The Performance of the Quoted Agro-Allied Industries in Nigeria

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Abstract
This study examined the performance of quoted agro-allied firms in Lagos state. The performance indicators analysed were liquidity, solvency, profitability and efficiency of the firms. Data from 12 out of 14 quoted agro-allied firms in Nigeria which are based in Lagos state were collected and analysed. Descriptive statistics like bar charts and tables were used to present the results which showed the average liquidity, solvency, profitability and efficiency performance ratios of the firms were 75%, 25%, 17% and 92% respectively. The implication of this is that only 75% of the firms were able to meet their day – to – day obligations, 25% were able to pay their liabilities in the event of business failure, 17% made profit per naira invested and attracted investors to themselves while 92% made allocated the use of production resources efficiently.

1.1 Introduction
A quoted industry is the type that is formally listed on the floor of the Stock Exchange. A stock exchange is an entity which provides "trading" facilities for stock brokers and traders, to trade stocks and other securities. Stock exchange also provide facilities for the issue and redemption of securities as well as other financial instruments and capital events including the payment of income and dividends. The securities traded on a stock exchange include the following: shares issued by companies, unit trusts, derivatives, pooled investment products and bonds (Riki, 2013).

The Nigerian Stock Exchange which is popularly referred to as NSE came into existence as Lagos Stock Exchange in 1960 (Wikipedia, 2010). In December 1977, it got its name changed to Nigerian Stock Exchange which at present has various branches with head offices at Lagos (Adedipe, 2009). Nigeria Stock Exchange provides the opportunity for small investors to own shares of the same industries as large investors. Example of such is agro-allied industries.

Agro-allied industries are established companies with activities in the business of large-scale farming and livestock production. They also acquire relevant equipment for processing, packaging and storing food and beverages to generate revenue and improve per capita food intake (NgCareers, 2009). Similarly, they are involved in agricultural consulting, fertilizer manufacture and sales, fish import and export, livestock feeds and feed millers, ocean trawling, shrimping and fishing, poultry farms, hatcheries and veterinary clinics (The NigeriaBiz.com, 2009). Furthermore, Agro-allied industries are important in stimulating agricultural development, raising the degree of self-reliance of the developing countries, of which Nigeria is a part, and accelerating their economic growth and sustained progress towards elimination of disparities(FAO, 1975).

However, in spite of their large size, diversified structure and their roles, there is growing concern about the low level of performance of such industries, especially in the developing world of which Nigeria is a part. According to Igwenazor (2008), agro-Allied Industries are not performing up to average. Their dismal performance has been attributed to deficient pricing policies, inappropriate investment decisions, capacity underutilization, inability to generate adequate working capital and maintain existing investments, and high level of indebtedness (Olomola, 2001). These has led to sale of shares by some of the firms in order to meet up with its financial demands or fold up which has gross implications on the food security in Nigeria. From the submission of Ukeje (2000), one of the factors causing food insecurity in Nigeria is the massive post- harvest losses which has been estimated to be as high as 20 percent and the state of the agro allied industry in the country has not helped matters.

Over the past couple of decades, the Nigeria has been facing rapid growth in population of about 3 % with declining food per capita over the years (African Union, 2007). To reverse this alarming trend, an appraisal or evaluation of the performance of quoted agro-allied industries is pertinent. This study's main focus is an empirical analysis of the effectiveness of quoted agro-allied Industries. Specifically, the study analysed the solvency, profitability and efficiency of selected agro-allied Industries. This study seeks to add to knowledge to the body of literatures with respect to the effectiveness and productivity of the listed Agro-allied Industries.

2.1   Theoretical framework
In general, performance measurement can be viewed as the process of quantifying the efficiency and effectiveness of purposive action and decision-making (Waggoner et al., 1999). As such, performance measurement is a process of monitoring and reporting on how well someone or something is doing (Marc et al., 2010). Traditionally, managers have relied on financial measures for decision making and performance evaluation purposes (Anthony and Govindarajan, 2001; Berry et al., 2005).

A firm's performance is the measure of the attainment of organizational objectives such as sales growth, profit, brand equity and the likes (Agarwal, Erramilli and Chekitan, 2003).

The conventional approach to a firm's performance assessment has been to emphasize profitability, most frequently measured by return on investment (Ambler, 2005). However, Ambler (2004) and Baumul (2006) have heavily criticized the validity of this measure as the sole indicator of a firm's performance.

To this end, four major measures of performance exist and they are: solvency, liquidity, profitability and efficiency.

2.1.1 Solvency

This is otherwise known as the risk-bearing ability of a firm. A firm is solvent if, and only if, the firm is able to pay all its debts, as and when they become due and payable (Worrells, 2009). The solvency of a firm tells us whether a firm can pay its debts. Cernohorska et al., 2007 said a firm is solvent if the value of relevant financial indicators will be moving around the values of the group of stable firms.

Investopedia ULC, 2010 said that solvency is one of many indicators used to measure a company's ability to meet long-term obligations. The solvency measures the size of a company's after-tax income, excluding non-cash depreciation expenses, as compared to the firm's total debt obligations. It provides a measurement of how likely a company will be to continue meeting its debt obligations. Tatum, 2010 said investors and lenders often look closely at the solvency as a means of evaluating the credit rating of a business and assessing the degree of default risk that is currently present. An increasing trend in the ratio of non-performing loans to total loans signals a deterioration in solvency.

In a research of Indian Manufacturing Companies pre and post merger, (Vanitha and Selvam, 2007), the null hypothesis "The merged companies did not achieve better solvency after merger" is not fully rejected.

2.1.2 Liquidity

This is the ability to meet financial obligations (Gazo and Quesada, 2004). It is the ability to meet short-term creditors. Managers and creditors must closely monitor the firm's ability to meet short-term obligations. The liquidity ratios are measures that indicate a firm's ability to repay short-term debt. Current liabilities represent obligations that are typically due in one year or less. Liquidity refers to the structure of a firm's asset in terms of cash balances which can easily be relied upon to meet exigencies such as a sudden need to acquire new resources in order to take advantage of new favourable opportunities. Liquidity, however, is a relative term, for instance, while cash in hand or at the bank is more liquid than bills receivable, feed supplies and stock, this latter set of assets can in turn, be regarded as being more liquid than equipments and machines.

One of the most outstanding qualities of a good firm is its strong liquidity position that enables it meet claims and obligations when there is liability. By nature of any business, this liquidity does not necessarily come because the capital base has been utilized in quality investments. Such an investment again must be a growing one whose returns are enough to cover the funding gap to meet liabilities. Before the crash of prices of stock in the capital market, the stock market was an investment haven for most firms and this boosted the liquidity state of firms (Odita,2009). Agu (2009) noted that the stock market crash would have a remarkable effect on the overall performance of firms. Gazo and Quesada (2004) measured performance of furniture manufacturers in terms of liquidity.

2.1.3 Profitability

In a market economy, a firm's key measure of success is its ability to earn a profit. Profit is important to firms because it is a signal to the financial markets and investors that the firm is worthy of funding either through debt or equity capital. Firms that earn less profit than expected by the market have difficulty in funding investment opportunities with negative implications for growth. Firms that consistently earn less than adequate profits tend to experience slow growth, stagnation, and ultimately, failure. (Pirog, 2005) The optimal mix of outputs (products) and factors (inputs) at equilibrium will maximize profit (Cyert and March 1992).

Gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each naira of sales to service its other costs and obligations.

Profit analysis may be carried out using total profits and their yearly growth, or profit rates. Total profit analysis is useful in evaluating the effect of the industry's profitability on expenditure flows within the economy as well as the potential command over resources held by companies in the industry. Yearly growth of profits can show whether the industry is becoming more or less of a factor in overall expenditure flows in the economy. Profit analysis based on profit rates is useful in examining the effectiveness of the firm's management in using available resources. Profit rate analysis is also useful in making comparisons based on the relative performance of firms in the industry and is widely used in investment analysis.(Pirog, 2005)

Investopedia (2010) explained that Gross Margin is the number which represents the proportion of each naira of revenue that the company retains as gross profit.

