NAME; ALABI JOY DAMILOLA

MATRIC NUMBER; 17/SMS02/009

TITLE OF TERM PAPER; ACCOUNTING RATIOS

NAME OF COMPANIES ANALYSED

1.Basic Material Sector

* B. O. C GASES
* Portland Paints & Products

2.Consumer Goods Sector

* Nestlè Nigeria
* Honey Well Flour Mill

3.Consumer Services Sector

* University Press
* Transcorp Hotels

4.Financials Sector

* Union Bank Of Nigeria
* Zenith Bank Plc

5.Healthcare Sector

* Fidson Healthcare
* GalaxoSmithKline Nigeria

6.Industrial Sector

* Beta Glass Co
* Julius Berger Nigeria

7. Oil Ans Gas Sector

* Conoil
* 11 PLC MOBIL

8. Telecommunication& Technology

* Chams
* E Tranzact International.

1.Basic Material Sector

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| BOC GASES NIGERIA PLC FOR THE YEAR 2018   | PORTLAND PAINTS & PRODUCTS NIGERIA PLC FOR THE YEAR 2018  |
| 1.Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N2,119,056 N1,298,954 =1.63:1 | 1. Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N1,718,570 N 700,439 =2.45:1 |
| From the computation above, it shows that Both companies have enough current asset to be able to pay and meetup with their current liabilities as at when due, But also, for Portland Paints & Products, there is a possibility that too much capital is tied up in current assets due to management’s failure to utilize the resources of the business properly |
| * Quick Assets or Acid Test Ratio;

 Current Asset- Inventory Current Liability = 2,119,056-156,404 1,298,954 = 1.51:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability =N1,718,570-N728,047 700,439 = 1.41:1 |
| From the computation above, it shows that Both companies, it shows that both firms have sufficient liquidity, both firms have the ability to meet their current liabilities using their highly liquid assets . |
| * Receivables Collection Period

 =Average Trade Receivables x 365days  Credit Sales  =N425,776 x 365 days N2,869,713 =54 Days | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N476,180 x 365 days N2,829,262 =61 Days  |
| This ratio measures the average number of days it takes for credit customers to make their payments to both companies. From the above computation, it shows BOC Gases had a lower receivable period, which is better, they collected their debt from Receivables faster than Portland Paints & Products  |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N1,026,198 x 365 days N1,425,662 =263 Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N501,988 x 365 days N1,753,972 =104 Days  |
| This ratio shows the average number of days it takes for a company to pay off their suppliers(debtors). From the above computation, it takes BOC Gases longer days to pay their debts, although it took quite long before both companies could pay off their suppliers |
| * Inventory Turnover Period

 = Average Inventory x 365 days Cost Of Sales =N156,404 x 365 days N1,425,662 =40 Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N728,047 x 365  N1,753,972 =152 Days  |
| This ratio shows the number of days inventory remains in store for both companies before being sold, BOC Gases had a good inventory turnover but the management of Portland Paints & Products will need to look into how inventory is managed because a high period could signify that too much cash is tied down on inventory |
| * Receivables Turnover

 = Credit Sales  Average Trade Receivables =N2,869,713  N425,776 = 6.7 Times  | * Receivables Turnover

 = Credit Sales  Average Trade Receivables =N2,829,262 N476,180 =6.9 Times  |
| This ratios indicates the company’s efficiency in collecting debts, it shows the number of times per year that both firms collected their accounts receivable, this is quite commendable but it could be better because a low number of times could signify that customers do not pay their debts quickly and also that the company does not operate on a cash basis |
| * Payables Turnover Period

 = Credit Purchases  Average Trade Payables = N1,425,662  N1,026,198 =1.39 Times  | * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N1,753,972 N501,988 = 3.49 Times  |
| This Indicates the number of times the companies paid their debts to their suppliers during the course of the year, Portland paints were able to pay their debts faster than BOC Gases, although they are both not high turnovers which may not be positive for the business. |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory =1,425,662  156,404 = 9.12 Times  | * Inventory Turnover

 = Cost Of Sales  Average Inventory = N1,753,972 N728,047 =2.41Times |
| This shows how many times in a year that inventory of the business has been sold and replaced, BOC Gases sold and replaced their inventory faster than Portland PAINTS& Products, and this could signify that Portland PAINTS& Products are either overstocking or weaker sales and declining demand for a company’s product |
| 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =558,569  (4,491,256-1,298,954) =558,569 3,192,302 =0.18 | 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N206,693 N(2,251,468-700,439) =N206,693 N1,081,131 =0.20 |
| From the ROCE computation it indicates the Portland Paints & Product management efficiently utilized the resources of the company better than BOC Gases, although both companies are both profitable and efficient. |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =1,444,051 x 100 2,869,713 =50% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N1,075,290x 100 N2,829,262  =38% |
| This is an indication that both companies are financially doing well, both companies made reasonable profits on sales and this shows that, 50% and 30% of net sales are available to pay off all the operating expense. |
| * Net Profit Percentage;

 =Net Profit x 100 Sales =357,604 x 100 2,869,713 =13% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N206,693x 100 N2,829,262 =7% |
| This represents the percentage of profit left after all incomes and expenses have been accounted for. BOC Gases were able to manage their cost and expenses better that Portland Paints&Products.  |
| * Expense Percentage;

 =Individual Expenses x 100 Total Expense =357,604 x 100 2,869,713 =13% | * Expense Percentage;

 =Individual Expenses x 100 Total Expense =264,619x 100 816,502 =32% |
| This shows that Portland paints & Products incurred less expenses than BOC Gases to manage the business most especially their assets , their management were more efficient at operating the funds. |
| * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales =357,604 x 100 2,869,713 =13% | * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = 264,619x 100 2,829,262 =9% |
| Since both companies have low ratio, it means more profitability, the lower the expense to sales the higher the gross profit margin which is very good. |
| 3. Investors Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued = N357,604,000 416,244,706 =0.86 | 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N206,693 793,000 =0.26 |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue, since the ratio is low it means that the company has little profits to distribute to its shareholders and also it shows BOC Gases Shareholders are paid more dividend  |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =3.79  0.86 =4.41 | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =0.26  2.80 =10.8 |
| This shows the number of years it will take shareholder’s to recoup their investment back, from the above computation it shows that it takes Portland paints & Products shareholders longer period to recoup their investment.  |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share = 0.86 3.79 =0.23 | * Earnings Yield;

 = Earnings Per Share Market Price Per Share = 2.80 N10.8 =0.23 |
| This shows that both companies investments are valuable and both companies have potential returns on their shareholders investment  |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N2,662,537 416,244,706 =N6.4 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N1,536,981-0 793,000 =N1.9 |
| This indicates the amount of net assets attributable to each ordinary share in issue. From the above computation, it shows that BOC Gases have a higher amount of net assets attributable to each ordinary share in issue than Portland paints & Products |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N83,249,000  416,244,706 = N0.20 | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N206,585 793,000 =N0.26 |
| This ratio indicates the portion of profits that is being paid to shareholders, and both companies have a suitable dividend per share that will attract investors to invest more in their companies.  |
| * Dividend Payout Ratio;

