**Advanced financial reporting**

**GROUP ASSIGNMENT**

**GROUP – 01**

**m.Anusika vav/ac/2019/p/0006**

**s.priyatharsini vav/ac/2019/f/0016**

**l.vithushalini vav/ac/2019/f/0005**

**u.thuvaraka vav/ac/2019/f/0029**

**s.jilaxshan vav/ac/2019/f/0040**

**m.m.iflal vav/ac/2019/p/0034**

**S.H.M.JAFRIS FILLING STATION (PVT)LTD**

**ARTICLES OF ASSOCIATION**

**OF**

**S.H.M.JAFRIS (PVT)LTD**

**PRILIMINARY**

The rules contained in the first schedule to the Companies Act No.07 of 2007 shall apply to the company and to be incorporated herewith except so far as they are herein expressly or by implication modified or excluded.

**PRIVATE COMPANY**

The company is a private company within the meaning of selection 27of the companies Act No 7 of 2007 & accordingly the company.

* Prohibit the company from offering shares or other securities issued by the company to the public
* Limited the number of shareholders to fifty not including shareholders who are
* Employees of the company or
* Former employees of the Company who become Shareholders of the company while being employees of such company & who have continued to be Shareholders after ceasing to be employees of the company.

**Ratio Calculation**

1. **Liquidity Ratio OR Quick Ratio**

2018/2019 = 1.1223

2019/2020 = 1.3643

2020/2021 = 1.6824

2021/2022 = 1.4594

1. **Solvancy Ratio**

2018/2019 = 1.1071

2019/2020 = 0.0788

2020/2021 = 0.1288

2021/2022 = 0.2449

**This Filling station does not calculated depreciation so that’s why we not put it on equation.**

1. **Efficiency Ratio**

* **Asset Turn Over Ratio**

2018/2019 =40.0291

2019/2020 =29.0028

2020/2021 =24.1384

2021/2022 =31.3701

* **Inventory Turn Over Ratio**

2018/2019 =105.13

2019/2020 =64.6268

2020/2021 =58.1508

2021/2022 =72.5133

* **Receivable Turnover Ratio = credit Sale**

**Average Account Receivable**

* **Account Payable Turnover Ratio =Credit purchase**

**Average Account Payable**

**Here cannot calculate receivable turnover ratio and account payable turnover ratio because here no credit sales and Credit purchase.**

**Profitability Ratio**

**Gross profit ratio**

2018/2019 = 2.4390

2019/2020 = 2.2129

2020/2021 = 2.1782

2021/2022 = 2.1999

**Net profit ratio**

2018/2019 = 0.4830

2019/2020 = 0.0794

2020/2021 = 0.1572

2021/2022 = 0.2816

**Coverage Ratio**

**Coverage Ratio**

2018/2019 = 29.9477

2019/2020 = 1.4028

2020/2021 = 92.486

2021/2022 = 76.8234

**Operating ratio**

2018/2019 = 99.42951

2019/2020 = 99.70598

2020/2021 = 99.80846

2021/2022 = 99.69531

**Operating cost**

2018/2019 = 469746560

2019/2020 = 411054491

2020/2021 = 363405009

2021/2022 = 527507234

**Market prospect ratio**

* **Price earning ratio = Share price**

**Earning per share**

* **Earning per share = Net income**

**Weighted average common share outstanding**

* **Dividend Payout = Total Dividens**

**Net income**

* **Dividend Yield Ratio = Cash dividend per share**

**Market value per share**

**We can't calculate any market prospect ratio because we don't have enough data.**

### Gross Profit Margin Ratio

A low gross margin ratio does not necessarily indicate a poorly performing company. It is important to compare gross margin ratios between companies in the same industry rather than comparing them across industries.

The Gross Profit Margin ratio on the year 2019 indicates 2.43, 2020 indicates

2.21, 2021 indicates 2.17 and 2022 indicates 2.19 . Normally a gross profit margin ratio of 50 to 70% would be considered healthy, These ratios are don’t reach the 50%. Because this ratio will be lower for the petroliam company with high cost of sales and it would be for many types of businesses.

### Net Profit Margin Ratio

The net profit margin, also known as net margin, indicates how much net income a company makes with total sales achieved. A higher net profit margin means that a company is more efficient at converting sales into actual profit. Net profit margin analysis is not the same as gross profit margin.

As per the details of jafrise filling station PLC the net profit margin ratios for last four years of 2022 , 2021, 2020 & 2019 are 0.28 ,0.15, 0.07 & 0.48 respectively. This indicates are in positive way for the company. The higher margin shows on 2019. The higher the ratio, the more effective a company is at cost control

**Liquidity Ratio**

Liquidity Ratio is measuring a company’s ability to meet its maturity short-term obligations this is also a key predictor of a company’s ability to make timely payments to creditors and to continue to meet obligations to lenders when faced with an unforeseen event.

### Quick ratio

The quick ratio evaluates a company’s The quick ratio evaluates a company’s ability to pay its short-term liabilities with only assets that can quickly be converted into cash.

The quick ratio for jafrish filling station PLC on 2022,2021,2020 and 2019 showing the figure as 1.45, 1.68, 1.36 & 1.12 .A quick ratio greater than 1 strongly implies financial well-being for the company as it shows that the company can repay its short-term debt obligations with only its liquid assets. The year of 2021 can pay the short-term debt obligations. However, like the current ratio, a quick ratio that is too high also suggests that the company is leaving too much excess cash instead of investing to generate returns or growth. So, the year of 2021 is good in that in this year the cash is not leaving from the company.

### Asset Turnover Ratio

The total asset turnover ratio measures the value of a company’s sales or revenues relative to the value of its assets the asset turnover ratio can be used as an indicator of the efficiency with which a company is using asset to generate revenue.

The total turnover ratio of jafrish filling station PLC on 2022, 2021, 2020 and 2019 are 31.37, 24.13, 29.00 and 40.02 respectively. Here in 2019 the total asset turnover ratio is higher than all other years. The higher the asset turnover ratio, the more efficient a company is at generating revenue from its asset. If the company can reduce inventory, total asset turnover rises. 2021s’ ratio is lower than the other years. A lower ratio indicates that a company is not using its assets ratio indicates that a company is not using its assets efficiently and may have internal problems. A lower ratio indicates poor efficiency.

### Inventory Turnover Period

Inventory Turnover Period is an efficiency ratio. Efficiency ratios show how a business manages its asset and liability. They are an important indicator of the company to generate cash.

The inventory turnover period for jafrish filling station PLC has decrease in 2022 to 73days compared with 58days in 2021. This indicates the increase in efficiency with respect to cost increased in getting fuel. The business can covert more of its inventory in to sales in 2022 than in 2021. And the inventory turnover period on 2020,2019 was 64days, 105days respectively.

Here, increased the turnover period in each year this indicates the increasing inefficiency over the years. The business cannot clear a substantial amount of its

**CONCLUSION**

The main requirements for financial ratios are to provide meaningful comparisons between items in the financial statements that only relevant amounts must be included in their calculations and that they needed to be comparable over time.

When evaluating financial ratio it is important to compare the value of the ratios to conventional norms, the value of the ratio calculated for the company over a period of time or to the value of the ratio obtained for similar companies