Megginson and Randenborgh (1994) compared 3-year average post-privatization financial and operating performance ratios to the 3-year pre-privatization values for 61 firms from 18 countries and 32

industries from 1961-1989 and documented economically & statistically significant post-privatization increases in profitability. D'Souza and Megginson (1999) compared 3-year average post-privatization financial and operating performance ratios to the 3-year preprivatization values for a subsample of 26 firms and documented economically & statistically significant post-privatization increases in profitability.

2.1.4 Efficiency
This is the ability to manage a company's production system (Gazo and Quesada, 2004).

Wojtczak, 2000 explained efficiency as an ability to perform well or achieve a result without wasted energy, resources, effort, time or money. Efficiency can be measured in physical terms (technical efficiency) or terms of cost (economic efficiency). Greater efficiency is achieved where the same amount and standard of services are produced for a lower cost, if a more useful activity is substituted for a less useful one at the same cost or if needless activities are eliminated. Companies that turn in good reports on growth are those that intensify efforts to boost efficiency of their operations (Ikoro, 2000)

Olomola (2001) revealed that there was an improvement in profitability, productivity, financial leverage and liquidity position of Flour Mills of Nigeria Limited after assets and activities had been transferred from the public to the private sector through public offer of shares. Alabi and Mafimisebi (2004), in their study support privatization of agricultural enterprises because of the improved technical efficiency associated with it. Asikhia (2006), established that there is a consistent interaction between the dimensions of market-focused strategic flexibility, market orientation and firm performance.

3.0 Methodology
3.1 Study area
The study was conducted in Lagos state, a major industries concentration state. It is currently the second most populous city in Africa, after Cairo, and is estimated to be the fastest growing city in Africa (UN-HABITAT, 2008) and the 7th fastest in the world (Wikipedia, 2010).

3.2 Sampling technique
Lagos state was purposively selected for the study because it has fourteen of the eighteen quoted agro-allied industries in Nigeria. Data was obtained from only twelve of the fourteen firms in Lagos State because one of the firms – Foremost Dairies Plc – had packed up and another firm – Honeywell Flour Mills (who had just been listed October, 2009) – was not forthcoming with their data

3.3 Data collection
Secondary data was collected from annual reports of 12 out of 18 quoted agro-allied industries in Nigeria with the aid of a well structured questionnaire. The data was collected on a time series bases from a period of 2000 to 2009. The data collected include general information on the companies' organizational profile and their financial statements.

3.4 Analytical techniques
The data obtained was analyzed using both descriptive and inferential statistics. Means and percentages were used in analyzing the performance of agro-allied firms on the bases of solvency, liquidity, profitability and efficiency. The analytical procedure employed was the performance indicators analysis.
The performance indicators estimated in the study can be expressed as:
3.4.1 Solvency ratio
Leverage Ratio = Total Liability
 Networth
This ratio was used to represent the amount of debt per unit of proprietor's investment. Figures less than unity indicated that the owner's equity exceeded the amount of borrowed capital; that pointed at a good position.

Small solvency ratios are preferred to larger ones but the unusually small ratios were carefully analyzed because it indicates a manager's reluctance or failure to incur debt to take advantage of profitable investment opportunities.
3.4.2 Liquidity ratio
A low current ratio is an indication that the business may be unable to pay its future bills on time, particularly if a slowdown occurs in collection from debtors. A high current ratio may indicate an excessive amount of current assets and management's failure to utilize the resources of the business properly. It is imperative that the current assets adequately cover the current liabilities in order to withstand the sudden adverse consequences of such eventualities as reduction of credit period received from creditors or exceptional amounts of bad debts.

Comparisons were made with the current ratio of previous periods to determine if the ratio is high, low or just right; generally, a current ratio of 2 : 1 was accepted to be ideal. Firms that had one greater than unity were considered to be on firm footing. while those with values less than one indicated that the firm might have

been facing a liquidity problem.
Current Ratio= Current Assets
                        Current Liabilities

3.4.3 Profitability ratios

Profitability ratios offer several different measures of the success of the firm at generating profits.
This ratio was used to show the overall profitability of the business. It was employed in determining the overall
efficiency of management of utilization of resources.
Return on Equity = Net Profit
                              Shareholder Equity

3.4.4.Efficiency ratios

The efficiency ratio was used to identify problem areas in income; this can be traced to poor efficiency in one or
more areas of the business firm.
The ratio was also used to measure the stability of the firm.
Return on Asset = Total Equity
                          Total Asset

4.0 RESULTS AND DISCUSSION

4.1 Result of analysis of financial performance of Nestle Nigeria Limited from year 2000 – 2009

4.1.1 Liquidity ratio

From Table 1 and Figure 1, the firm had a mean liquidity ratio of 1.23(123%) from the year 2000 – 2009,
implying that on the average, they are able to cover their short-term obligations which signifies to stakeholders
that the firm is financially stable. Within 2007 – 2009, the firm maintained a stable liquidity position having
liquidity ratios of 1.31, 1.38 and 0.99 respectively which implies the ability to meet current bills.

4.1.2 Solvency ratio

From Table 1 and Figure 1, the mean solvency ratio from year 2000 – 2009 was 4.27 – 427% - for Nestle
Nigeria Limited, this signifies that their total liabilities outweigh their net worth, which did not signal an ability
to meet all business claims against it in the face of business failure. Also within years 2007 and 2009, the firm
had high solvency ratios (3.20, 2.23 and 2.41) which imply to shareholders that their net worth is not able to
cover for total liabilities in the face of business failure and to the industry that they are in debts.

4.1.3 Profitability ratio

From Table 1 and Figure 1, from 2000 – 2009, the profitability ratio was initially increasing, then experiencing a
sharp decline and eventually increasing by just a few points. On the average, the firm had a profitability ratio of
1.63(163%) from 2000 – 2009. The higher this ratio, the better for the financial condition of the firm. From 2007
to 2009, the firm had its profitability ratio experience little increases (0.87, 0.92 and 0.93 respectively).
As the higher the solvency ratio, the better for the firm, the firm has a good profitability position.

4.1.4 Efficiency ratio

Table 1 and figure 1 showed a fluctuating efficiency ratio from 2000 to 2009 while the firm had a mean
efficiency ratio of 0.22. Within the last three years, 2007 – 2009, the firm's efficiency ratios were 0.29, 0.31 and
0.24 respectively which adequately cover the interest rate of 0.22 (22%). This signifies that assets and resources
are being efficiently managed so that the returns cover the interest rate on borrowings. This implies that Nestle
Nigeria Limited has a good efficiency position.

Table 1: Financial indicators showing the financial performance of Nestle Nigeria Limited from year 2000 – 2009