 = Dividend Per Share  Earnings Per share =N0.20 x 100 N0.86 =N23% | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.26 N0.26 =N 1% |
| This percentage indicates that 23% of BOC Gases distributable earnings are being paid to their ordinary shareholders in form of dividend and 1% of Portland paints & Products distributable earnings are being paid to their ordinary shareholders in form of dividend. Therefore BOC Gases shareholders earn more dividend than Portland paints & Products |
| * Dividend Yield;

 = Dividend Per Share  Market Price Per share =N0.20 x 100 N3.79 =N 5.3% | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share =N0.26 x 100 N10.8 =N2.4% |
| This ratio measures the current actual return on Shareholders’ Investment. From the above computation, it shows BOC Gases has a higher current actual return on shareholders’ investment than Portland paints & Products. |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend =N 357,604 N83,249 =N 4.30 | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend =N206,693 N206,585 =N1  |
| From the above computation it shows BOC Gases has sufficient earnings to pay dividend 4 times of the present dividend payout and For Portland paints & Products they can only pay dividend 1 times out of the present dividend payout ratio. |
| * Gearing;

 = Debt Equity = N529,796 N2,662,537 =0.40 | * Gearing;

 = Debt Equity =N14,048 N 1,536,981 =0.009 |
| From the above computation this shows that both companies are lowly geared, they are financed with more of equity than debt, it shows that both businesses are financially stable. |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N529,796 + N1,298,954 N2,662,537 =N1,828,750 N2,662,537 = 0.61 | * Total Debt to Shareholders Funds;

 =Non-Current Liability + Current Liability Equity/ Shareholders Fund =N14,048+ N700,439 1,536,981 =N714,487 N1,536,981 =0.46 |
| This indicates that both companies are being financed by a lower of debt and a higher of shareholders fund(equity) |

2.RATIO ANANLYSIS FOR CONSUMER GOODS.

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| NESTLÉ NIGERIA PLC RATIO ANALYSIS FOR THE YEAR 2018  | HONEYWELL FLOUR MILLS RATIO ANALYSIS FOR THE YEAR 2018 |
| 1. Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N82,734,317 N92,117,501 =0.90:1 | 1.Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N21,611,089 N28,207,258 =0.77:1 |
| This is an indication that the business might be unable to meet up with its future bills on time, due to their current assets being more that their current liabilities. And also their ratio falls below the industry average of 1.59:1, although Nestlé has a better current ratio than Honeywell Flour Mills  |
| * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability =N82,734,317- N23,124,020 N92,117,501 = 0.65:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N21,611,089- N7,844,965 N28,207,258 = 0.49:1 |
| This indicates that both companies do not have liquid assets to finance their current liabilities and this can hamper on the financial health of both companies. It also falls below the industry average of 1.06:1 but nevertheless it may also signify both companies have fast moving inventory.  |
| * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N42,175,062 x 365 days N266,274,621 =58Days  | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N6,518,925 x 365 days N71,476,319 =33Days  |
| This ratio measures the average number of days that credit customers usually make payments to both companies, Honeywell Flour Mills have a lower receivable period, which is better, it indicates that they collected their debt from Receivables faster than Nestlé.  |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N60,384,454 x 365 days N152,354,445 =147Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N12,331,422x 365 days N55,423,670 =81Days  |
| This is an indication of the number of days it takes both company to pay their trade payables. Honeywell Flour Mills pay their suppliers faster than Nestlé does. As a general rule the shorter the better, because if it’s high it could mean the company is struggling to find cash to pay it’s suppliers.  |
| * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N23,124,020x 365 days N152,354,445 =114Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N7,844,965x 365 days N55,423,670 =52Days  |
| This shows that Honeywell Flour Mills is efficiently and frequently selling off its inventory faster than Nestlé. As a general rule, the shorter the period the better  |
| * Receivables Turnover

 = Credit Sales  Average Trade Receivables = N266,274,621 N42,175,062 = 6 Times | * Receivables Turnover

 = Credit Sales  Average Trade Receivables = N71,476,319 N6,518,925 = 11Times  |
|  This shows the number of times both companies were able to collect their account receivable. Honeywell Flour Mills collection of receivable was efficient and their customers/debtors were able to pay their debts faster than Nestlé. The higher the better  |
| * Payables Turnover

 = Credit Purchases  Average Trade Payables =N152,354,445 N60,384,454 =3 Times  | * Payables Turnover

 = Credit Purchases  Average Trade Payables =N55,423,670 N12,331,422 =5Times |
| This indicates How many times both companies were able to pay off their account payables, and this indicates that both companies took long in paying their suppliers, although Honeywell Flour Mills paid off their debts faster.  |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory =N152,354,445 N23,124,020 =7Times  | * Inventory Turnover

 = Cost Of Sales  Average Inventory =N55,423,670 N7,844,965 =7Times  |
| For both companies, this is a positive indicator that there’s a high demand for their products, the higher the better, it indicates a greater generation of sales. |
| 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N59,750,846 N(162,334,422-92,117,507) =N59,750,846 N70,216,921 =0.85 | 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N4,872,291 N96,627,755 =0.05  |
| This indicates that Nestlé is profitable and it shows that the managements are efficient in utilizing the company’s resources and for Honeywell Flour Mill, there is a possibility that the management are not employing their capital effectively and might not be generating the desired shareholder’s value  |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =N113,920,176x 100 N266,274,621  =43% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N16,052,649x 100 N71,476,319  =22.5% |
| This indicates that both companies are financially doing well, both companies made reasonable profits on sales and this shows that, 43% and 22.5% of net sales are available to pay off all the operating expense. The higher the better |
| * Net Profit Percentage;

