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# Analysis of Agribusiness Financial Statement of Presco Nigeria: 2010-2020

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**Abstract**
The study was conducted in Presco Nigeria Limited. Single-stage sampling was used in selecting the sample size of the study. The purposive selection of ten (10) financial statements from the past ten years out of the financial statements of other years was used as the sample size of this study. Liquidity Ratios, Leverage Ratios, net worth formula and Profitability Ratios were used to analyze the financial status of Presco Nigeria Limited. Results indicated that Presco Nigeria Limited cannot effectively meet its short-term obligations since its ratios fell below the benchmark of 1.5 - 3.0 hence, the need to reduce its current liabilities or increase its current assets. It was recommended that the company should be very careful while recording financial figures. This is due to the numerous anomalies recorded in some financial figures, especially in 2016. The company should reduce its reliance on debts as it may be financially distressed in the future as indicated by its high Debt to EBITDA Ratios (greater than 3.0).
***Keywords: Presco, Liquidity ratio, Current ratio, Leverage ratio, Agriculture, Financial statement***

## Introduction

During the seventies, the Government of the then Bendel State of Nigeria (which was divided into two states: Edo State and Delta State in 1991) initiated a programme for the development of oil palm cultivation with the financial support of the World Bank. The state-owned Oil Palm Company Ltd (OPC) established Obaretin Estate and planted 1,150 hectares between 1975 and 1980. The plantation is in Ikpoba-Okha Local Government Area of Edo State at km 22 on the Benin City-Sapele Road, south of Benin City. Siat became involved in Presco in 1991, at which time there were 2,700 hectares planted at Obaretin Estate. Under Siat's management, a new expansion programme commenced in 1993 and an additional 3,000 hectares were planted at Obaretin Estate. The total planted area as of 30th April 2021 is 5,408 hectares. In 1996 Presco acquired the 2,780-hectare Cowan Estate at Ajagbodudu, Delta State, from the Delta State Government-owned Oil Palm Company Ltd. The total planted area at 30th April, 2021 is 2,370 hectares.

Recently, the Sakponba estate was acquired, 14,000 hectares concession of which 7,247 hectares have been planted. The Presco total planted area amounts to 23,628 hectares as of 31st January 2022. The company's operations are fully integrated with plantations, a palm oil mill, a palm kernel crushing plant and a vegetable oil refining plant. It is the only fully integrated operation in Nigeria. Financial statement data is formed based on basic accounting assumptions and general principles of accounting. Basic accounting assumptions include accounting subject, continuous operation, accounting period and monetary measurement (Nwanyanwu, 2013). The preparation data of financial statements are constrained by the above factors, some important non-financial information, external economic environment, industry environment and business cycle of enterprises are not reflected in the financial statements, which restricts the analysis of financial statements data on the financial status and profitability of enterprises to some extent. With the wide application of financial statement analysis in the Agricultural industries, securities industry, bank operation, insurance investment and other industries, it has been regarded as an important financial skill, and the limitations of the application of financial statement analysis are gradually revealed (Jun Li, 2019). If these problems are not fully understood, it will lead to decision-making errors in practice.

In managing the activity of agricultural farms, the value of financial information that the accounting system offers is very important because it includes valuable information about the financial state, performance and changes in the financial state which helps management in the decision-making process. Financial statement analysis evaluates a company's performance, and though widely used, it is not without its faults.

On the one hand, a business may flow in a very good way but on the other hand, a business may become to some extent good or weak (Novák *et al.,* 2002). This is the reason why financial analysis has special importance. Each business must possess financial analysis to analyze the past, present and future situation of the farm. Financial analysis is very important not only for internal people who want to know in which position are they with their businesses but also for external people such as loan givers, and suppliers that what to know about the situation of their partners. The study would help the managers and directors know whether the company is growing or not. In the same vein, the study would be useful/helpful to students of higher institutions who may want to carry out the same research/study. It is based on this that the study sought to achieve the following specific objectives:

i. determine the current ratio and current liability of the company.
ii. determine the leverage ratio of Presco,
iii. examine the liquidity ratio of Presco
iv. examine the Net worth of Presco
v. determine the profitability of Presco Nigeria Limited