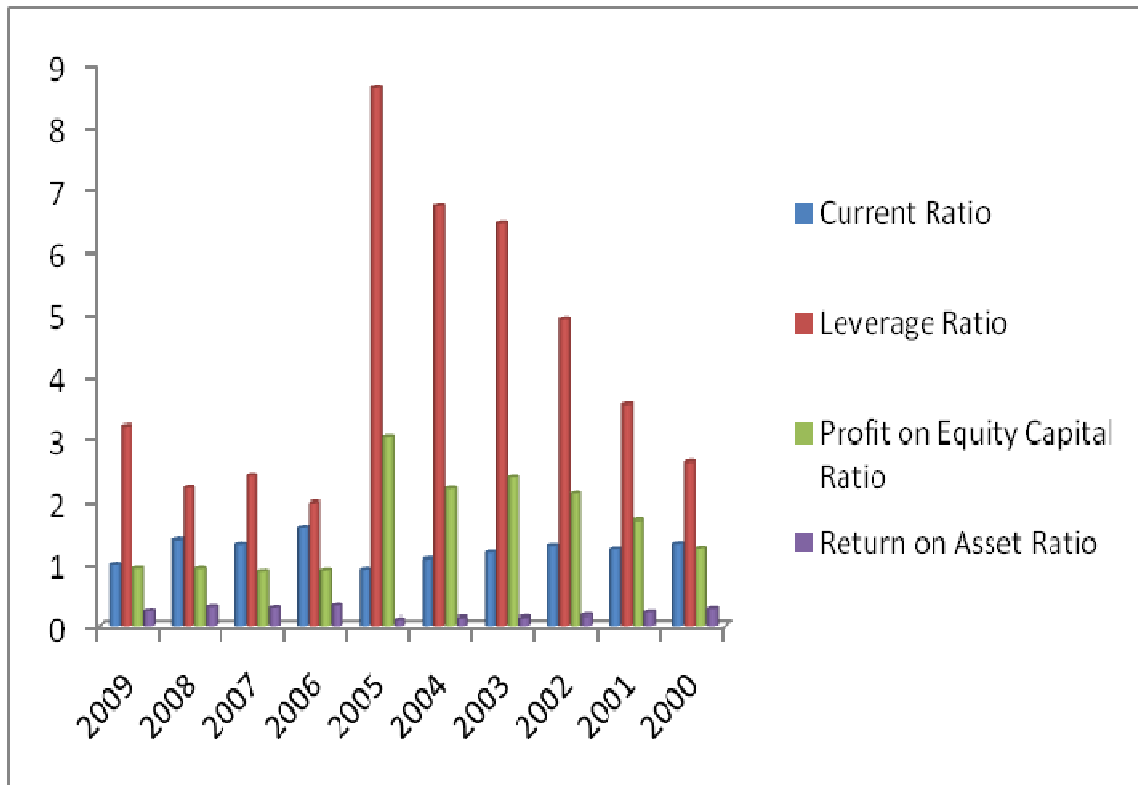| Year	Current Ratio	Leverage Ratio	Profit on equity Capital Ratio	Return on Assets Ratio
2009	0.99	3.20	0.93	0.24
2008	1.38	2.23	0.92	0.31
2007	1.31	2.41	0.87	0.29
2006	1.58	1.97	0.90	0.34
2005	0.90	8.63	3.02	0.10
2004	1.07	6.73	2.21	0.13
2003	1.18	6.46	2.38	0.13
2002	1.29	4.92	2.13	0.17
2001	1.24	3.54	1.70	0.22
2000	1.32	2.62	1.25	0.28

Source: Field Survey, 2010.

Figure 1: Bar Chart showing the financial performance of Nestle Nigeria Limited from year 2000 - 2009

4.2 Result of analysis of financial performance of Nigerian Bottling Company PLC from year 2000 – 2009

4.2.1 Liquidity ratio

From Table 2 and Figure 2,Nigerian Bottling Company Plc had a fluctuating liquidity ratio with a mean liquidity ratio of 0.91 from year 2000 – 2009, which signifies that they are not able to cover adequately their short-run obligations, which is a poor stability position. However, from year 2007 to 2009, a decreasing, then increasing liquidity ratio (0.82, 0.59 and 0.70 respectively) was observed but which was still not up to unity.

4.2.2 Solvency ratio

From Table 2 and Figure 2, between 2000 – 2009, the firm has a fluctuating solvency ratio and has a mean solvency ratio of 1.22 (122%) which signifies that the value of their total liabilities is slightly greater than that of their net worth, also from the years 2007 -2009, the firm had solvency ratios of 1.21, 1.55 and 1.37 respectively, this indicates that the firm does not have an healthy financial position, meaning that they might not be able to secure loans from the financial institutions and the shareholders are incurring losses

4.2.3 Profitability ratio

From Table 2 and Figure 2, it is seen that from year 2003 – 2009, the profitability ratio decreased and finally increased in 2009 and the mean profitability ratio was 0.16 (16%) which does not signify a stable financial position because sufficient profit is not being realized and stakeholders are incurring losses Also, for the last three years(2007 -2009), the profitability ratios respectively were 0.15, 0.001 and 0.30 which means a lot of profit is not being realized.

4.2.4 Efficiency ratio

Table 2 and figure 2 signify that the firm has a mean efficiency ratio of 0.46(46%) which shows that the rate of return on assets is 46% and which very adequately covers for the going lending interest rate of 22%. Over the last three years too, 2007 – 2009, Nigerian Bottling Company had an efficiency ratio of 0.45, 0.39 and 0.42 respectively which is good financial situation. On the whole, the company has a stable efficiency ratio.

TABLE 2: Financial indicators showing the financial performance of Nigerian Bottling Company Plc from year 2000 - 2009

Year	Leverage Ratio	Current Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	1.37	0.70	0.30	0.42
2008	1.55	0.59	0.001	0.39
2007	1.21	0.82	0.15	0.45
2006	1.45	0.65	0.06	0.41
2005	1.51	0.74	0.14	0.40
2004	1.20	0.89	0.19	0.46
2003	0.96	1.08	0.27	0.51
2002	1.11	1.23		0.47
2001	1.03	1.23		0.49
2000	0.83	1.13		0.55

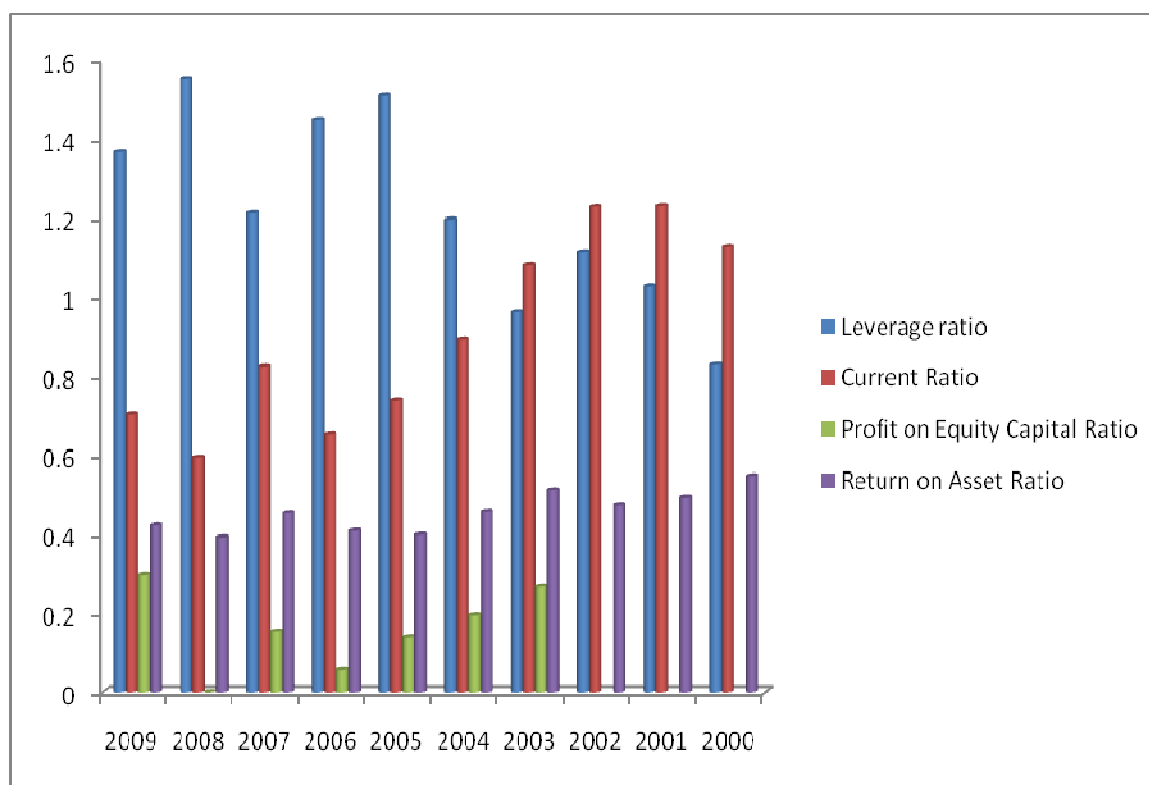Source: Field Survey, 2010.