 =Net Profit x 100 Sales =N43,008,026x 100 N266,274,621  =16% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N44,26,978x 100 N71,476,319  =6.19% |
| This is an average percentage which was caused by an increase in expenditure, this is not a bad one, but there could be an improvement by reducing expenditure related to cost of sales, selling & admin expenses, interest costs etc. |
| * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N43,489,890 x 100 N53,279,445  =82% | * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N4,718,121x 100 N6,777,684  =69.6% |
| This shows that Both companies incurred a lot of expenses to manage the business most especially their assets, which could have had a great impact on the profitability of the company |
| * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales =N43,489,890 x 100 N266,274,641 =16% | * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales =N4,718,121 x 100 N71,476,319 =N6.6% |
| Both ratios are low which indicates managements efficiency at keeping cost low while generating sales. The smaller the ratio, the more efficient the company is at generating sales |
| 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N43,008,026,000 792,652,252 =N54.2 | 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N4,426,978,000 N7,930,197,658 =N0.56 |
| From the above computation, it indicates the growth pattern of Nestlé, it’s a sign of better earnings, strong financial position and a reliable company to invest in, Nevertheless it doesn’t mean that Honeywell Flour Mill is not a good company to invest in.  |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N1,485  N 54.2 =N27.3 | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N2.55  N0.56 =N4.55 |
| This shows the number of years it will take shareholder’s to recoup their investment back, from the above computation it shows that it takes Nestlé shareholders longer period to recoup their investment.  |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share =N54.2 N1,485 =0.04 | * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N 0.56  N2.55 =0.22 |
| This shows that both companies investments are valuable and both companies have potential returns on their shareholders investment  |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(162,334,422,000-112,113,936,000)-0 792,652,252 =N50,220,486 792,652,252 =N63.4 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(124,835,013-68,443,349)-0 7,930,197 =N56,391,664 7,930,197 =N7.1  |
| This indicates the amount of net assets attributable to each ordinary share in issue. From the above computation, This shows that Nestlé has a higher amount of net assets attributable to each ordinary share in issue than Honeywell Flour Mill. |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N37,661,172,000 792,652,252  =N47.5 | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N475,811,859 7,930,197,658  =N0.06 |
| This ratio indicates the portion of profits that is being paid to shareholders, and Nestlé has a higher dividend per share that will attract investors to invest more in their companies than Honeywell Flour Mill .  |
| * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N47.5 x 100  N54.2 =87.6% | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.06x 100  N0.56 =10.7% |
| This shows the ratio of a firms total dividend paid out to all shareholders. For Nestlé , it indicates that they are paying out more in dividend for the year than it earned, While Honeywell Flour Mill, it indicates that the company is retaining a greater proportion of their earnings instead of paying out dividend.  |
| * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N47.5 x100 N1,485 =3.2% | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N0.06 x100 N2.55 =2.35% |
| This ratio measures the current actual return on Shareholders’ Investment. From the above computation, it shows Honeywell Flour Mills has a higher current actual return on shareholders’ investment than Nestlé. |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N43,008,026  N37,661,172  =1.1 | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N4,426,978,000  N 7,930,197,658  =9.3 |
| This measures the number of times both companies can pay its current level of dividend meaning the number of times ordinary shares is covered by distributable earnings. Honeywell Flour Mills is covered 9 times higher than Nestlé  |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N19,996,435 50,220,486 =0.40 | 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N40,236,091 56,391,664 =0.71 |
| This measures the proportion of the company’s capital that is financed by debt and equity. Since both ratios are < 1 it indicates that both companies are lowly geared meaning they are financed with more of equity than debt.  |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N19,996,435+N92,117,501 50,220,486 =N112,113,936 50,220,486 =N2.2 | * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N40,236,091+N28,207,258 56,391,664 =N68,443,349 56,391,664 =N1.21 |
| This is a measure of how much debt was used to run the company This indicates that both companies are being financed by a higher of debt and a lower of shareholders fund(equity). Nestlé is more exposed to risk than Honeywell Flour Mills because the higer the ratio, the more exposure to risk. |

3.RATIO ANANLYSIS FOR CONSUMER SERVICES.

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| UNIVERSITY PRESS RATIO ANALYSIS FOR THE YEAR 2018  | TRANSCORP RATIO ANALYSIS FOR THE YEAR 2018  |
| 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N1,898,822 N742,124 =2.56:1 | 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N5,722,247 N19,627,117 =0.29:1 |
| From the above computation, it shows University Press has the ability to meet up with their current ability as at when due faster than Transcorp. And for Transcorp there is an indication that they might not be able to pay their future bills on time. Transcorp ratio also falls below the industry average of 1.59 But also, for University Press, there is a possibility that too much capital is tied up in current assets due to management’s failure to utilize the resources of the business properly |
| * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N1,898,822-N1,231,608 N742,124 =N667,214 N742,124 = 0.9:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N(5,722,247-526,851) N19,627,117 = 0.27:1 |
| This indicates that University Press has a better liquidity position than Transcorp, although both companies do not have sufficient liquid assets to finance their current liabilities and Both companies ratio falls below the industry average of 1.06 |
| * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N139,914 x 365 days N1,801,315 =28.4Days  | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N2,051,882x 365 days N16,475,720 =46 Days  |
| This ratio measures the average number of days that credit customers usually make payments to both companies. From the above computation, University Press has a lower receivable period, which is better, it shows they collected their debts from receivables faster than Transcorp. |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N26,244x 365 days N686,515 =14Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N7,804,949x 365 days N4,233,787 =673Days  |
| This measures the number of days it takes for both companies to pay off their suppliers/ Payables. University press were able to pay off their suppliers faster than Transcorp. As a general rule the shorter the better. Transcorp really took a long period before they were able to pay off their suppliers, it may be as a result of the company re-investing the cash that were meant to be paid to suppliers or it could mean the company was struggling to find cash to pay its debtors. |
| * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N1,231,608x 365 days N686,515 =655Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N526,851x 365 days N4,233,787 =45Days  |
| This ratio shows the number of days inventory remains in store for both companies before being sold, Transcorp had a good inventory turnover but the management of University Press will need to look into how inventory is managed because the period is too high and a high period could signify that too much cash is tied down on inventory. |
| * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N1,801,315 N139,914 = 13Times  | * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N1,6475,720 N2,051,882 = 8.0Times |
|  This shows the number of times both companies were able to collect their account receivable and their collection of receivable were efficient . University press customers were able to pay their debts faster than Transcorp. The higher the better  |
| * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N686,515 N26,244 =3 Times | * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N4,233,787 N7,804,949 =0.54 Times  |
| This Indicates the number of times the companies paid their debts to their suppliers during the course of the year, University press were able to pay their debts faster than Transcorp. Transcorp turnover ratio may not be positive for the business, it shows it took long before they were able to pay their debts.  |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory = N686,515 N1,231,608 =0.6 Times  | * Inventory Turnover

 = Cost Of Sales  Average Inventory =N4,233,787 N526,851 =8.04Times  |
| For Transcorp, this is a positive indicator that there’s a high demand for their products, the higher the better, it indicates a greater generation of sales. For University press, it indicates weak sales and excess inventory which could lead to overstocking and this is not healthy for the company. |
|  2.Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N354,625 N(3,412,992-742,124) = N354,625 N2,670,808 =0.13 | 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N5,187,367 N108,785,690-19,627,117 =N0.05 |
| From the ROCE computation it indicates that University press management efficiently utilized the resources of the company better than Transcorp. For Transcorp there is a possibility that the management is not employing their capital effectively and might not be generating the desired shareholder’s value. |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =N1,114,800x 100 N1,801,315  =61.8% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N12,241,933x 100 N16,475,720  =74% |
| This is an indication of the companies financial health, both companies made reasonable profits on sales and this shows that, 61.8% and 74 % of University press and Transcorp net sales are available to pay off all the operating expense. The higher the better |
| * Net Profit Percentage;