***Empirical Literature***

Buvaneswari and Lakshmi (2015) in their study, on financial statement analysis of SRIRAM perfumes, Trichy, using ratio analysis, MS-excel, found out that the financial performance of SRIRAM perfumes is better. They observed that the company has been maintaining a good financial position and can further improve if it concentrates on its administrative and selling expenses and reduces expenses. In the same vein, they observed that the company has been able to maintain and grow its market share to make strong margins in the market, contributing to the strong financial position of the company. They finally observed that the company could meet its entire requirements for capital expenditures and a higher level of working capital commitment with a higher volume of operations and from the operating cash flows.

According to Dusan, Andrej and Daniela (2016), in their study of financial analysis in a selected company, using synthesis, induction and deduction creation, observed that in the present turbulent competitive environment, financial analysis is an essential part of monitoring the business subjects and is an important tool to support the decision making of various stakeholder groups. Also, they observed that financial analysis provides feedback about the whole condition of the business subject and their development and about the condition of individual operation areas. In the same vein, they found out that financial analysis helps in identifying the factors that with the largest stake have caused undesirable results within the business subject.

Lukas (2019) in their study, The Leverage Ratio and Its Impact on Capital Regulation, using frequency, percentage and financial tools, observed that the capital and leverage ratios complement each other. On the other hand, they observed that if a minimum leverage ratio is binding on some institutions, the increase in macro prudential capital buffers does not necessarily lead to a real increase in the capital and resilience of those institutions. Finally, they observed that the leverage ratio is far less pro-cyclical than the capital ratio.

Theophilus *et al*., (2017) in their study, Financial Ratios as a Tool for Profitability in Aryton Drugs. Using multiple regressions, P-test and T-test, observed that Aryton Drugs were not liquid enough and had returns on assets that were not utilized properly, had a serious problem in collecting debt from customers or less liquid debtors and their operations were financed more by debt. They also observed that liquidity had a positive and insignificant relationship with profitability while leverage and efficiency had a negative and insignificant relationship with profitability.

Omar and Abdul *et al*., (2016) in their study, Exploring the Relationship between Liquidity Ratios and Indicators of Financial Performance: An Analytical Study on Food Industrial Companies Listed in Amman Bursa, Using multiple regressions observed that there was no relationship between all liquidity ratios and the gross profit margin, while there is a weak positive relationship between the current ratio and each of the operating profit margins and the net profit margin, as the study pointed to the existence of a positive relationship between (quick ratios, defensive interval ratio) and operating cash low margin. They also observed that there is a positive relationship between liquidity ratios (current ratio, quick ratio, cash ratio) and return on assets.

**Methodology**

Single-stage sampling was used in selecting the sample size of the study. The purposive selection of ten (10) financial statements from the past ten years out of the financial statements of other years was used as the sample size of this study because these 10 ratios covered the number of years the researcher intended to cover. The purposive sampling technique was employed to select the needed years from all the years. Objectives (I) and (iii) were achieved using Liquidity Ratios, and objective (ii) was achieved using Leverage Ratios. Objective (iv) was achieved using the net worth formula and objective (v) was achieved using Profitability Ratios.

***Profitability Ratio:*** A profitability ratio is a measure of profitability, which is a way to measure a company's performance.

***Types of Profitability Ratios:*** these include gross profit margin (GPM), operating margin (OM), return on assets (ROA), return on equity (ROE), return on sales (ROS) and return on investment (ROI).

**Gross Profit Margin:** This tells you about the portability of goods and services.

Gross Margin = Gross Profit/Net Sales * 100

***Decision Rule:*** A good Gross Profit Margin falls between 50-70%.

***Operating Margin:*** This considers the costs of producing the product or services unrelated to the direct production of the product or services, such as overhead and administrative expenses.