Figure 2: Bar Chart showing the financial performance of Nigerian Bottling Company Plc from year 2000 - 2009

4.3 Result of analysis of financial performance of Nigerian Breweries PLC from year 2004 – 2009
4.3.1 Liquidity ratio
Table 3 and Figure 3 show a fluctuating liquidity ratio and the mean liquidity ratio of the firm from 2007 – 2009 was 1.00 which is unity and just adequately covers their current liabilities. Also the value of the liquidity ratio from 2007 – 2009 was 0.89, 0.74 and 1.36 respectively which signifies an healthy financial position.
4.3.2 Solvency ratio
Table 3 and figure 3 show that the mean solvency ratio from 2007 – 2009 was 1.55 and this implies that their total liabilities are greater than their net worth. The values of their solvency ratio from 2007 – 2009 were 1.30, 2.24 and 1.10, which signify that total liabilities are greater than the net worth. This implies that the firm is in debt and shareholders may be incurring losses.
4.3.3 Profitability ratio
From table 3 and figure 3, it is observed from 2004 – 2009 that the profitability ratio was actually increasing

with a mean of 0.42(42%), which signifies that the profit on equity capital ratio is rather low Also, between 2007 – 2009, the profitability ratio was 0.44, 0.8 and 0.6 which is actually fluctuating but which is technically increasing at an decreasing rate. All implies that sufficient profit is not being made by the firm and that shareholders may be at a loss.

4.3.4 Efficiency ratio
Table 3 and Figure 3 show that from 2007 -2009, the efficiency ratio was fluctuating with a mean of 0.41(41%) which is stable enough for the firm to cover its rate of interest on its borrowing. In the past three years too, 2007 – 2009, the efficiency ratios respectively were 0.44, 0.31 and 0.48 which is a stable situation.

TABLE 3: Financial indicators showing the financial performance of Nigerian Breweries Plc from year 2004 - 2009

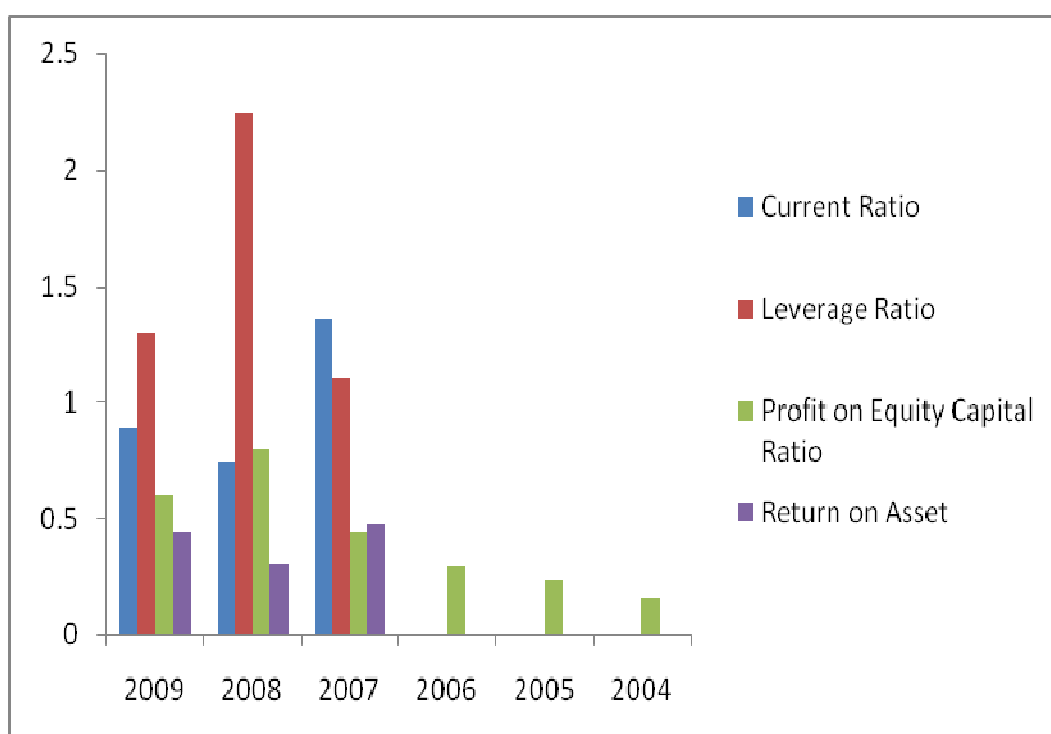| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	0.89	1.30	0.60	0.44
2008	0.74	2.24	0.80	0.31
2007	1.36	1.10	0.44	0.48
2006			0.30	
2005			0.24	
2004			0.16	

Source: Field Survey, 2010.

Figure 3: Bar Chart showing the financial performance of Nigerian Breweries Plc from year 2004 - 2009

4.4 Result of analysis of financial performance of Guiness Nigeria PLC from year 2005 – 2009
4.4.1 Liquidity ratio
Table 4 and Figure 4 between 2008 and 2009 show a decreasing liquidity ratio with a mean ratio of 1.3 and with specific values of 1.45 and 1.15 respectively, which signifies a stable liquidity position, showing that the firm is able to cover its current liabilities as they become due.

4.4.2 Solvency ratio
From Table 4 and Figure 4, between 2008 and 2009, the solvency ratio was increasing with a mean of 1.17 and with values 0.99 and 1.34 respectively, implying that the total liabilities outweigh the net worth, meaning the firm is in debts and shareholders may be at a loss .

4.4.3 Profitability ratio

Table 4 and Figure 4 signify that from 2009 to 2005, the profitability ratio was increasing with a mean of 0.32. Within the years 2007 – 2009, the profitability ratio was 0.34, 0.32 and 0.43 which shows an initial decrease and then an eventual increase which is an improvement for the firm because that means that larger profits are being realized.

4.4.4 Efficiency ratio

From Table 4 and Figure 4, the efficiency ratio between 2008 and 2009 decreased from 0.50 to 0.43 with a mean of 0.47,which signals an ability to pay back the interest on loans borrowed and this signifies stability.

TABLE 4: Financial indicators showing the financial performance of Guinness Nigeria Plc from year 2005 – 2009

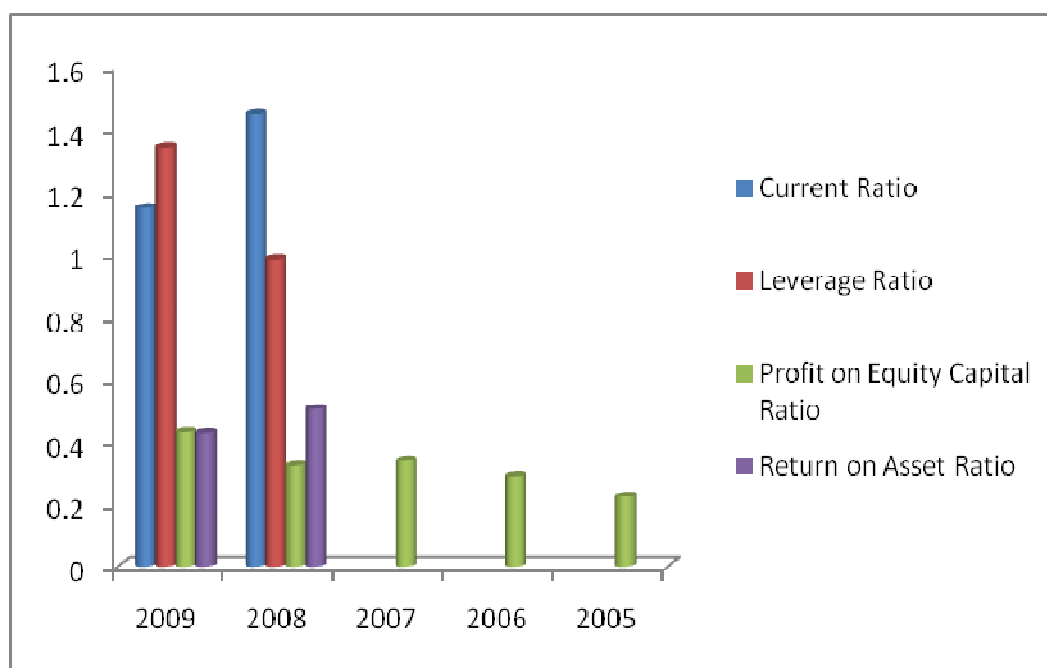| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Asset Ratio
2009	1.15	1.34	0.43	0.43
2008	1.45	0.99	0.32	0.50
2007			0.34	
2006			0.29	
2005			0.22	

Source: Field Survey, 2010.