 =Net Profit x 100 Sales =N44,26,978x 100 N71,476,319  =12% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N3,876,300x 100 N16,475,720  =24% |
| This represents the percentage of profit left after all incomes and expenses have been accounted for. Transcorp were able to manage their cost and expenses better than University press. |
| * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N413,572x 100 N901,804  =45.9% | * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N8,430,000 N8,430,000  =1% |
| This shows that Transcorp incurred less expenses than University press to manage the business most especially their assets , their management were more efficient at operating the funds. |
| * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = N413,572x 100 N71,476,319  =N0.57% | * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = N8,430,000x 100 N16,475,720  =N51.2% |
| University Press had a lower ratio, it means more profitability for them , the lower the expense to sales the higher the gross profit margin which is very good. For Transcorp it shows that expense must have caused a deterioration in profit. |
| 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N207,411 N431,410 =N0.48 | 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N3,876,300,000 N7,600,403,900 =N0.51 |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue. It indicates that Transcorp Shareholders were paid more dividend than University Press Shareholders.  |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N1.41  N0.48 =N2.9 | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N5.4  N0.51 =N10.59 |
| This shows the number of years it will take shareholder’s to recoup their investment back, from the above computation it shows that it takes Transcorp shareholders longer period to recoup their investment.  |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N 0.48  N1.41 =0.34 | * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N 0.51  N5.4 =0.09 |
| This shows the potential return on Shareholders’ investment. University Press Shareholders has a better potential returns on their investment in the company than Transcorp. |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N2564003 431410 =N5.95 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(108,785,690-51,148,102) 7,600,403 =N57,637,528 7,600,403 =N7.6 |
| This indicates the amount of net assets attributable to each ordinary share in issue. From the above computation it shows that Transcorp has a higher amount of net assets attributable to each ordinary share in issue than University Press. |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N43,141 431,410  =N0.99 | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N1,140,060,585 7,000,403,900  =N0.15 |
| This ratio indicates the portion of profits that is being paid to shareholders, and both companies have a good dividend per share that will attract investors to invest more in their companies. Although University Press, has a higher dividend per share than Transcorp.  |
| * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.99 x100 N0.48 =206% | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.15x 100  N0.51 =29.4% |
| This percentage indicates that 206% of University Press distributable earnings are being paid to their ordinary shareholders in form of dividend and 29.4% of Transcorp distributable earnings are being paid to their ordinary shareholders in form of dividend. Therefore shareholders University Press earn more dividend than University Press. |
| * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N0.99 x100 N1.41 =70% | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N0.15x100 N5.4 =2.8% |
| This ratio measures the current actual return on Shareholders’ Investment. University Press has a higher current actual return on shareholders’ investment than Transcorp. |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N207,411-0  N43,141  =4.8 | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N3,876,300,000-0 1,140,060,900  =3.4 |
| From the above computation it shows University Press has sufficient earnings to pay dividend 4.4 times of the present dividend payout and For Transcorp they can only pay dividend 3.4 times out of the present dividend payout ratio. |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N106,065 2,564,803 =0.041 | * Gearing;

 = Debt Equity =N31,521,045 57,637,528 =0.55 |
| This measures the proportion of the company’s capital that is financed by debt and equity. Since both ratios are < 1 it indicates that both companies are lowly geared meaning they are financed with more of equity than debt. |
|  * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N106,065+N742,124 N2,564,803 = N848,189 N2,564,803 =0.33 | * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N31,521,045+N19,627,117 57,637,528 =N51,148,162 57,637,528 =N0.89 |
| This is a measure of how much debt was used to run the company, This indicates that both companies are being financed by a higher of shareholders fund(equity) and a lower of debt.  |

4.Financials Sector

|  |  |
| --- | --- |
| UNION BANK PLC FOR THE YEAR 2018  | ZENITH BANK PLC FOR THE YEAR 2018  |
| 1 Short term Solvency and Liquidity Ratio N’million * Current ratio;

 =Current Asset  Current Liability  =N1,324,297 N1,124,210 =1.18:1 | 1 Short term Solvency and Liquidity RatioN’million* Current ratio;

 =Current Asset  Current Liability  =N4,955,445 N4,280.413 =1.16:1 |
| From the computation above, it shows that Both companies have enough cash to be able to pay and meetup with their current liabilities as at when due |
| 2. Efficiency and profitability Ratio* Return On Capital Employed

 =18,438 200,087 =0.09 | * Return On Capital Employed

 =N165,480 675,032 =N0.25 |
| From the ROCE computation it indicates that Zenith Banks management efficiently utilized the resources of the company better than Union Bank. For Union Bank there is a possibility that the management is not employing their capital effectively and might not be generating the desired shareholder’s value. |
| 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N18,438,000,000-0 29,120,752,788 =N0.63 | Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N165,480,00000-0 31,396,493,787 =N5.27 |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue. This indicates that Zenith Banks Shareholders were paid more dividend than Union Bank .  |
| * Price Earnings Ratio;

 =N7.1 N0.63 =N11.27 | * Price Earnings Ratio;

 =N18.65 N5.27 =N3.54 |
| This shows the number of years it will take shareholder’s to recoup their investment back. From the above computation it shows that it takes Union Bank shareholders longer period to recoup their investment. |
| * Earnings Yield;

 =N0.63 N7.1 =0.09 | * Earnings Yield;

 =N5.27 N18.65 =0.28 |
| This shows that Zenith Banks investments are more valuable and have a better potential returns on their shareholders investment than Union Bank shareholders investment. |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  =N1,334,931 – N1,124,210 29,120 =N210,721 29,120 =7.24 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  =N4,955,445 – N4,280,413 31,396 =N675,032 31,396 =21.5 |
| This indicates the amount of net assets attributable to each ordinary share in issue. From the above computation it shows that Zenith Banks has a higher amount of net assets attributable to each ordinary share in issue than Union Bank. |
| * Dividend Per Share;

NO DIVIDEND WAS DECLARED AND PAID DURING THE YEAR.   | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N87,9100 31,396  =N2.80 |
| For Zenith Bank, This ratio indicates the portion of profits that is being paid to shareholders, They have a good dividend per share that will attract investors to invest more in their companies.  |
| * Dividend Payout Ratio;

NO DIVIDEND WAS DECLARED AND PAID DURING THE YEAR.   | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N2.80x 100  N5.27 =53% |
| This percentage indicates that 53% Zenith Bank of distributable earnings are being paid to their ordinary shareholders in form of dividend. |
| * Dividend Yield;

NO DIVIDEND WAS DECLARED AND PAID DURING THE YEAR.    | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N2.80x100 N18.65 =15% |
| This ratio measures the current actual return on Shareholders’ Investment. Zenith Bank has a current actual return of 15% on shareholders’ investment. |
| * Dividend Cover;

NO DIVIDEND WAS DECLARED AND PAID DURING THE YEAR.   | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N165,480,000,000 N87,910,000 =1.88 |
| From the above computation it shows Zenith Bank has sufficient earnings to pay dividend 1.8 times of the present dividend payout. |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity  =N1,124,210 N200,087 =N5.6 | 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity  =N4,280,413 N675,032 =N6.3 |
| This measures the proportion of the company’s capital that is financed by debt and equity. Since both ratios are < 1 it indicates that both companies are lowly geared meaning they are financed with more of equity than debt. |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N1,124,210 N200,087 =N5.6  | * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N4,280,413 N675,032 =N6.3 |

5.RATIO ANANLYSIS FOR HEALTH CARE SECTOR.