Operating Margin = Operating Profit / Net Sales * 100

***Decision Rule:*** An ideal Operating Margin is 15% and above.

**Return on Assets:** This measures how effectively the company produces income from its assets. Return on Assets = Net Income / Assets * 100

***Decision Rule:*** An ideal ROA is 5% and above.

***Return on Equity:*** This measures how much a company makes for each naira that investors put into it.

Return on Equity = Net Income / Shareholder Investment * 100 ROE = NI / SI * 100

**Decision Rule:** An ideal ROE is a fall between 15-20%.

***Liquidity Ratio:*** This analysis helps in measuring the short-term solvency of a business.

**Types of Liquidity Ratios:** The common liquidity ratios include:

- Current Ratio
- Quick Ratio
- Cash Ratio
- Defensive Interval Ratio
- Cash Conversion Cycle

***Current Ratio:*** This ratio evaluates a company's ability to meet its short-term obligations. Current Ratio = (Current Assets/Current Liabilities)

***Decision Rule:*** A Current Ratio of 1.5-3.0.

***Quick Ratio:*** Quick ratio is a more cautious approach towards understanding the short-term solvency of a company.

Quick Ratio = (Current Assets – Inventory – Prepaid Expenses)/(Current Liabilities.

***Decision Rule:*** A Quick Ratio of 1:1 and above is good for the company's growth.

**Cash Ratio:** The cash ratio is one of the liquidity ratios that measure a company's total cash and cash equivalents relative to its current liabilities.

Cash Ratio = (Cash + Cash Equivalents/Current Liabilities)

***Decision Rule:*** A Cash Ratio ≥1

***Defensive Interval Ratio:*** This ratio ascertains the period for which the company can continue to pay off its expenses from its existing pool of liquid assets.

Defensive interval ratio (in number of days) = Current Assets/Daily Operational Expenses

Where

Current Assets = Cash + Marketable Securities + Net Receivables

Daily Operational Expenses = (Annual Operating Expenses – Non-Cash Charges)/365.

***Cash Conversion Cycle:*** This is a measure that determines the period that transpires from the point when working capital is invested till the time the company collects cash.

Cash Conversion Cycle = Days of Inventory Outstanding + Days of Sales Outstanding – Days Payable Outstanding

Where,

Days Inventory Outstanding = (Average Inventory/COGS) * 365

Average Inventory = ½(Beginning Inventory + Closing Inventory)

Days Sales Outstanding = (Average Accounts Receivable/Revenue Per Day)

Average Accounts Receivable = ½(Beginning Accounts Receivable + Ending Accounts Receivable)

Days Payable Outstanding = (Average Accounts Payable/COGS Per Day)

Average Accounts Payable = ½(Beginning Accounts Payable + Ending Accounts Payable)

***Decision Rule:*** A Shorter Cash Conversion Cycle.

**Leverage Ratios:** These are used in determining the amount of debt loan the business has taken on the assets or equity of the business. It includes an analysis of debt to equity, debt to capital, debt to assets, and debt to EBITDA.

***Debt to Equality Ratio:*** Through this ratio, we get an idea about the company's capital structure.

Debt Equity Ratio Formula = Total Debt / Total Equity

***Decision Rule:* A** Debt-equity ratio of 1-1.5.

***Debt to Capital Ratio:*** This leverage ratio will help understand the exact proportion of debt in the capital structure. The formula for this ratio is as follows:

Debt to Capital Ratio Formula = Total Debt / (Total Equity + Total Debt)

***Decision Rule:*** A Debit to Capital Ratio <2.

***Debt-Assets Ratio:*** How much debt a company takes to source its assets would be known by the debt-assets ratio.

Debt-Assets Ratio = Total Debt / Total Assets

***Decision Rule:*** A Debt –Asset Ratio of 0.4-0.6.

***Debt to EBITDA Ratio:*** This leverage ratio is the ultimate ratio that determines how much impact debt has on a company's earnings.

Debt to EBITDA Ratio = Total Debt / EBITDA

***Decision Rule:*** A Debt to EBITIDA Ratio of <3.

***Net Worth:*** Net worth is an estimation of the absolute monetary value of a person or business, as determined by subtracting the sum of all their liabilities from the sum of all their assets.

