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Privatization and Efficiency: Evaluation of Corporate Financial Performance

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ABSTRACT This study examined the efficiency of privatization through the evaluation of financial performance of a privatized manufacturing company between the period 1978 to 2001. This period cover the pre-privatization and post-privatization period of the company under consideration. Privatization has been recognized as a key element to promote efficiency, reduce fiscal burden and help in developing capital market. In order to achieve the objective of the study, secondary data on the performance indicators were collected from the annual reports of the organization. However, the findings showed that the privatization programme has a significant mixed impact on the operation of the company under study. The programme also indicated a positive impact in the operating financial performance of the company as reflected in it's consistent growth rate of returns of the years under study, especially in post-privatization era of the company. In spite of the general positive impact of privatization on the financial performance of the company, the post-privatization period was beset with escalating operational cost resulting from high rate of inflation, which was seriously obstructing investment and industrial growth. Thus, policies to tame inflation should have inbuilt ability to increase the productive capacity of the company.

INTRODUCTION

The privatization and commercialization Act 1988 (The Laws of the Federation CAP 369) introduced commercialization and privatization as measures for the re-organisation of state – owned enterprises in Nigeria. According to section 14 of the Act, privatization means "the relinquishment of part or all of the equity and other interests held by the Federal Government or its agency in enterprises whether wholly or partly owned by the Federal Government …"

In order to deal with the general issues of reform, which apply to all Public Enterprises in Nigeria, government promulgated the commercialization and privatization Decree No. 25 of October, 1988. The Decree provides for the necessary legal framework for planning, organization and implementation of government's anticipated programmes on public enterprises privatization as integral parts of Nigeria's on-going restructuring of its national economy. According to the Decree, the policy is aimed at the following objectives:

(i) restructuring and rationalization of the State-Owned Enterprises (SOEs) to lessen the dominance of unproductive investments in the sector;
(ii) re-orientation of SOEs towards a new horizon of performance, improvement, viability and overall efficiency;
(iii) ensuring positive returns on public sector investments in SOEs,
(iv) checking of the absolute dependence on the Treasury for funding SOEs and encouraging them to patronize the capital market; and
(v) initiation of the process of gradual cession to the private sector of such SOEs, which by their nature and type of operations, are best performed by the private sector.

At the inception of our nascent democracy in Nigeria, commercialization and privatization Act 28 of 1999 was enacted, which brought into existence the National Council on Privatization. However, the proposals for the reform of public enterprises (PEs) in Nigeria was based on the findings of the Onosode Commission (1984), government blamed the poor physical and financial performances of PEs in Nigeria on managerial inefficiency and incompetence.

It is important to note that in most cases, particularly in the case of NEPA, product prices of PEs were subsidized to the tune of between 36% and 52% of the production cost in the pre-SAP period (Ayodele 1998:29). Thus, the continued deterioration of government's financial and fiscal posture especially in the mid 1980s when crude oil prices declined to below $10.00 per barrel, created additional financial difficulty for government to maintain its hitherto statutorily determined product prices which were below production costs. Thus, the continued precarious financial posture of government, coupled with the poor performances of PEs, offered a critical opportunity to challenge the wisdom in continuously funding the PEs.

Against this background, the pervasive inefficiency and dismal financial failures of the PEs sector, therefore, raised vexing questions regarding the role and effectiveness of the state or government in the provision of those core services for which PEs were created.

Governments worldwide have been outspoken on the need to foster private initiative in the interest of productivity and growth and have been taking substantive steps to move economic activities to the private sectors (Akinlo, 1998: 56-65). In the developed world, some countries like France, Italy, Spain, U.K, Japan and USA have undertaken major privatizations. China, Brazil, South Korea, Bangladesh and Nigeria have all introduced privatization.

The decision to privatise some government enterprises was based on poor performance and inefficiency in the operations of public enterprises. Kikeri et al. (1994) noted that the high costs and poor performance of state-owned enterprises (SOEs) and the modest and fleeting results of reform efforts have turned many government towards privatization.

The broad objective of this paper is to examine the pre and post-privatization financial performance of a manufacturing company, in view of the vital roles played in regulating the Nigerian economy in the manufacturing sector.

PRIVATIZATION AND EFFICIENCY

Hall and Winstein (1959: 71-75) identify four categories of efficiency: efficiency in use; managerial efficiency, target or technical efficiency and return on equity capital. This has prevented a meeting of minds not only among management practitioners, but also among scholars. de Grazia (1961: 571), for example, calls attention to the value – orientation in the definition of the term "As an instrumental objective in administration, efficiency means that a given method of performing a task is most 'pleasing' to those controlling the method. Often 'pleasing' has to do with material values such as input-output ratio of machines, and clerks, but frequently the most efficient way of performing a task is conditioned on a clear triumph of executives' interests over the interests of others.