|  |  |
| --- | --- |
| FIDSON ANALYSIS FOR THE YEAR 2018  | GLAXOSMITHKLINE CONSUMERR NIGERIA FOR THE YEAR 2018. |
| 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N7,575,483 N10,535,885 =0.72:1 | 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N13,338,313 N6,941,940 =1.92:1 |
| From the computation above, this indicates that Glaxosmithkline had enough current assets to settle off its current liabilities with their current liabilities as at when due, But for Fidson This is an indication that the business might be unable to meet up with its future bills on time, due to their current assets being more that their current liabilities |
| * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability =N(7,575,483 -2,875,333) N10,535,885 = 0.45:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N13,338,313-3,938,707 N6,941,940  =1.35:1 |
| From the computation above, it shows that Glaxosmithkline, have sufficient liquidity, they have the ability to meet up with their current liabilities using their highly liquid assets and This also indicates that Fidson does not have enough liquid assets to finance their current liabilities. |
| * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N3,803,982x 365 days N16,229,903 =86 Days  | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N5,740,325 x 365 days N18,411,475 =114 Days  |
| This ratio measures the average number of days it takes for credit customers to make their payments to both companies. From the above computation, it shows Fidson had a lower receivable period, which is better, they collected their debt from Receivables faster than Glaxosmithkline  |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N3,682,712x 365 days N9,910,219 =136 Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N6,434,732 x 365 days N11,654,697 =202Days  |
| This ratio shows the average number of days it takes for a company to pay off their suppliers(debtors). From the above computation, it takes Glaxosmithkline longer days to pay their debts, although it took quite long before both companies could pay off their suppliers, which could be discouraging to their customers.  |
| * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N2,875,333x 365 days N9,910,219 =106Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N3,938,707 x 365 days N11,654,697 =123Days  |
| This ratio shows the number of days inventory remains in store for both companies before being sold, the management of both companies will need to look into how inventory is managed because a high period could signify that too much cash is tied down on inventory |
| * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N16,229,903 N3,803,982 = 4.27 Times  | * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N18,411,475 N5,740,325 = 3 Times  |
| This ratios indicates the company’s efficiency in collecting debts, it shows the number of times per year that both firms collected their accounts receivable, this is quite commendable but it could be better because a low number of times could signify that customers do not pay their debts quickly and also that the company does not operate on a cash basis |
| * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N9,910,219 N3,682,712 =2.69 Times  | * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N11,654,697 N 6,434,732 =2 Times  |
| This Indicates the number of times the companies paid their debts to their suppliers during the course of the year, Fidson were able to pay their debts faster than Glaxosmithkline, although they are both not high turnovers which may not be positive for the business. |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory =N9,910,219 N2,875,333 =3.45Times  | * Inventory Turnover

 = Cost Of Sales  Average Inventory =N11,654,697 N3,938,707 =3Times  |
| This shows how many times in a year that inventory of the business has been sold and replaced, Fidson sold and replaced their inventory faster than Glaxosmithkline, and this could signify that both companies are either overstocking or weaker sales and declining demand for a company’s product |
| 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N160,867 N(20,483,325 – 10,535,855) = N160,867 N9,947,440 =N0.01 | 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N1,160,824 N(15,700,216 – 6,941,940) = N1,160,824 N8,758,276 =N0.13 |
| This indicates that Glaxosmithkline is profitable and it shows that the managements are efficient in utilizing the company’s resources and for Fidson, there is a possibility that the management are not employing their capital effectively and might not be generating the desired shareholder’s value |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =N6,319,984 x 100 N16,229,903 =32.78% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N6,756,778 x 100 N18,411,475 =36.7% |
| This indicates that both companies are financially doing well, both companies made reasonable profits on sales and this shows that, 32.78% and 36.7% of net sales are available to pay off all the operating expense. The higher the better |
| * Net Loss Percentage;

 =Net Profit x 100 Sales =N(97,447)x 100 N16,229,903 =(0.6)% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N618,389 x 100 N18,411,475  =3.35% |
| This represents the percentage of profit left after all incomes and expenses have been accounted for. Glaxosmithkline were able to manage their cost and expenses better that Fidson. Fidson expenses were more than the revenue and it resulted in them making a loss.  |
| * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N1,905,330 N4,519,665  =42.2% | * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N3,096,566 N5,342,847  =57.96% |
| This shows that Both companies incurred a lot of expenses to manage the business most especially their assets, which could have had a great impact on the profitability of the company |
| * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = N1,905,330x 100 N16,229,903 =N11.74% | * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = N3,096,566 x 100 N18,411,475 =N16.82% |
| Since both companies have low ratio, it means more profitability, the lower the expense to sales the higher the gross profit margin which is very good. |
| 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N(97,447) N1,500,000 =N(0.06) | 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N618,389-0 N1,195,876 =N0.52 |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue. Although Fidson financial health was poor because they made a loss after tax. But they were still able to pay dividend. |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N4.95  N(0.06) =N(82.5) | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N6.45  N0.52 =N12.40 |
| This shows the number of years it will take shareholder’s to recoup their investment back |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N(0.06) N4.95 =N(0.012) | * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N0.52 N6.45 =N8.06 |
| This shows the potential return on Shareholders’ investment. |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N20,483,325 – 13,329,544 1,500,000 =N7,153,781 1,500,000 =N4.77 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(20,483,325 – 13,329,544) 1,500,000 =N8,651,191 1,195,876 =N7.23 |
| This indicates the amount of net assets attributable to each ordinary share in issue.  |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N225,000,000 1,500,000  =N0.15 | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N598,000 1,195,876  =N0.50 |
| This ratio indicates the portion of profits that is being paid to shareholders |
| * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.15x 100  N(0.06) =(2.5%) | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.50x 100  N0.52 =96.15% |
|  |  |
| * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N0.15x100 N4.95 =0.03% | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N0.50x100 N6.46 =7.75% |
| This ratio measures the current actual return on Shareholders’ Investment |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N(97,447) N225,000  =(0.43) | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N618,389 N598,000  =1.03 |
| This ratio measures the number of times ordinary dividend is covered by distributable earning |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N954,473 N7,153,781 =0.05 | 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity = N107,085 N8,651,191 =0.01 |
| This measures the proportion of the company’s capital that is financed by debt and equity. Since both ratios are < 1 it indicates that both companies are lowly geared meaning they are financed with more of equity than debt.  |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N2,793,659 + N10,535,855 N7,153,781 =N13,329,544 N7,153,781 =N1.86 | * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund = N107,085+ N941,940 8,651,191 =N1,049,025 N8,651,191 =N0.12 |
| This is a measure of how much debt was used to Finance the company |

6.Industrial Sector

|  |  |
| --- | --- |
| BETA GLASS PLC FOR THE YEAR 2018  | JULIUS BERGER FOR THE YEAR 2018  |
| 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N28,550,830 N13,723,312 =2.08:1 | 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N125,039,446 N 73,196,234 =1.71 |
| From the computation above, it shows that Both companies have enough current asset to be able to pay and meetup with their current liabilities as at when due. |
| * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N28,550,830-N6,239,740 N13,723,312 =22,311,090  13,311,090 = 1.67:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability =N125,039,446- 11,304,295 N 73,196,234 = N113,735,151 N 73,196,234 =0.64:1 |
| From the computation above, it shows that BetaGlass have sufficient liquidity, they have the ability to meet up with their current liabilities using their highly liquid assets and it also indicates that Julius Berger does not have enough liquid assets to finance their current liabilities.  |
| * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N13,438,292 x 365 days N26,321,014 =186Days | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N65,128,223x 365 days N170,326,746 =140 Days  |
| This ratio measures the average number of days it takes for credit customers to make their payments to both companies. From the above computation, it shows BetaGlass had a lower receivable period, which is better, they collected their debt from Receivables faster than Julius Berger  |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N11,598,037 x 365 days N19,940,375 =212Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N8,471,491 x 365 days N142,609,198 =22Days  |
| This ratio shows the average number of days it takes for a company to pay off their suppliers(debtors). From the above computation, it takes BetaGlass longer days to pay their debts, which could be discouraging to their customers. It could also mean the cash that was supposed to be paid to them were re-invested. |
| * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N6,239,740 x 365 days N19,940,375 =114Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N11,304,296 x 365  N132,254,711 =31Days  |
| This ratio shows the number of days inventory remains in store for both companies before being sold, Julius Bergwe was able to sell their inventory really fast, which is positive for the business But the management of BetaGlass will need to look into how inventory is managed because a high period could signify that too much cash is tied down on inventory.  |
| * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N26,321,014 N13,438,292 = 2.0Times  | * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N170,326,746 N65,128,223 = 2.6Times  |
| This ratios indicates the company’s efficiency in collecting debts, it shows the number of times per year that both firms collected their accounts receivable, this is quite commendable but it could be better because a low number of times could signify that customers do not pay their debts quickly and also that the company does not operate on a cash basis |
| * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N19,940,375 N11,598,037 = 1.7Times  | * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N142,609,198 N8,471,491 = 16.8Times  |
| This indicates How many times both companies were able to pay off their account payables, this shows that BetaGlass took really long in paying their suppliers and it indicates that Julius Berger had enough cash to pay off their short term debt in a timely manner |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory =N19,940,375 N6,239,740 =3.2Times | * Inventory Turnover