Net Worth = Assets – Liabilities

**Results and Discussion**

Table 1 shows that Presco Nigeria Ltd had a fairly low Gross Profit Margin (below 50%) in 2010 due to low Gross Profit emanating from the high cost of production as seen above. In 2011, a higher gross profit margin (47.46%) was recorded. However, it was still below the benchmark (50%). The increase indicated a reduction in the cost of production as shown in Table 1 where gross profit increased from N2,296,780 to N4,051,202.

However, in 2012, the gross profit margin declined to 46.53% despite an increase in gross profit to N5,235,386. This is because of higher production cost which caused a minimal gross profit increase by 1.29 as opposed to the 1.76 increase recorded in 2011. Presco's gross profit margin passed the benchmark from 2013, increasing fairly through 2018. In 2013, it recorded a gross profit margin of 54.39%, 64.99% in 2014, and a decline in 2015 (63.51%) due to overhead costs as seen in Table 4.2. However, a reduction in production cost resulted in an increase in gross profit margin in 2016 (71.97%), 2017 (73.44%) and 2018 (74.46%). The company, however, was faced with a gradual decline from 2019 (64.50%) but was tackled immediately increasing (though lower than the value got in 2018) in 2020 (67.34%). From Table 1, it can be alluded that the company management effectively generates revenue for each cost of goods sold at minimal cost.

Presco Nigeria Limited had a high profitability after deducting its variable costs as indicated by its operating margin (above 15%) in Table 1. In 2010 and 2011, it recorded a fairly constant operating margin (27.82% and 27.83% respectively), indicating that both operating profit and net sales increased by the same factor (1.59) from 2010 to 2011 hence, there was no significant improvement in operating margin. However, a gradual increase due to continuous improvement in managing and reducing operating expenses was recorded in 2012 (31.67%), 2013 (32.11%), and 2014 (41.40%). A drop was recorded in 2015 (33.57%) and fluctuations in operating margin were recorded in successive years: 194.3% in 2016, 39.30% in 2017, 35.57% in 2018, 41.20% in 2019 and as low as 28.38% in 2020 due to fluctuations in operating expenses. It had the highest operating margin in 2016 (194.3%). This was due to its extremely high operating profit of N30,541,797 which is 3.48 times higher than the one recorded in 2017 (second highest) while the net sales (N15,716,198) remain fairly in tandem with the values recorded in previous and successive years hence, indicating an anomaly in the figure recorded by the company as it is impossible to record such high operation profit without a corresponding and substantial increase in net sales.

Presco Nigeria Limited recorded a gradual increase in net income from 2010 (N1,095,030) through 2011 (N1,796,777) and 2012 (N3,488,069). A decline was recorded in 2013 due to a reduction in gross profit as shown in table 4.2. It generated its highest annual net income in 2016 (N21,735,465.00) far greater than the annual net sales (N15,716,198). This also indicated an anomaly as net income could not be greater than net sales as seen in other accounting years.

From Table 1, Presco Nigeria Limited had its lowest return on assets in 2013 (4.09%) and 2015 (4.495%) failing to reach the benchmark of 5.0% due to a decline in net income. A return on assets of 5.05% was recorded in 2010, 7.20% in 2011, and 12.45% in 2012. However, there was a swift drop in net income in 2013 which was due to an increase in liabilities resulting in the drastic fall in net income. A return on assets of 7.21% was recorded in 2014, indicating that the company was sensitive to its return on assets and liabilities were reduced accordingly. 56.84% was recorded in 2016 due to an increase in net income, declining gradually from 12.45% in 2017 through 2018 (7.30%) to 5.41% in 2019 before an up rise to 7.13% in 2020. Its highest ROA was recorded in 2016 (56.84%) indicating its highest asset efficiency i.e. its effectiveness in converting its assets into net income. However, this value indicated an anomaly as net income has been previously recorded to be flawed in that accounting year (2016).