Since scholars have been objected to the idea of using predetermined goals as a yardstick for measuring the relative success or failure of an organization. Etzoni (1960: 258) maintains that goal – attainment is not a fair test of an organization's strength.

Speight (1970: 1), in a more general way, says that an economic system was economically efficient so long as it was technically efficient and provided it succeeded in rationing out its scarce resources, and the scarce products of the resources, in the most desirable way.

In any case, it is essential that an organization should fulfil certain objectives which are basic to its survival. Balogun (1972: 21-34) argued that in Nigeria, the raison d'etre of many governmental or quasi-governmental organizations is being challenged simply because these organizations have failed to "deliver the goods" promised with the amount of resources at their disposal and within a given period. It is widely accepted that government enterprises are managed to achieve a variety of objectives that relate to the complexities of politics, while private enterprises are largely managed to earn profits, and cost efficiency and market responsiveness are important to that pursuit. The more competitive the markets in which the private enterprises operates, the more it is compelled by its objectives of profits and survival to operate efficiently (Willig, 1993: 155-180). According to Akinlo (1998: 56-65), the most widely vaunted argument for privatization is efficiency. His study revealed that evidence from the Nigerian experience shows that the fiscal and efficiency impacts of privatization have been low.

Performance evaluation in business according to Reid and Dubas (1978: 83-105) distinguish among various key aspect of performance measurement namely: economy, productivity, quality and level of service and effectiveness. From the existing literature, performance evaluation of a given firm could be done through intra or inter-company analysis. The inter-company analysis could not be easily achieved in Nigeria because of problem of inadequate data. In Nigeria it is possible to adopt the intra-company analysis by adopting financial ratios which is simply the relationship between two accounting figures.

Woelfel (1979) suggests two ways of analysing the performance of a firm, namely, comparative financial statement and ratio analysis. According to Pandey (1981), ratio analysis helps the analyst to make qualitative judgement about the firm's financial position and performance in general.

This study therefore seeks to appraise the performance of a privatized manufacturing company in Nigeria. Hence, the financial performance of the selected company operation, covered pre and post privatization era and therefore suitable for this study.

The paper is divided into four parts. Part I provides the introduction to the study. In part II we discuss the methods of analysis adopted while in part III, we provide the analysis of data. Part IV contains the summary, recommendation and conclusion.

METHODOLOGY

In view of the vital roles played in regulating the Nigerian economy, the food manufacturing industry is considered as a sample design of the study among 10 groups of privatized economic strata. To ensure accurate representation of the food sector, age was borne in mind while choosing the Flour Mills of Nigeria Plc as a case study. The company was established in 1960 and started full operation in 1962. The grains grinding and the installed capacity of 3640 mlt per day make it the largest Flour Mills of Africa. It represents the first three generations of flour companies that have been privatized by the government.

Hence, the study concentrates on the financial performance of this company between 1978 and 2001 (pre and post privatization period).

The data used in the study were obtained from the books of our chosen organization such as Annual Reports, the company's profile and indeed through personal interaction with the top executives in the organization.

The method of data analysis adopted was descriptive method. The analysis done in this study is to investigate the financial performance of a privatized manufacturing company using tables and financial ratios. The profitability ratios are the most appropriate tools to show the movement of each variable for the purpose of evaluating financial performance in the organization.

In evaluating the performance of the company, the following ratios were adopted:

(i) Asset turnover
This refers to the ratio of turnover to total Assets. It is a good indicator of management ability to generate income from available resources. It tells us the relative efficiency of the company.

$$\text{ROA} = \frac{\text{Turnover}}{\text{Total Asset.}} \times 100$$

(ii) Return On Capital Employed (ROCE).
This is a fundamental measure of business performance. The ratio expresses the relationship between the net profit (before interest and taxation) generated by the business and the long-term capital invested in the business. It compares inputs (capital invested) with outputs (profit). This comparison is of vital importance in assessing the effectiveness with which funds have been deployed.

$$\text{ROCE} = \frac{\text{Net Profit before interest and taxation}}{\text{Share capital + Reserves + Long-term loans}} \times 100$$

(iii) Return On Shareholders' Equity (ROE)
This ratio compares the amount of profit for the period available to the owners' stake in business. The ratio assesses profitability from the perspective of the corporate risk-taker. An upward trend indicates an increase in profitability, while a decrease indicates a decrease in profitability.

$$\text{ROE} = \frac{\text{Profit After Tax}}{\text{Shareholders' Fund}} \times 100$$

(ordinary shares capital + reserves)

(iv) Gross Profit Margin (GPM)
This is calculated by dividing gross profit figure by the total sales figure. Gross profit represents the difference between sales and the cost of sales. This ratio indicates the efficiency of operation as well as how products are priced.

$$\text{GMP} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

(v) Growth of Turnover
This shows the trend of turnover growth over the period under review.

