current liabilities with its current assets if due

- Quick asset ratio=

= 1.63:1

This implies that company can settle its current liabilities with its liquid assets when due

- Receivables collection period= 365

= 192.9 days

This implies that it takes an average of 193 days for trade receivables to be collected

- Payables payment period= × 365

= 154.5 days

This implies that it takes an average of 155 days for payables to remain unpaid

- Inventory turnover period= × 365

= 103 days

This implies that it takes inventory an average of 103 days in the store before it is being sold

- Receivables turnover=

= 1.43 times

This implies that trade receivables are turned 1.43 times during the period

- Payables turnover=

= 2.4 times

This implies that payables are turned 2.4 times during the current period

- Inventory turnover=

= 3.54 times

This shows the period it takes inventory from when they are produced to when they are sold

(2)Efficiency ratio

- ROCE=

= 0.16 Naira

This shows the level of profitability of the business

- Gross profit margin= × 100

= 24.2%

This implies that the company makes a gross profit of 24.2% in relation to sales

- Net profit percentage= × 100

= 19.2%

This implies that the company makes a net profit of 19.2% in relation to sales

(3)Investors ratio

- Price earnings ratio=

= 0.11 times

This shows the number of years it will take to recoup shareholder’s investment

- Earnings yield= × 100

= 894.7%

This shows the profit gained by the company from shareholders investment

- Dividend per share=

= 2.14 Naira

This shows the dividend accruable to a shareholder for each share held

- Dividend payout ratio= × 100

= 21.17%

This implies that the company pays 21.17% to its shareholders from its earnings

- Dividend yield= × 100

= 47.6%

This implies there is a current return of 47.6% on shareholder’s investment

(4)Long term solvency ratio

- Total debt to shareholders ratio=

= 0.56

The lower the debt to shareholders ratio the greater the stability of the company and vice versa

# OIL AND GAS SECTOR

**FORTE OIL**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 1.26:1

This implies that the company can settle its current liabilities with its current asset

- Quick asset ratio=

= 1.02:1

This implies that the company can settle its current liabilities with its liquid assets if due

- Receivables collection period= × 365

= 84.5 days

This implies that it takes the company 85 days before receivables are collected

- Payables payment period= × 365

= 77.4 days

This implies that it takes 77 days for payables to remain unpaid

- Inventory turnover period= × 365

= 20.9 days

This implies that it takes inventory 21 days in the store before they are sold

-Receivables turnover=

= 4.3 times

This implies that trade receivables are turned 4.3 times during the period

- Payables turnover=

= 5.15 times

This implies that payables are turned 5.15 times during the period

- Inventory turnover=

= 17.4 times

This implies the period it takes inventory from its production to when it is sold

(2)Efficiency ratio

- ROCE=

= 0.03 Naira

This shows the total profitability of the company

- Gross profit percentage= × 100

= 8.4%

This shows that the company makes a gross profit of 8.4% from sales

- Net profit percentage= × 100

= 0.46%

This implies that the company makes a net profit 0.46% from sales

(3) Investors ratio

-Price earnings ratio=

= 13.9 times

This shows the number of years it will take for the company to recoup shareholder’s investment

- Earnings yield= × 100

= 7.21%

This shows the percentage of profit earned on shareholder’s investment

(4) Long term solvency ratio

- Total debt to shareholders funds=

= 3.42 Naira

The lower the debt to shareholders ratio the greater the stability of the company and vice versa

**CONOIL**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 1.32:1

This implies that the company can settle its current liabilities with its current asset

- Quick asset ratio=

= 1.1:1

This implies that the company can settle its current liabilities with its liquid assets if due

- Receivables collection period= × 365

= 83.9 days

This implies that it takes an average of 84 days for trade receivables to be collected

- Payables payment period= × 365

= 119.5 days

This implies that it takes and average of 120 days for which trade payables remain unpaid

- Inventory turnover period= × 365

= 0.07 days

This implies the number of days inventory remain in the store before they are sold

-Receivables turnover=

= 4.35 times

This implies that trade receivables are turned 4.35 times during the period

- Payables turnover=

= 3.06 times

This implies that payables are turned 3.06 times during the period

- Inventory turnover=

= 14.79 times

This implies the total period it takes inventory from its production to when it is sold

(2)Efficiency ratio

- ROCE=

= 0.09 Naira

This show the total profitability of the company

-Gross profit percentage= × 100

= 10.45%

This implies that the company makes a profit of 10.45% on sales

- Net profit percentage= × 100

= 1.47%

This implies that the company makes a profit of 1.47% on sales

(3) Investors ratio

-Price earnings ratio=

= 4.6 years

This shows the number of years it will take for the company to recoup shareholders fund