Figure 4: Bar Chart showing the financial performance of Guinness Nigeria Plc from year 2005 - 2009

4.5 Result of analysis of financial performance of Seven-Up Bottling Company from year 2000 – 2009

4.5.1 Liquidity ratio

From Table 5 and Figure 5, between 2000 and 2009, the liquidity ratio fluctuated with a mean of 1.14; this signals a good liquidity position. From 2007 – 2009, the liquidity ratio was 1.14, 1.44 and 1.33 respectively this means that the firm is able to meet its short-run obligations as they become due.

4.5.2 Solvency ratio

From Table 5 and Figure 5, the solvency ratio between 2000 and 2009 fluctuated and the mean is 2.15 which implies that their total liabilities outweigh their net worth; from year 2007 to 2009, the values for the solvency ratio were 2.45, 2.32 and 2.99 respectively which are high implying that shareholders may be losing and the industry may run into debts.

4.5.3 Profitability ratio

Table 5 and Figure 5 signify that the firm experienced a fluctuating profitability ratio from 2000 to 2009 and this has a mean of 0.29(29%); this is low in the mean time and implies that the firm is not making sufficient profits. The profitability ratio between 2007 and 2009 are 0.19, 0.22 and 0.19 respectively which also imply that sufficient profit is not being realized.

4.5.4 Efficiency ratio

Table 5 and Figure 5 between 2000 and 2009 show a fluctuating efficiency ratio with a mean of 0.32(32%) and this is a stable position which signals that the firm realizes a rate of return which is higher than the rate of interest on borrowings for the purchase of assets. Also, from 2007 to 2009, the firm has efficiency ratios of 0.29, 0.30 and 0.25 which shows fluctuations but which still adequately covers the rate of interest on borrowings.

TABLE 5: Financial indicators showing the financial performance of Seven-Up Bottling Company PLC from year 2000 – 2009

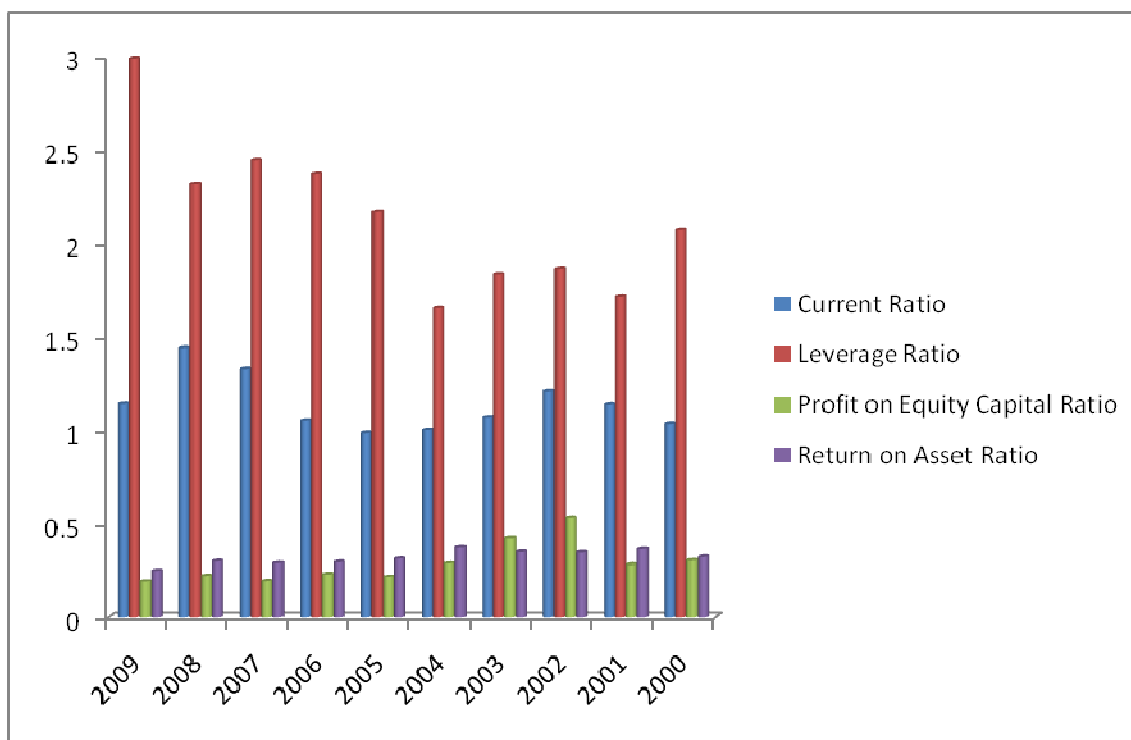| Years	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	1.14	2.99	0.19	0.25
2008	1.44	2.32	0.22	0.30
2007	1.33	2.45	0.19	0.29
2006	1.05	2.38	0.23	0.30
2005	0.99	2.17	0.22	0.32
2004	1.00	1.66	0.29	0.38
2003	1.07	1.84	0.43	0.35
2002	1.21	1.87	0.53	0.35
2001	1.14	1.72	0.28	0.37
2000	1.04	2.08	0.31	0.33

Source: Field Survey, 2010.

Figure 5: Bar Chart showing the financial performance of Seven-Up Bottling Company Plc from year 2000 - 2009

4.6 Result of analysis of financial performance of Flour Mills Nigeria PLC from year 2003 – 2009

4.6.1 Liquidity ratio

Table 6 and Figure 6 between 2003 and 2004 and between 2009 and 2008 show a fluctuating liquidity ratio with a mean of 1.06, signifying the firm's ability to adequately cover its short-run obligations. Between 2008 and 2009 specifically, the liquidity ratios are 1.17 and 1.08 respectively which reiterates the fact that the firm can cover its short-run obligations.

4.6.2 Solvency ratio

Table 6 and Figure 6 show that between 2003 and 2004 and between 2009 and 2008, the solvency ratio was

initially constant, then decreased before finally increasing, with a mean of 3.29 and between 2008 and 2009 the ratios are is 2.85 and 3.62 respectively. This means that the firm might run into debt and that shareholders might be at a loss.

4.6.3 Profitability ratio
From table 6 and figure 6, from 2003 to 2004 and from 2008 - 2009, there is a steady decline, then increase and finally decline in the profitability ratio of the firm; the mean during this period is 0.19. From 2007 – 2009, the profitability ratios are 0.22, 0.20 and 0.11 respectively which signal a decline; this decline shows that profit is less than equity and the firm is not making a lot of profit.

4.6.4 Efficiency ratio
Table 6 and Figure 6 show that the efficiency ratio of the firm between 2003 and 2004 and between 2009 and 2008 was fluctuating; it was constant, then it experienced an increase till it eventually decreased, with a mean of 0.24. Likewise between 2008 and 2009, the firm had efficiency ratio of 0.26 and 0.22 respectively. This signals a good efficiency ratio for the firm.