(vi) Earning Per Share (EPS)
This ratio relates the earnings generated by the company during a period and available to shareholders to the number of shares in issue. The trend in earnings per share over time is used to help assess the investment potential of a company's shares. For equity shareholders, the amount available will be represented by the net profit after tax (less any preference dividend, where applicable).

$$\text{EPS} = \frac{\text{Profit After Tax}}{\text{No. of Ordinary Shares in issue}}$$

ANALYSIS OF DATA

Data presentation and analysis were based on the financial ratios computed and percentages derived from the financial statement/annual reports of the company under reivew.

The results in tables 1 and 2 show that the upward trends for the company over the years under review resulting from increasing growth in gross earnings adequately matched the increase in total asset. The management of the company have been successful, year after year in taking advantage of the various available resources of income and these have been increasing at a slightly increasing rate over the years. This general growth rate is higher in post-privatization era (between 1990 – 1994) relative to pre-privatization period.

The company's total assets have therefore, been well managed and made to perform considerably well at an increasing rate over the years under study. It has also experienced increased earnings and returns on total assets at increasing growth rate since the introduction of privatization programme of the Federal Government in the company.

In the pre-privatization period, the company experienced steady growth rate of return on capital employed, interspersed by a decline in growth rate in 1986 (17.2%) when ban was placed on the importation of wheat. However, the company showed an upward trend i.e. the peak performance in terms of its efficiency in making return on capital employed in 1993 with 750.8% increase compared to 1992 with 54.7% increase upon introduction of privatization programme in the company. The trend behaviour however, recorded a steady growth rate of return on capital employed from 1990 – 1998 (3.02% - 635.8%) with an interspersing decline from 1999 – 2001.

In terms of Return on Shareholders Fund or Equity, ROE, the trend behaviour of the company showed an unstable or fluctuating rate of return in the pre-privatization periods over the years

Table 1: Pre-privatization performance criteria

Year	*ROA %*	*ROCE %*	*ROE %*	*EPS K*	*GPM %*	*% Change in turnover*
1978	388.5	96.7	27.2	0.55	11.3	
1979	364.5	78.4	24	0.53	9.2	-0.71
1980	384	88.2	18.6	0.44	9	14.87
1981	445.9	80.6	28.6	0.45	10.9	26.1
1982	503.9	68.4	18.6	0.32	7.5	22.5
1983	535.6	79.8	21.3	0.39	7.5	16.6
1984	478.9	60.4	14.8	0.29	6	-5.2
1985	369.8	83.4	27	0.45	11.7	-7.7
1986	221.1	17.2	6.2	0.11	3.9	-38.4
1987	183.6	13.6	4.5	0.08	3.7	-15.3
1988	182.6	20.7	7.8	0.14	3.3	-3.1
1989	324.5	2	0.94	0.02	0.29	77.26

Source: Annual Reports and Accounts of the Company. (1978-1989)

Table 2: Post-privatization performance criteria

Year	*ROA %*	*ROCE %*	*ROE %*	*EPS K*	*GPM %*	*% Change in turnover*
1990	477.8	3.02	1.3	-	6.1	28.9
1991	599.8	20.3	2.6	-	9.2	136.5
1992	1277.5	54.7	19.4	20.5	6.1	181
1993	1468.5	750.8	88.1	76	14.3	107.6
1994	1736.3	343.1	67.8	108	11.6	-33.6
1995	811	321.9	47.3	107	19	138.2
1996	592	316	20	149	9.9	29.8
1997	708	311	17.7	107	9.6	29.8
1998	742	635.8	28.6	214	12.8	27.6
1999	874	307	16.9	92	11.8	6.9
2000	555	287.3	17.7	114	14.1	28.2
2001	650	354.7	18.5	132	11.8	

Source: Annual Reports and Accounts of the Company (1990-2001).