 = Cost Of Sales  Average Inventory =N132,254,711 N11,304,296 =11.7Times  |
| This shows how many times in a year that inventory of the business has been sold and replaced, Julius Berger sold and replaced their inventory faster than BetaGlass there was an existing demand for Julius Berger products, and this could signify that BetaGlass is either overstocking or weaker sales and declining demand for a company’s product |
| 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N7,188,181 N(46,079,629- 13,723,312) = N7,188,181 N32,356,317 =0.22 | 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N6,630,667 N(268,060,387-73,196,234) =N6,630,667 N1,94,864,153 =0.03 |
| This indicates that BetaGlass is profitable and it shows that the managements are efficient in utilizing the company’s resources and for Julius Bergr, there is a possibility that the management are not employing their capital effectively and might not be generating the desired shareholder’s value |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =6,380,639x 100 N26,321,014  =24% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N38,072,035x 100 N170,326,746  =22% |
| This indicates that both companies are financially doing well, both companies made reasonable profits on sales and this shows that, 24% and 22% of net sales are available to pay off all the operating expense. The higher the better |
| * Net Profit Percentage;

 =Net Profit x 100 Sales =N5,052,805x 100 N26,321,014  =19% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N4,788,213x 100 N170,326,746  =3% |
| This represents the percentage of profit left after all incomes and expenses have been accounted for. Beta Glass were able to manage their cost and expenses better than Julius Berger. |
| 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N5,052,805 499,972 =10.1 | 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N4,788,213 1,320,000 =3.63 |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue. It indicates that BetaGlass Ordinary Shareholders were paid more dividend than Julius Berger Ordinary Shareholders |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N68.3  10.1 =6.76 | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =20.1  3.63 =5.54 |
| This shows the number of years it will take shareholder’s to recoup their investment back. From the computation above it shows that it takes BetaGlass shareholders longer period to recoup their investment |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share = 10.1 N68.3 =0.15 | * Earnings Yield;

 = Earnings Per Share Market Price Per Share = 3.63 N20.1 =0.18 |
| This shows the potential return on Shareholders’ investment. Julius Berger Shareholders has a better potential returns on their investment in the company than Beta Glass. |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(46,079,629-16,452,056) 499,972 =N29,627,573 499,972 =N59.26 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N16,710,922 1,320,000 =N13 |
| This indicates the amount of net assets attributable to each ordinary share in issue. From the above computation it shows that BetaGlass has a higher amount of net assets attributable to each ordinary share in issue than Julius Berger. |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N649,964 499,272 = N1.30 | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N2,640,000 1,322,000 = N2.0 |
| This ratio indicates the portion of profits that is being paid to shareholders, and both companies have a good dividend per share that will attract investors to invest more in their companies. Although Julius Berger has a higher dividend per share than Beta Glass. |
| * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N1.3 x 100  N10.1 =N12.87 | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N2.0 x 100  N3.6 =N56 |
| This shows the ratio of a firms total dividend paid out to all shareholders. Julius Berger, it indicates that they are paying out more in dividend for the year than it earned, While Beta Glass, it indicates that the company is retaining a greater proportion of their earnings instead of paying out dividend. |
| * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N1.3 x100 N68.3 =N1.9 | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N2 x100 N20.1 =N10 |
| This ratio measures the current actual return on Shareholders’ Investment. From the above computation, it shows Julius Berger has a higher current actual return on shareholders’ investment than Beta Glass. |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N5,052,805  N649,964 =N7.8 | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N4,788,213  N2,640,000 =N1.8 |
| From the above computation it shows Beta Glass has sufficient earnings to pay dividend 7.8 times of the present dividend payout and For Julius Berger they can only pay dividend 1.8 times out of the present dividend payout ratio. |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N2,728,744 N29,627,573 =0.09 | 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity = N1,517,513 N16,710,922 =0.09  |
| This measures the proportion of the company’s capital that is financed by debt and equity. Since both ratios are < 1 it indicates that both companies are lowly geared meaning they are financed with more of equity than debt.  |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N2,728,744 +N13,723,312 29,627,573 =N16,452,056 29,627,573 =N0.56 | * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N178,153,231+N73,196,234 2,662,537 =N251,349,465 16,710,922 =N15 |
| This is a measure of how much debt was used to run the company, This indicates that Beta Glass is being financed by a higher of shareholders fund(equity) and a lower of debt. And Julius Berger is being financed with more of debt. |

5. Oil And Gas Sector

|  |  |
| --- | --- |
| MOBIL OIL RATIO ANALYSIS FOR THE YEAR 2018  | CONOIL RATIO ANALYSIS FOR THE YEAR 2018  |
| 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N34,183,632 N19,327,761 =1.77:1 | 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N54,908,451 N41,641,699 =1.32:1 |
| From the computation above, it shows that Both companies have enough cash to be able to pay and meetup with their current liabilities as at when due |
| * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability =N(34,183,632-17,918,599) N19,327,761 = 0.84:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N(54,908,451-9,141,599) N41,641,699 = 1.09:1 |
| From the computation above, it shows that ConOil have sufficient liquidity, they have the ability to meet up with their current liabilities using their highly liquid assets and it also indicates that Mobil Oil does not have enough liquid assets to finance their current liabilities.  |
| * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N11,513,890x 365 days N164,609,535 =26 Days  | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  =N30,295,096x 365 days N122,213,014 =91 Days  |
| This ratio measures the average number of days it takes for credit customers to make their payments to both companies. From the above computation, it shows Mobil Oil had a lower receivable period, which is better, they collected their debt from Receivables faster than Conoil |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N8,212,101x 365 days N148,015,916 =22 Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N35,065,872x 365 days N109,422,111 =117 Days  |
| This ratio shows the average number of days it takes for a company to pay off their suppliers(debtors). From the above computation, it takes Conoil longer days to pay their debts, which could be discouraging to their customers. It could also mean the cash that was supposed to be paid to their payables were re-invested. The lower number of days the better it is. |
|  |
| * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N17,918,599x 365 days N148,015,916 =44Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N9,141,599x 365 days N109,422,111 =31Days  |
| This ratio shows the number of days inventory remains in store for both companies before being sold. Both companies have a very good ratio, meaning their inventories did not stay for too long in the store before they were sold. |
| * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N164,609,535 N11,513,890 = 14Times | * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N122,213,014 N30,295,096 = 0.4 Times  |
| This shows the number of times both companies were able to collect their account receivable and their collection of receivable were efficient . University press customers were able to pay their debts faster than Transcorp. The higher the better |
| * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N148,015,916 N8,212,101 =18 Times  | * Payables Turnover Period