TABLE 6: Financial indicators showing the financial performance of Flour Mills of Nigeria Plc from year 2003 - 2009

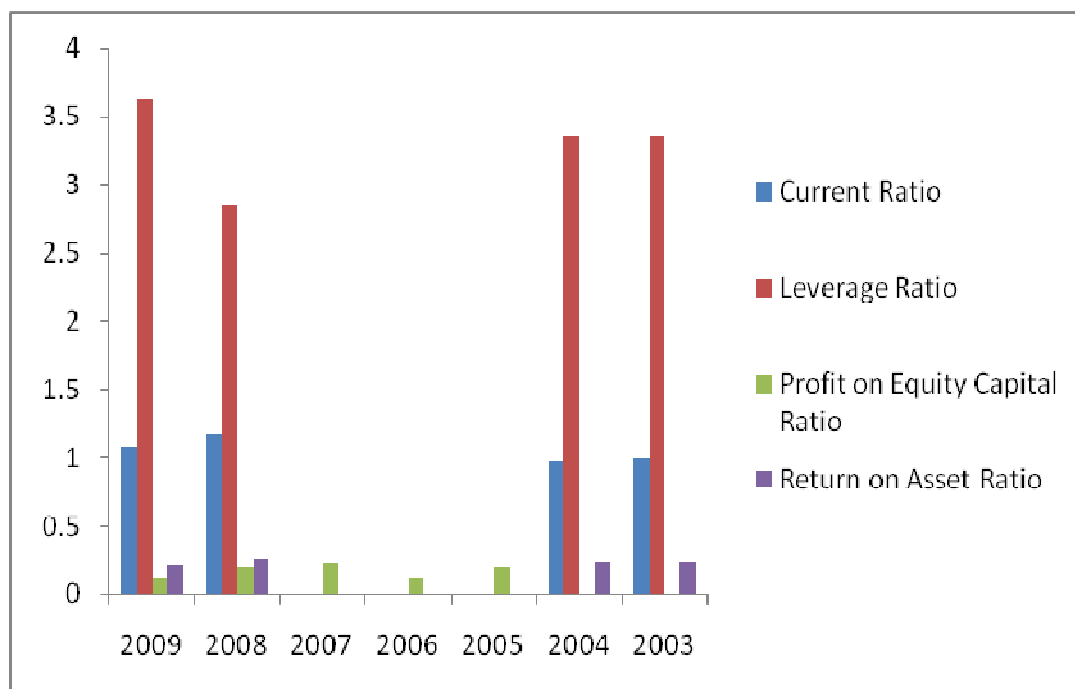| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	1.08	3.62	0.11	0.22
2008	1.17	2.85	0.20	0.26
2007			0.22	
2006			0.12	
2005			0.20	
2004	0.97	3.35	0.23	0.23
2003	1.00	3.35	0.23	0.23

Source: Field Survey, 2010.

Figure 6: Bar Chart showing the financial performance of Flour Mills of Nigeria Plc from year 2003 - 2009

4.7 Result of analysis of financial performance of Cadbury Nigeria PLC from year 2005 – 2009
4.7.1 Liquidity ratio
Table 7 and Figure 7 show that between 2008 and 2009 the liquidity ratio of the firm increased from 0.35 to 1.17 which is an improvement for the firm, implying that it can cover its short-term obligations and the mean was 0.76 which implies that the firm is not able to adequately cover its short-run obligations.

4.7.2 Solvency ratio
Table 7 and Figure 7 signal that between 2008 and 2009, the solvency ratio experienced a sharp decline from 1.12 to 0.48, with a mean solvency ratio of 0.8 which implies that the net worth covers the total liabilities; this signals a good stability situation and makes the firm attractive to lenders.

4.7.3 Profitability ratio
Table 7 and Figure 7 showed that between 2005 and 2009, the firm's profitability ratio experienced fluctuations and had a mean value of 0.08(8%); this situation is a bleak one because it implies that profit is lesser than equity and sufficient profit is not being realized. Also, between 2007 and 2009, the firm had profitability ratios of 0.02, 0.13 and 0.04 respectively which means that the firm's profit position is not sound.

4.7.4 Efficiency ratio
Table 7 and figure 7 show that from 2008 to 2009, the firm had a mean efficiency ratio of 1 which is a laudable condition because this signifies that its rate of return on assets covers the rate of interest on lending.

TABLE 7: Financial indicators showing the financial performance of Cadbury Nigeria Plc from year 2005 - 2009

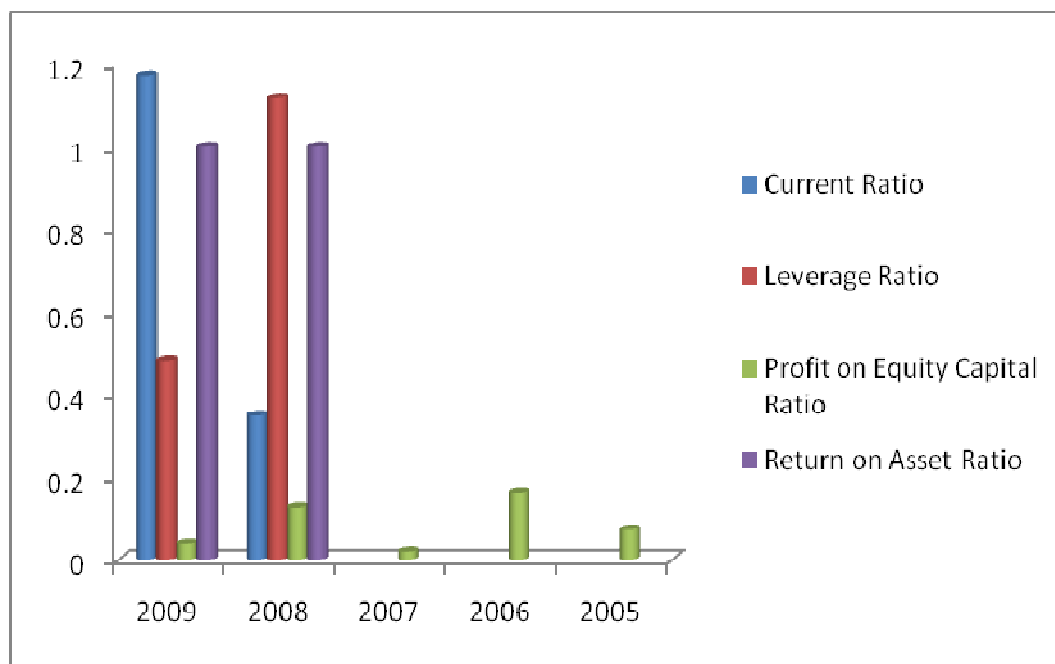| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	1.17	0.48	0.04	1
2008	0.35	1.12	0.13	1
2007			0.02	
2006			0.16	
2005			0.07	

Source: Field Survey, 2010.

Figure 7: Bar Chart showing the financial performance of Cadbury Nigeria plc from year 2005 - 2009.

4.8 Result of analysis of financial performance of Livestock feeds PLC from year 2006 – 2009

4.8.1 Liquidity ratio
Table 8 and Figure 8 from 2007 to 2009 signal a decreasing, then increasing liquidity ratio from with a mean value of 1.23 which signifies a stable position in the short-run. Between 2007 and 2009, the firm maintained this stable liquidity position with values of 1.25, 1.15 and 1.30 respectively.

4.8.2 Solvency ratio
Table 8 and Figure 8 that the firm's solvency ratio from 2007 - 2009 initially experienced an increase before it finally decreased with a mean value of 1.41; implying that total liabilities outweigh the net worth , this situation implies that the firm might run into debt and that stakeholders are losing.

4.8.3 Profitability ratio
Table 8 and Figure 8 from 2006 – 2009 show a nose-dive in the profitability ratio with a mean value of 0.63(63%), this is a fair position as this ratio tends to unity.

In the immediate past years of 2007 – 2009, the ratio had values of 0.11, 0.13 and 0.08 respectively, implying that profit is a lot lesser than equity capital and the firm is not realizing sufficient profit.

4.8.4 Efficiency ratio
Table 8 and Figure 8 show that efficiency ratio between 2007 and 2009 is fluctuating with a mean of 0.42(42%) signifyng a stable rate of return on assets and with specific values of 0.44, 0.37 and 0.45(44%, 37% and 45%) respectively, all reiterating that the firm has a stable rate of return.