The return on equity is a measure of a firm's efficiency in generating profits from every unit of shareholder's equity. It shows how investment funds are used by firms to generate earnings. The company showed significant efficiency in generating returns on the equity it received from its shareholders in 2012 (20.41%) and 2014 (16.13%) as indicated in table 1 except in 2010 (8.25%), 2011 (9.59%), 2013 (7.69%) and 2015 (7.95%) where it failed to meet the set benchmark of 15 - 20% due to low net income resulting from very high current and non-current liabilities. Presco Nigeria Limited recorded its highest return on equity in 2016 (301.9%) indicating an anomaly since ROE is obtained from the reportedly flawed net income. The positive returns on the equity value agree with the work of Elumah and Shabayo (2018) who found that ND and GN had positive returns on the equity and such can generate profits from shareholder's equity and use investment funds to generate growth earnings.

From Table 2, Presco Nigeria Limited had a fairly good current ratio (1.5 – 3.0) only in 2010 (1.78) and in 2016 (2.78) due to low current liabilities and high current assets. However, a current ratio of 1.1 was recorded in 2011, 0.88 in 2012, 0.95 in 2013, 0.97 in 2014, 0.94 in 2015, 0.73 in 2018, 0.81 in 2019 and 0.79 in 2020 due to high current liabilities and low current assets with a mean current ratio of 1.189 hence, it can be concluded that Presco Nigeria Limited cannot effectively meet its short term obligations as the ratios fell below the benchmark of 1.5 - 3.0.

A more cautious approach as to the solvency of Presco Nigeria Limited using quick ratio showed that, apart from 2016 (2.53) with a fairly low current liability. The company had a generally low liquidity (less than 1.1) due to its relatively low cash. There was a steep decline from 2010 (0.84) through 2011 (0.38) to 2012 (0.24) due to increasing current liabilities. A gradual uprise was recorded in 2013 (0.46), 2014 (0.67) through 2015 (0.76) and 2016 (2.52) due to increasing cash and cash equivalents with fairly low current liabilities. Decline with fluctuations recorded in successive years due to current liabilities fluctuation.

The ability of Presco Nigeria Limited to meet its short-term obligations using its most liquid assets (cash on hand, demand deposits and cash equivalents) is significantly low (less than 1.0) from 2010 to 2020 due to a lack of cash at hand hence, it would be very difficult to access loan as it cannot effectively turn its current assets into cash. Without additional cash inflow, Presco Nigeria Limited can continue to pay its operating expenses up to 1,237 days (the highest in 2016), with 418 days (2014) being the minimum it can sustain itself as indicated by its Defensive Interval Ratio and a mean of 803 days. Analysis of the liquidity of Presco Nigeria Limited indicated that it is less liquid i.e., cannot effectively meet its short-term obligations.

Table 3 shows the leverage ratio of Presco Nig. Ltd. Results on the Debt to Equity Ratio indicated the company was over-relying on equity to finance the business from 2010 through 2013 and in 2015, which was costly and inefficient. The Debt to Equity Ratio in 2010, 2011, 2012, 2013 and 2015 failed to meet the benchmark due to high equity. The company was relying on equity to pay its debts as shown in Table 3. This finding is consistent with the finding of Elumah and Shobayo (2018) who found that in 2011, International Brewer had a high debt-equity ratio. However, Presco Nigeria Limited had good debt-to-equity ratios in the other accounting years (2014, 2017, 2018, 2019 and 2020) due to a cut in over-reliance on equity and was therefore, not in financial distress as they met the benchmark of 1 – 1.5. However, in 2016 (4.31), it can be seen that the company was over-relying on debt which caused its debt-to-equity ratio to rise beyond the set range.

From Table 3 it could be deduced that Presco Nigeria Limited had a very good capital structure as indicated by its debt-to-capital ratio (less than 2.0). This indicated that the company had a lower proportion of debts in its capital structure. According to results from Table 3, Presco Nigeria Limited had a very good Debt to Assets Ratio (0.4 – 0.6) except in 2016 which showed that a a considerable level of the assets was funded by debt. Apart from 2014 (2.03), 2015 (2.61) and 2017 (2.64), the company had a low probability of paying off its debt showing the company may be financially distressed in the future due to high Debt to EBITDA Ratios (greater than 3.0) resulting from high debt (liabilities). However, in other years (2010, 2011, 2012, 2013, 2016, 2018, 2019 and 2020), the company was able to cut down on debts thereby improving its EBITDA Ratio. The net worth of Presco is shown below. The net worth was seen fluctuating in 2010, 2011, 2012, 2013 and 2014. It recorded the highest equity in 2015 but failed drastically in 2016 being the least recorded due to very high total liabilities. Gradual increase was recorded afterwards from 2017, 2018, 2019 and 2020.