 = Credit Purchases  Average Trade Payables =N109,422,111 N35,065,872 =3 Times  |
| This indicates How many times both companies were able to pay off their account payables, this shows that Conoil took a really long period in paying their suppliers and it indicates that Mobiloil had enough cash to pay off their short term debt in a timely manner. |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory =N148,015,916 N17,918,599 =8Times   | * Inventory Turnover

 = Cost Of Sales  Average Inventory = N109,422,111 N9,141,599 =12Times   |
| This shows how many times in a year that inventory of the business has been sold and replaced, Conoil sold and replaced their inventory faster than Mobiloil. |
| 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N13,695,459 N(70,660,798-19,327,761) = N13,695,459 N51,33,037 =N0.27 | 2. Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit  Capital Employed =N2,566,765 N(60,897,246-41,641,699) = N2,566,7659 N19,435,547 =N0.13 |
| From the ROCE computation it indicates the Mobil Oil management efficiently utilized the resources of the company better thanConoil, although both companies are both profitable and efficient. |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =N16,583,619x 100 N164,609,535  =10.08% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N2,770,902 x 100 N122,213,014 =10.45% |
| This is an indication of the companies financial health, both companies made reasonable profits on sales and this shows that, 10.08% and 10.45% of Mobil Oil and Conoil net sales are available to pay off all the operating expense. The higher the better |
| * Net Profit Percentage;

 =Net Profit x 100 Sales =N9,328,936x 100 N164,609,535 =5.67% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N1,796,042x 100 N122,213,014 =51.5% |
| This represents the percentage of profit left after all incomes and expenses have been accounted for. Conoil were able to manage their cost and expenses better than Mobiloil.  |
| * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N6,924,689 N11,977,991  =57.8% | * Expense Percentage;

 =Individual Expenses x 100 Total Expense =N2,571,250 N8,809,784  =29.2% |
| This shows that Conoil incurred less expenses than Mobil Oil to manage the business most especially their assets , their management were more efficient at operating the funds. |
| * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = N6,924,689 x 100 N164,609,535 =N4.2% | * Expense To Sales Percentage;

 =Individual Expenses x 100 Sales = N2,571,250x 100 N122,213,014 =N2.1% |
| Both ratios are low which indicates managements efficiency at keeping cost low while generating sales. The smaller the ratio, the more efficient the company is at generating sales |
| 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N9,328,935,000 N360,595,261 =N25.87 | 3. Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N11,796,042 N693,951,717 =N2.59 |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue. It indicates that Mobil Oil Ordinary Shareholders were paid more dividend than Conoil Ordinary Shareholders |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N147.9  N25.87 =N5.7 | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N18.5  N2.59 =N7.14 |
| This shows the number of years it will take shareholder’s to recoup their investment back. From the computation above it shows that it takes Conoil shareholders longer period to recoup their investment |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N25.87  N147.9 =0.17 | * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N2.59  N18.5 =0.14 |
| This shows the potential return on Shareholders’ investment. Mobil Oil Shareholders has a better potential returns on their investment in the company than Conoil. |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(70,660,798-36,888,023)-0 360,595 =N33,772,775 360,595 =93.6 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N(60,897,246,000-42,596,172,000)-0 693,951,717 =N18,301,074,000 693,951,717 =26.4 |
| This indicates the amount of net assets attributable to each ordinary share in issue. From the above computation it shows that Mobil Oil has a higher amount of net assets attributable to each ordinary share in issue than Conoil. |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N2,974,910,903 360,595,261  =N8.25 | * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N1,387,904,234 693,951,717  =N2.0 |
| This ratio indicates the portion of profits that is being paid to shareholders, and both companies have a good dividend per share that will attract investors to invest more in their companies. Although Mobil Oil has a higher dividend per share than Conoil. |
| * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N8.25x 100  N25.87 =31.9% | * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N2.0x 100  N2.59 =77.2% |
| This shows the ratio of a firms total dividend paid out to all shareholders. For Conoil, it indicates that they are paying out more in dividend for the year than it earned, While Mobiloil, it indicates that the company is retaining a greater proportion of their earnings instead of paying out dividend. |
| * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N8.25x100 N147.9 =5.6% | * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N2.0x100 N18.5 =10.8% |
| This ratio measures the current actual return on Shareholders’ Investment. From the above computation, it shows Conoil has a higher current actual return on shareholders’ investment than Mobil Oil. |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N9,328,935,000 N2,974,910,903  =3.14 | * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N1,796,042,000 N1,387,904,234  =1.29 |
| From the above computation it shows Mobiloil has sufficient earnings to pay dividend 3.14 times of the present dividend payout and For Conoil they can only pay dividend 1.29 times out of the present dividend payout ratio. |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N17,560,262 33,772,775 =0.52 | 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N954,473 N18,301,074 =0.05 |
| This measures the proportion of the company’s capital that is financed by debt and equity. Since both ratios are < 1 it indicates that both companies are lowly geared meaning they are financed with more of equity than debt.  |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + CurrentLiability Equity/ Shareholders Fund =N17,560,262+N19,327,761 33,772,775 =N36,888,023 33,772,775 =N1.09 | * Total Debt to Shareholders Funds;

 = Non-Current Liability + CurrentLiability Equity/ Shareholders Fund =N9,543,473+N41,641,699 N18,301,074 =N51,185,172 N18,301,074 =N2.80 |
| This is a measure of how much debt was used to run the company, This indicates that both companies are being financed by a lower of shareholders fund(equity) and a higher of debt. Conoil has a higher exposure of the firm to external aggression which can lead to aggressive takeover. |

8.Raio Analysis for Telecommunication

|  |  |  |
| --- | --- | --- |
| CHAMS RATIO ANALYSIS FOR THE YEAR | E TRANZACT RATIO ANALYSIS FOR THE YEAR |  |
| 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N607,801 N1,478,060 =0.41:1 | 1 Short term Solvency and Liquidity Ratio N’000* Current Ratio; Current Asset

 Current Liability  =N4,105,003 N5,603,715 =0.73:1 |  |
| This is an indication that the business might be unable to meet up with its future bills on time, due to their current assets being more that their current liabilities. And also their ratio falls below the industry average of 1.59:1, although E Tranzact has a better current ratio than Honeywell Flour Mills  |  |
| * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability = N607,801- N67,648 N1,478,060 = 0.37:1 | * Quick Assets or Acid Test Ratio;

 =Current Asset- Inventory Current Liability =N4,105,003- N401,048 N5,603,715 =0.66:1 |  |
| This indicates that both companies do not have liquid assets to finance their current liabilities and this can hamper on the financial health of both companies. It also falls below the industry average of 1.06:1 but nevertheless it may also signify both companies have fast moving inventory.  |  |
| * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  = N510,466x 365 days N584,392 =319 Days | * Receivables Collection Period;