TABLE 8: Financial indicators showing the financial performance of Livestock Feeds Plc from year 2006 to 2009

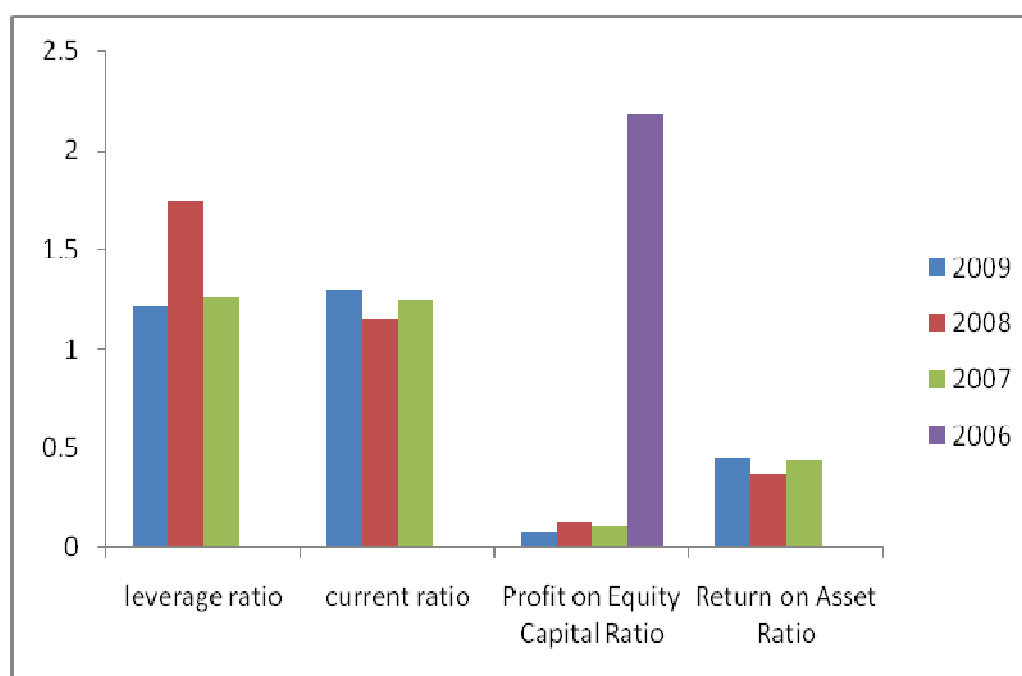| Year	leverage ratio	current ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	1.22	1.30	0.08	0.45
2008	1.74	1.15	0.13	0.37
2007	1.27	1.25	0.11	0.44
2006			2.18	

Source: Field Survey, 2010.

Figure 8: Bar Chart showing the financial performance of Livestock Feeds Plc from year 2006 to 2009

4.9 Result of analysis of financial performance of Dangote Sugar Refinery PLC from year 2007 – 2009
4.9.1 Liquidity ratio
Table 9 and Figure 9 from 2007 to 2009 show a fluctuating liquidity ratio of the firm with specific values of 1.65, 1.80 and 1.74 respectively and mean of 1.73 which implies that the firm can adequately cover its current liabilities.

4.9.2 Solvency ratio
Table 9 and Figure 9 signify that between 2007 and 2009, the firm experienced an initial decline and an eventual increase at a decreasing rate in the solvency ratio between 2007 and 2009 with values of 0.93, 0.78 and 0.89 respectively which still signals a good solvency position for the firm and with a mean solvency ratio of 0.87, implying that the net worth is larger than the total liabilities and this puts the firm in an attractive position to lenders..

4.9.3 Profitability ratio
From Table 9 and Figure 9, the profitability ratio between 2007 and 2009 is declining with a mean of 0.61 which implies that profit is lesser than equity but still quite fair as it tends to unity

4.9.4 Efficiency ratio
Table 9 and Figure 9 show that from 2007 to 2009, the firm had a fluctuating efficiency ratio with the specific values of 0.53, 0.56 and 0.53 respectively with a mean of 0.54 and this signals that the firm has a good rate of

return on assets.

TABLE 9: Financial indicators showing the financial performance of Dangote Sugar Refinery Plc between years 2007 and 2009

Years	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	1.74	0.89	0.32	0.53
2008	1.80	0.78	0.67	0.56
2007	1.65	0.93	0.83	0.53

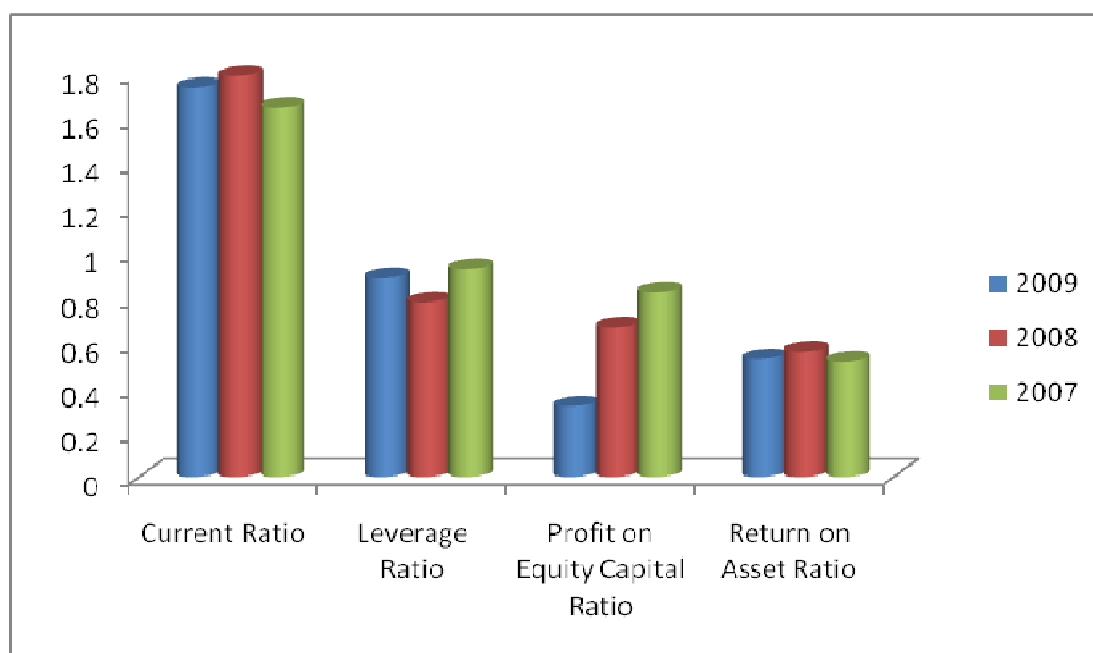Source: Field Survey, 2010.

Figure.9: Bar Chart showing the financial performance of Dangote Sugar Refinery plc from year 2007 - 2009

4.10 Result of analysis of financial performance of Dangote Flour Mills PLC from year 2007 – 2008

4.10.1 Liquidity ratio

Table 10 and Figure 10 show that between 2007 and 2008, the liquidity ratio of the firm declined slightly from 1.04 to 0.99 from year 2007 – 2008 with a mean of 1.02 which signifies stable liquidity condition.

4.10.2 Solvency ratio

Table 10 and Figure 10 show that between year 2007 and 2008, the solvency ratio increased from 1.39 to 1.50 with a mean of 1.45, which all point to a 'total liability greater than net worth ' situation; this implies that the firm is in debt and that shareholders may be making losses.

4.10.3 Profitability ratio

Table 10 and Figure 10 show that from 2007 to 2008, the firm had its profitability ratio increase from 0.01 to 0.07 with a mean of 0.04(4%), which is very poor and implies that the firm is not making reasonable profits.

4.10.4 Efficiency ratio

From Table 10 and Figure 10, between 2007 and 2008, even though the efficiency ratio decreased from 0.43 and 0.41 with mean of 0.42(42%) this means that the rate of return on assets adequately covers for the rate of interest on loans borrowed.