**Conclusion**

Results of the study showed that Presco Nigeria Ltd had a fairly low Gross Profit Margin (below 50%) in 2010 however in 2011, a higher gross profit margin (47.46%) was recorded but declined in 2012 to 46.53%. The company, however, was faced with a gradual decline from 2019 (64.50%) but was tackled immediately increasing (though lower than the value got in 2018) in 2020 (67.34%). Presco Nigeria Limited had a high profitability after deducting its variable costs as indicated by its operating margin (above 15%). In 2010 and 2011, it recorded a fairly constant operating margin (27.82% and 27.83% respectively), 20% in 2019 and as low as 28.38% in 2020 due to fluctuations in operating expenses. Presco Nigeria Limited recorded a gradual increase in net income from 2010 (N1,095,030) through 2011 (N1,796,777) and 2012 (N3,488,069). It generated its highest annual net income in 2016 (N21,735,465.00). Presco Nigeria Limited had its lowest return on assets in 2013 (4.09%) and 2015 (N4.495%) failing to reach the benchmark of 5.0% due to a decline in net income. Its highest ROA was recorded in 2016 (56.84%) indicating its highest asset efficiency i.e. its effectiveness in converting its assets into net income. Presco Nigeria Limited could not effectively meet its short-term obligations as the ratios fell below the benchmark of 1.5 - 3.0. Analysis of the liquidity of Presco Nigeria Limited indicated that it is less liquid i.e., cannot effectively meet its short-term obligations. The study recommends that Presco Nigeria Limited cannot effectively meet its short-term obligations hence, the need to reduce its current liabilities or increase its current assets. The company should reduce its reliance on debts as it may be financially distressed in the future as indicated by its high Debt to EBITDA Ratios (greater than 3.0).

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**Table 1: Showing Profitability Ratios of Presco Nigeria Ltd**

| Year/Ratios | Gross profit margin | Operating margin | Return on Assets | Return on Equity |
|---|---|---|---|---|
| 2010 | 42.64 | 27.82 | 5.05 | 8.25 |
| 2011 | 47.46 | 27.83 | 7.20 | 9.59 |
| 2012 | 46.53 | 31.67 | 12.46 | 20.41 |
| 2013 | 54.39 | 32.11 | 4.09 | 7.69 |
| 2014 | 64.99 | 41.40 | 7.21 | 16.13 |
| 2015 | 63.51 | 33.57 | 4.50 | 7.59 |
| 2016 | 71.97 | 194.33 | 56.84 | 301.93 |
| 2017 | 73.44 | 39.30 | 12.45 | 26.18 |
| 2018 | 74.46 | 35.57 | 7.30 | 17.72 |
| 2019 | 64.50 | 41.20 | 5.41 | 13.77 |
| 2020 | 67.34 | 28.38 | 7.12 | 16.95 |
| **Total** | 671.23 | 533.18 | 129.63 | 446.21 |
| **Average** | 61.02 | 48.47 | 11.79 | 40.57 |