 Average Trade Receivables x 365days  Credit Sales  = N1,075,193x 365 days N18,621,653 =21Days |  |
| This ratio measures the average number of days that credit customers usually make payments to both companies, E Tranzact have a lower receivable period, which is better, it indicates that they collected their debt from Receivables faster than Chams.  |  |
| * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N1,246,204x 365 days N346,230 =1,314 Days  | * Payables Payment period

 = Average Trade Payables x 365days Credit Purchases =N5,564,590x 365 days N16,997,019 =119Days  |  |
| This ratio shows the average number of days it takes for a company to pay off their suppliers(debtors). From the above computation, it takes E Tranzact longer days to pay their debts, although it took quite long before both companies could pay off their suppliers, which could be discouraging to their customers.  |  |
| * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N67,648x 365 days N346,230 =71Days  | * Inventory Turnover Period

 = Average Inventory  Cost Of Sales =N67,648x 365 days N16,997,019 =7Days  |  |
| This ratio shows the number of days inventory remains in store for both companies before being sold, Etranzact had a better inventory turnover than Chams,  |  |
| * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N584,392 N510466 = 1.14 Times  | * Receivables Turnover Period

 = Credit Sales  Average Trade Receivables =N1,8621,653 N1,075,193 = 17 Times  |  |
| This shows the number of times both companies were able to collect their account receivable and their collection of receivable were efficient . Etranzact customers were able to pay their debts faster than Chams. The higher the better |  |
| * Payables Turnover Period

 = Credit Purchases  Average Trade Payables = N346,230 N1,246,204 =0.28Times  | * Payables Turnover Period

 = Credit Purchases  Average Trade Payables = N1,6997,019 N1,246,204 =3Times  |  =N346,230 N67,648 =5.12 Times  |
| This indicates How many times both companies were able to pay off their account payables, this shows that Chams took a really long period in paying their suppliers and it indicates that. Etranzact were able to pay faster than charms |  |
| * Inventory Turnover

 = Cost Of Sales  Average Inventory =N346,230 N67,648 =5.12 Times   | * Inventory Turnover

 = Cost Of Sales  Average Inventory =N556,459 N316,742 =54 times  |  |
| This shows how many times in a year that inventory of the business has been sold and replaced, Etranzact sold and replaced their inventory faster than Charms.  |  |
| . Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit before intrest and tax  Capital Employed =N385,796 N5,205,959 – 1,478,060 = N385,796 N3,727,899 =N0.10 | . Efficiency and profitability Ratio* Return On Capital Employed;

 =Profit before intrest and tax  Capital Employed =(N3,277,655) N5,967,399 – 5,360,715 = (N3,277,655) N606,684 =N0.10 |  |
| From the ROCE computation it indicates that both companies efficiently utilized the resources of the company and both companies are both profitable and efficient |  |
| * Gross Profit Margin;

 =Gross Profit x 100 Sales =N238,162 x 100 N584,392 =40.8% | * Gross Profit Margin;

 =Gross Profit x 100 Sales =N1,624,634 x100  N18,621,653 =9%  |  |
| This is an indication of the companies financial health, chams made a reasonable profits on sales and this shows that, 40.8% and 9% of Chams and Etranzact net sales are available to pay off all the operating expense. The higher the better |  |
| * Net Profit Percentage;

 =Net Profit x 100 Sales =N385,796x 100 N584,392 =66% | * Net Profit Percentage;

 =Net Profit x 100 Sales =N(3,136,413)x 100 N18,621,653 =(17)% |  |
| This represents the percentage of profit left after all incomes and expenses have been accounted for. Charms were able to manage their cost and expenses while Etranzacts management failed at managing expenses cause the expense were more than the revenue which made them make a loss.  |  |
| . Investor’s Or Shareholders Ratio* Earnings Per share;

 = Profit After Tax- Preference Dividend No. Of Ordinary Shares Issued =N385,796 N4,696,060 =N0.08 | . Investor’s Or Shareholders Ratio* Earnings Per share;

 = Loss After Tax- Preference Dividend No. Of Ordinary Shares Issued =N(3,136,413)-0 N4,200,000 =N(0.75) |  |
| This shows ratio shows the dividend attributable to each ordinary shareholders in issue. Although Etranzact financial health was poor because they made a loss after tax. |  |
| * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N0.36  N0.08 =N4.5 | * Price Earnings Ratio;

 =Market Price Per Share Earnings Per Share =N2.38  (N0.75) =N3.17 |  |
| This shows the number of years it will take shareholder’s to recoup their investment back |  |
| * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = N0.08 N0.36 =0.22 | * Earnings Yield;

 = Earnings Per Share Market Price Per Share  = (N0.75) N2.38 =0.31 |  |
| This shows the potential return on Shareholders’ investment |  |
| * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N3,727,889-0 4,696,060 =0.79 | * Net Asset Per Share;

 = Net Assets- Preference Share Capital No. Of Ordinary Shares  = N159,667-0 4,200,000 =0.04 |  |
| This indicates the amount of net assets attributable to each ordinary share in issue |  |
| * Dividend Per Share;

 =Gross Dividend  No. Of Ordinary Shares  = N140,881,800 4,696,060,000  =N0.03 | * Dividend Per Share;

 NO DIVIDEND WAS PAID FOR THE YEAR   |  |
| This ratio indicates the portion of profits that is being paid to shareholders |  |
| * Dividend Payout Ratio;

 = Dividend Per Share X 100 Earnings Per share =N0.03x 100  N0.08 =37.5% | * Dividend Payout Ratio;

 NO DIVIDEND WAS PAID FOR THE YEAR   |  |
| This shows the ratio of a firms total dividend paid out to all shareholders |  |
| * Dividend Yield;

 = Dividend Per Share X 100 Market Price Per share = N0.03x100 N0.36 =8.3% | * Dividend Yield;

 NO DIVIDEND WAS PAID FOR THE YEAR |  |
| This ratio measures the current actual return on Shareholders’ Investment |  |
| * Dividend Cover;

 = Profit After Tax- Preference Dividend Gross Dividend = N385,796,000 N140,881,800  =2.7 | * Dividend Cover;

 NO DIVIDEND WAS PAID FOR THE YEAR  |  |
| From the above computation it shows Charms has sufficient earnings to pay dividend 2.7 times of the present dividend payout |  |
| 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N0 N3,727,899 =0 | 4. Long Term Solvency And Stability Ratio* Gearing;

 = Debt Equity =N177,017 N159,667 = N1.1 |  |
| This measures the proportion of the company’s capital that is financed by debt and equity. Charms had no debt for the year and Since E transact ratios wa> 1 it indicates that the company is highly geared meaning they are financed with more of debt than equity. |  |
| * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N 0 +1,478,060 N18,301,074 =N1,478,060 N3,727,899 =0.40 | * Total Debt to Shareholders Funds;

 = Non-Current Liability + Current Liability Equity/ Shareholders Fund =N 177,017+ 5,630,715 N159,667 =N5,807,732 N159,667 =36.4 |  |
| This is a measure of how much debt was used to run the company, This indicates that Charms are being financed by a higher of shareholders fund(equity) and a lower of debt. For Etranzact, it indicates its being financed by a lower of shareholders fund(equity) and a higher of debt. E transact has a higher exposure of the firm to external aggression which can lead to aggressive takeover |  |