TABLE 10: Financial indicators showing the financial performance of Dangote Flour Mills Plc from year 2007 to 2008

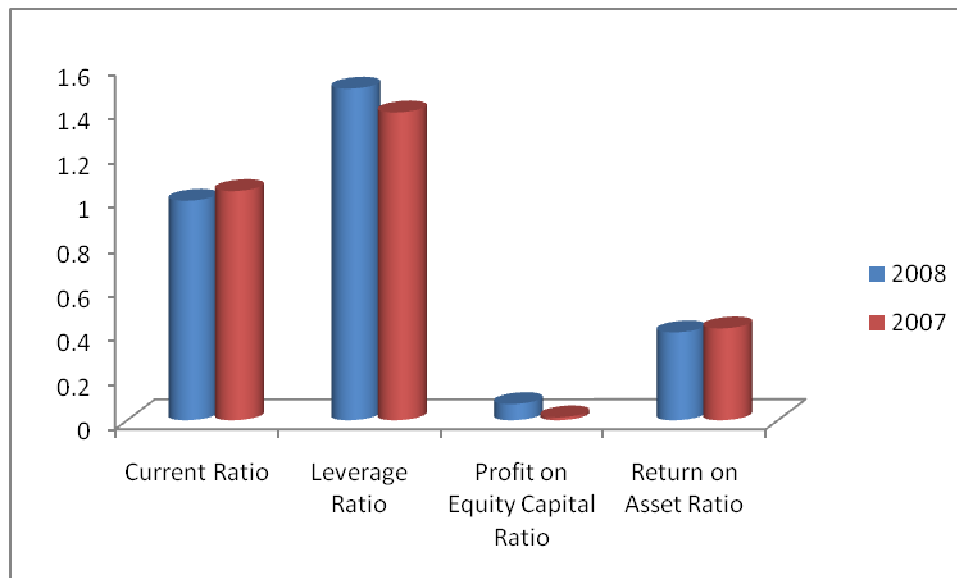| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2008	0.99	1.50	0.07	0.41
2007	1.04	1.39	0.01	0.43

Source: Field Survey, 2010.

Figure 10: Bar Chart showing the financial performance of Dangote Flour Mills Plc from year 2007 to 2008

4.11 Result of analysis of financial performance of FTN Cocoa Processing Limited from year 2006 – 2009
4.11.1 Liquidity ratio
Table 11 and Figure 11 show that the liquidity ratio from 2006 to 2009 increased gradually till it declined eventually (increasing at a decreasing rate) with a mean of 4.60 which implies a stable position in the short-run.
4.11.2 Solvency ratio
Table 11 and Figure 11, the solvency ratio between 2006 and 2009 increased with a mean of 0.86(86%) which implies that the firm's net worth outweighs the total liabilities and this is a good solvency condition. From the ratio of the immediate past three years, 2007 - 2009, there was a rise in the values ; 0.13, 0.29 and 0.46 respectively; these positions are still relatively safe for the firm.
4.11.3 Profitability ratio
From table 11 and figure 11 and between 2006 and 2009, there is a steady increase (0.05, 0.06, 0.08 and 0.11 respectively) in the profitability ratio with a mean value of 0.08; the implication of this is that profit is multiple times lower than the equity capital with dismal implications for the firm; they are in debts and the shareholders are at a loss.
4.11.4 Efficiency ratio
Table 11 and Figure 11 show that from 2007 – 2009, the efficiency ratio of the firm increased and then declined with a mean of 0.66(66%) which very well covers for the rate of interest on borrowed loans and implies a stable efficiency footing for the firm..

TABLE 11: Financial indicators showing the financial performance of FTN Cocoa Processors Ltd from year 2006 to 2009

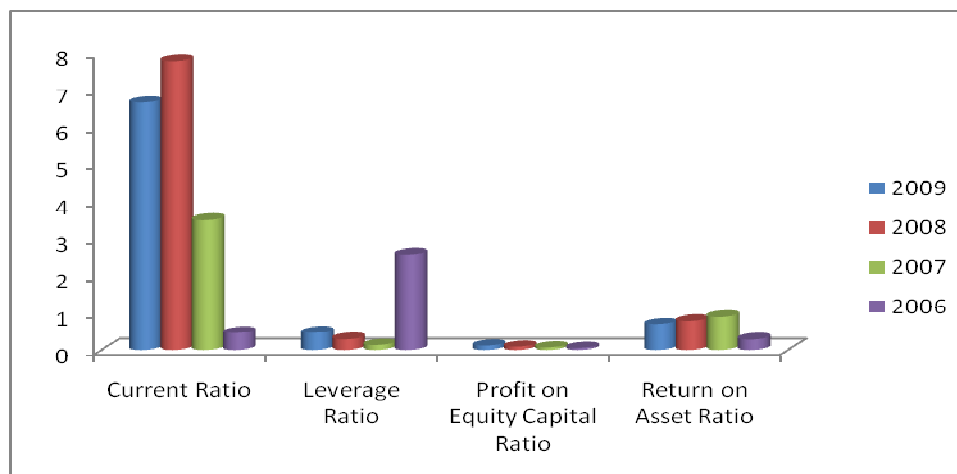| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2009	6.67	0.46	0.11	0.69
2008	7.79	0.29	0.08	0.78
2007	3.50	0.13	0.06	0.89
2006	0.45	2.57	0.05	0.28

Source: Field Survey, 2010.

Figure 11: Bar Chart showing the financial performance of Ftn Cocoa Processors Ltd from year 2006 - 2009

4.12 Result of analysis of financial performance of Hallmark Paper Products PLC from year 2006 – 2007

4.12.1 Liquidity ratio

Table 12 and Figure 12 show that between 2006 and 2007, the liquidity ratio was increasing from 0.45 to 1.1 but with a mean of 0.78 which implies that Hallmark Paper Products Plc cannot totally cover for its obligations in the short-run.

4.12.2 Solvency ratio

From Table 12 and Figure 12, it is seen that between 2006 and 2007, the solvency ratio decreased from 11.91 to 10.63, with a mean value of 11.27 which signifies that total liabilities are a lot greater than the net worth. This implies that the firm is in a grave debt situation and that shareholders are running at a loss.

4.12.3 Profitability ratio

Table 12 and figure 12 show that the profitability ratio of the firm between 2006 and 2007 decreased from 0.97 to 0.16 and has a mean value of 0.57, implying that the firm is not realizing sufficient profit.

4.12.4 Efficiency ratio

Table 12 and figure 12 show that the efficiency ratio of the firm between 2006 and 2007 increased from 0.09 to 0.1 and has a mean value of 0.1(1%) which does not adequately cover the rate of interest on borrowed loans.

TABLE 12: Financial indicators showing the financial performance of Hallmark Paper Products Plc from year 2006 to 2007

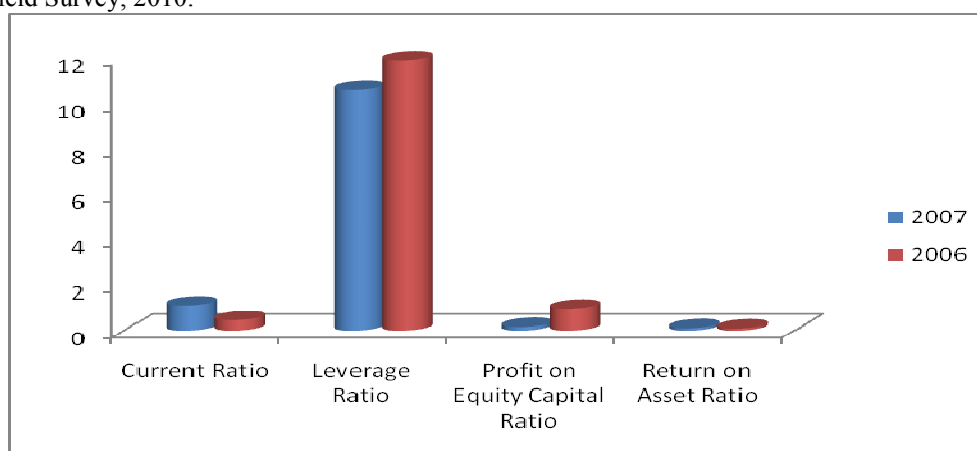| Year	Current Ratio	Leverage Ratio	Profit on Equity Capital Ratio	Return on Assets Ratio
2007	1.10	10.63	0.16	0.10
2006	0.45	11.91	0.97	0.09

Source: Field Survey, 2010.

Figure 12: Bar Chart showing the financial performance of Hallmark Paper Products Plc from year 2007 – 2008

5.0 Conclusion

The study concludes that almost all the firms were able to cover their current bills in the short-run, were

resourceful in having their rate of return on assets cover adequately for the rate of interest on borrowings by making an effective use of resources at their disposal, a small percentage was solvent in that they would be able to cover adequately their long-term obligations in the event of business failure and only a small percentage had their net profits returning very profitably on their equity capital.

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