***Source: Field Survey 2022. Computed by author***

**Table 2 Table Showing Liquidity Ratios of Presco Nigeria Ltd**

| Year/Ratios | Current Ratio | Quick Ratio | Cash Ratio | Defensive Internal Ratio |
|---|---|---|---|---|
| 2010 | 1.78 | 0.84 | 0.21 | 547.07 |
| 2011 | 1.10 | 0.38 | 0.01 | 631.53 |
| 2012 | 0.88 | 0.24 | 0.05 | 417.99 |
| 2013 | 0.95 | 0.46 | 0.03 | 889.78 |
| 2014 | 0.97 | 0.67 | 0.01 | 453.62 |
| 2015 | 0.94 | 0.76 | 0.14 | 669.07 |
| 2016 | 2.78 | 2.53 | 0.46 | 1237.43 |
| 2017 | 1.35 | 0.99 | 0.26 | 852.06 |
| 2018 | 0.73 | 0.51 | 0.12 | 944.95 |
| 2019 | 0.81 | 0.68 | 0.23 | 1132.99 |
| 2020 | 0.79 | 0.65 | 0.01 | 1025.12 |
| **Total** | 13.08 | 8.71 | 1.53 | 8801.61 |
| **Average** | **1.19** | **0.79** | **0.14** | **800.15** |

***Source: Field Survey, 2022***

**Table 3 Showing Leverage Ratios of Presco Nigeria Ltd**

| Year/Ratios | Debt to Equity Ratio | Debt to Capital Ratio | Debt-Assets Ratio | Debt to EBITDA Ratio |
|---|---|---|---|---|
| 2010 | 0.63 | 0.39 | 0.39 | 5.61 |
| 2011 | 0.33 | 0.25 | 0.25 | 2.03 |
| 2012 | 0.64 | 0.39 | 0.39 | 2.61 |
| 2013 | 0.88 | 0.47 | 0.47 | 5.61 |
| 2014 | 1.24 | 0.55 | 0.55 | 3.36 |
| 2015 | 0.77 | 0.43 | 0.43 | 6.25 |
| 2016 | 4.31 | 0.81 | 0.81 | 4.42 |
| 2017 | 1.10 | 0.52 | 0.52 | 2.64 |
| 2018 | 1.43 | 0.59 | 0.59 | 3.37 |
| 2019 | 1.55 | 0.61 | 0.61 | 5.31 |
| 2020 | 1.38 | 0.58 | 0.58 | 4.05 |
| **Total** | 14.26 | 5.59 | 5.59 | 45.26 |
| **Average** | 1.30 | 0.51 | 0.51 | 0.37 |

***Source: Field Survey, 2022***

## Appendix

**Extracts from Presco Nigeria Ltd Financial Statements**

| Year | Current Assets | Current Liabilities | Non-current Assets | Non-current Liabilities | Total Assets | Total Liabilities | Inventories | Cash + Cash equivalent | Annual operating expenses | Daily OE | Current ratio | Quick ratio | Cash ratio | Defense Internal Ratio | Equity Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | 1360291 | 762590 | 20320660 | 7638770 | 21680951 | 8401360 | 722054 | 161524 | 907576 | 2486.509589 | 1.783778 | 0.836933 | 0.21181 | 547.0685 | 13279591 |
| 2011 | 2832866 | 257496 2 | 22137156 | 3656075 | 24970022 | 6231037 | 1847739 | 28959 | 163729 0 | 4485.726027 | 1.100158 | 0.382579 | 0.011246 | 631.529 | 18738985 |
| 2012 | 2463156 | 278940 4 | 25543349 | 8129003 | 28006505 | 10918407 | 1798846 | 129483 | 215091 8 | 5892.926027 | 0.88304 | 0.238155 | 0.04642 | 417.9852 | 17088098 |
| 2013 | 4169281 | 439922 5 | 28494018 | 10882004 | 32663299 | 15281229 | 2126962 | 127812 | 171029 6 | 4685.742466 | 0.947731 | 0.464245 | 0.029053 | 889.7802 | 17382070 |
| 2014 | 4380062 | 451920 9 | 31749382 | 15453788 | 36129444 | 19972997 | 1363929 | 63088 | 352438 6 | 9655.852055 | 0.96921 | 0.667403 | 0.01396 | 453.6173 | 16156447 |
| 2015 | 6013081 | 642606 3 | 49464918 | 17697123 | 55477999 | 24123186 | 1105632 | 877291 | 313954 4 | 8601.490411 | 0.935733 | 0.763679 | 0.136521 | 699.0743 | 31354813 |
| 2016 | 15604286 | 560755 3 | 22637334 | 25435283 | 38241620 | 31042836 | 1420597 | 2585128 | 460273 9 | 12610.24384 | 2.782726 | 2.52939 | 0.461008 | 1237.429 | 7198784 |
| 2017 | 17512061 | 1297450 0 | 28474144 | 11137169 | 45986205 | 24111669 | 4704706 | 3307211 | 750166 6 | 20552.50959 | 1.349729 | 0.987117 | 0.254901 | 852.0644 | 21874536 |
| 2018 | 15506385 | 2120874 1 | 43172364 | 13295666 | 58678749 | 34504407 | 4631715 | 2551685 | 598955 5 | 16409.73973 | 0.731132 | 0.512745 | 0.120313 | 944.9501 | 24174342 |
| 2019 | 21150004 | 2628628 4 | 49859826 | 16835670 | 71009830 | 43121954 | 3329438 | 5934937 | 681362 0 | 18667.45205 | 0.804602 | 0.677942 | 0.225781 | 113 2.988 | 27887876 |
| 2020 | 20034901 | 2525993 7 | 53734094 | 17457604 | 73768995 | 42717541 | 3549206 | 258092 | 713355 8 | 19543.99452 | 0.793149 | 0.652642 | 0.010217 | 1025.118 | 31051454 |