- Earnings yield= × 100

= 21.5%

This shows that the company makes a profit of 21.5% on shareholder’s investment

- Dividend per share=

= 2 Naira

This shows that 2 Naira is accruable to shareholders for each share held

- Dividend payout ratio= × 100

= 77.2%

This is the portion of earnings which is paid to shareholders

- Dividend yield= × 100

= 16.6%

This shows there is a current return of 16.6% on shareholders fund

(4)Long term solvency ratio

- Gearing ratio=

= 0.26

This shows the vulnerability of the company to financial risk

- Total debt to shareholders fund=

= 2.33 Naira

The lower the debt to shareholders fund the greater the stability of the company and vice versa

# TECHNOLOGY AND TELECOMMUNICATION

**CHAMS PLC**

(1)Short term solvency and liquidity ratio

- Current ratio=

= 0.41:1

This implies that the company cannot settle its current liabilities with its current assets if due

- Quick asset ratio=

= 0.37:1

This implies that the company cannot settle its current liabilities with its liquid assets if due

- Receivables collection period= × 365

= 396.8 days

This implies that it takes 397 days for trade receivables to be received

- Payables payment period= × 365

= 1043 days

This implies that it takes 1043 days for payables to remain unpaid

- Inventory turnover period= × 365

= 81.5 days

This implies that it takes 82 days for inventory to stay in the store before they are being sold

- Receivables turnover=

= 0.92 times

This implies that trade receivables are turned 0.92 times during the period

- Payables turnover=

= 0.21 times

This implies that trade payables are turned 0.21 times during the period

- Inventory turnover=

= 4.48 times

This refers to the period with which inventory are produced to when they are sold

(2)Efficiency ratio

- ROCE=

= 0.10 Naira

This shows the overall profitability of the company

- Gross profit margin= × 100

= 40.75%

This means that the company makes a profit of 40.75% from sales

- Net profit margin= × 100

= 66%

This means that the company makes a profit of 66% from sales

(3) Investors ratio

- Price earnings ratio=

= 20.75 times

This is the number of years it will take the company to recoup shareholders investment

- Earnings yield= × 100

= 4.82%

This means that the company makes a profit of 4.82% from shareholders investment

(4)Long term solvency ratio

- Total debt to shareholders fund=

= 0.4

The lower the debt to shareholders fund the greater the stability of the company and vice versa

**E-TRANZACT**

(1)Short term solvency ratio

- Current ratio=

= 0.73:1

This implies that the company cannot settle its current liabilities with its current asset

- Quick asset ratio=

= 0.66:1

This implies that the company cannot settle its current liabilities with its liquid assets if due

- Receivables collection period= × 365

= 21.9 days

This implies that there is an average of 22 days before receivables are paid

- Payables payment period= × 365

= 86.13 days

This implies that there is an average of 86 days with which payables remain unpaid

- Inventory turnover period= × 365

= 6.8 days

This implies that inventory remain in the store for an average of 7 days before they are being sold

- Receivables turnover=

= 0.06 times

This implies that receivables are turned 0.06 times within the period

- Payables turnover=

= 0.22 times

This implies that payables are turned 0.22 times during the period

- Inventory turnover=

= 0.02 times

This shows the period from which inventory is produced to when it is sold

(2)Efficiency ratio

- ROCE=

= 9.3 Naira

This shows the overall profitability of the company

- Gross profit margin= × 100

= 8.7%

This implies that there is a 8.7% gross profit on sales

- Net profit margin= 0

(3) Investors ratio

- Price earnings ratio=

= (0.87)

This implies that it will take 0.87 years for the company to recoup shareholders fund

- Earnings yield= × 100

= (115.4%)

This implies that the company has made a loss of 15% on shareholder’s investment

- Dividend per share=

= (0.1 Naira)

This implies that there is a loss of 0.1 Naira to all shareholders

- Dividend payout ratio= × 100

= (13.3%)

This implies that there is a loss of 13.3% that is accruable to all shareholders

- Dividend yield= × 100

= (15.38%)

This implies that there is a current loss of 15.38% on shareholder’s investment

(4)Long term solvency ratio

- Gearing ratio=

= 0.94 Naira

This shows the level of vulnerability of the company to financial risk

- Total debt to shareholders funds=

= 36.37

The lower the debt to shareholders fund the greater the stability of the company and vice versa