**Source: Presco Nigeria Ltd**

**Extracts from Presco Nigeria Ltd Financial Statements (Continue)**

| Year | Debt-to-equity ratio | Debt-to-capital ratio | Debt-asset ratio | Debt-to-EBITDA | Gross profit | Net sales | Gross margin | Operating Profit | Operating margin | Net Income | Return on Assets | Return on Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | 0.632652 | 0.3875 | 0.3875 | 5.606827 | 2296780 | 538605 6 | 42.64308 | 1498416 | 27.82028 | 109503 0 | 5.050655 | 8.245962 |
| 2011 | 0.332517 | 0.249541 | 0.249541 | 2.031622 | 4051202 | 853617 2 | 47.45924 | 2375889 | 27.83319 | 179677 7 | 7.195737 | 9.588444 |
| 2012 | 0.638948 | 0.389853 | 0.389853 | 2.607391 | 5235386 | 1125152 1 | 46.53047 | 3563760 | 31.67358 | 348806 9 | 12.4545 | 20.41227 |
| 2013 | 0.879137 | 0.467841 | 0.467841 | 5.608995 | 4615822 | 848514 3 | 54.39887 | 2724414 | 32.10805 | 133720 2 | 4.093898 | 7.692996 |
| 2014 | 1.236225 | 0.552818 | 0.552818 | 3.36343 | 5938282 | 913770 4 | 64.98659 | 3782870 | 41.39847 | 260531 2 | 7.211049 | 16.12553 |
| 2015 | 0.769362 | 0.434824 | 0.434824 | 6.249027 | 6635216 | 1044835 3 | 63.5049 | 3506941 | 33.56453 | 249359 5 | 4.494746 | 7.95283 |
| 2016 | 4.312233 | 0.811755 | 0.811755 | 4.414623 | 11311413 | 1571619 8 | 71.97296 | 30541797 | 194.3332 | 2173546 5 | 56.8372 | 301.9325 |
| 2017 | 1.102271 | 0.524324 | 0.524324 | 2.639264 | 16424064 | 2236537 2 | 73.43524 | 8788542 | 39.29531 | 572620 5 | 12.45201 | 26.17749 |
| 2018 | 1.427315 | 0.588022 | 0.588022 | 3.372882 | 15892114 | 2134473 0 | 74.45451 | 7591550 | 35.56639 | 428418 8 | 7.30109 | 17.72205 |
| 2019 | 1.546262 | 0.607267 | 0.607267 | 5.306353 | 12721831 | 1972364 1 | 64.50042 | 8126477 | 41.20171 | 383874 6 | 5.405936 | 13.76493 |
| 2020 | 1.375702 | 0.579072 | 0.579072 | 4.049139 | 16088518 | 2389176 6 | 67.33917 | 6772059 | 28.34474 | 526192 9 | 7.132982 | 16.94584 |

**Source: Presco Nigeria Ltd**