Table 3: Pre and post privatization criteria summary

Year	*Criteria*		%	%	%	%	%	%	%	%	%	%	%	%
78 – 89		Pre	388.5	364.8	884	445.9	503.9	535.6	478.9	369.8	221.1	183.6	182.6	324.5
90 – 01	ROA	Post	477.8	599.8	1277.5	1468.5	1736.3	811	592	708	742	874	555	650
78 – 89		Pre	96.7	78.4	88.2	80.6	68.4	79.8	60.4	83.4	17.2	13.6	20.7	2
90 – 01	ROCE	Post	3.02	20.3	54.7	750.8	343.1	321.9	316	311	635.8	307	287.3	354.7
78 – 89		Pre	27.2	24	18.6	28.6	18.6	21.3	14.8	27	6.2	4.5	7.8	0.94
90 – 01	ROE	Post	1.3	2.6	19.4	88.1	67.8	47.3	20	17.7	28.6	16.9	17.7	18.5
78 – 89		Pre	11.3	9.2	9	10.9	7.5	7.5	6	11.7	3.9	3.7	5.3	0.3
90 – 01	GPM	Post	6.1	9.2	6.1	14.3	11.6	19	9.9	9.6	12.8	11.8	14.1	11.8
78 – 89		Pre	_	0.71	14.8	26.2	22.5	16.6	-5.2	-7.7	-38.4	-15.3	-3.1	77.3
90 – 01	T/O	Post	28.9	136.5	181.8	107.6	-33.6	138.2	29.8	29.8	27.6	6.8	28.2	-
78 – 89		Pre	0.55k	0.53k	0.44k	0.45k	0.32k	0.39k	0.29k	0.45k	0.11k	0.08k	0.14k	0.02k
90 – 01	EPS	Post	-	-	20.5k	76k	108k	107k	149k	107k	214k	92k	114k	132k

Source: Annual Reports and Accounts of the Company. (1978-2001) under review. There were good levels in 1978-85 respectively but followed by decline in 1986-1989 (62 to 0.94%). The trend behaviour showed or indicated a peak performance in 1981 (28.6%).

On the introduction of privatization programme in 1989, the company recorded a slight growth in its ROE from 1.3%, 2.6%, 19.4%, 88.1% and 67.8% in 1990, 1991, 1992, 1993 and 1994, respectively. It was later followed by a decline from 47.3% and 20% recorded in 1995 and 1996 respectively. The trend behaviour still persisted till the year ended 2001 (18.5%).

In term of Gross Profit Margin (GMP) the trend behaviour in the pre-privatization era, the company experienced an unstable movement in growth rate with 11.7% in 1985 as at the peak performance in the period. Likewise, the post privatization period showed unstable movements in it's gross profit margin. The company however, attained it peak performance in 1998 with 12.8% in the post privatization period.

The trend of % change in Turnover showed an increase from 1979 – 1983 with 0.71%, 14.8%., 26.1%, 22.5% and 16.6% respectively. It however showed a negative trend behaviour from 1984 – 1988 with –5.2%, -7.7%, -38.4, -15.3% and –3.1% respectively. The trend behaviour later indicated the company's peak performance in 1989 with 77.3% increase. Upon privatization, the company recorded a slight growth in it's turnover from 28.9%, 136.5%, 181.8%, 107.6% from 1990 – 1993 respectively. The company's performance showed a negative performance in 1994 with –33.5% decrease. The company however started declining drastically from 1997 with 138.2% - 29.8% in 1998 and 1999.

The trend behaviour of EPS (Earnings Per Share) recorded a declining movement throughout the pre-privatization period. Upon-privatization, EPS of the company showed a great increase or upward movement compared to the pre-privatization period from 20.5K – 149K as the peak performance in 1996. The company in 1990 and 1991 did not make provision for earning per share from which dividend per share is computed. This implies that the company did not pay dividend to its shareholders' in 1990 and 1991 (i.e. all profit was retained by the company).

Finally, in spite of the general positive impact of privatization on the financial performance of FMN, however, the company is still beset with prevailing escalating operational costs resulting from high rate of inflation which are seriously obstructing investment and industrial growth.

SUMMARY AND CONCLUSION

This study examined the extent of the effectiveness of privatization on the company between the period of 1978 and 2001. This period cover the pre-privatization and post-privatization period of the company under consideration. The result showed that there have been upward trends and steady growth in post-privatization era based on ROA, ROCE and ROE but with slight fluctuation in the growth rate in some of the years under study. The same trend as stated above applied to EPS, GPM and Turnover for the years under study.

Some major problems that were encountered by the company prior to privatization especially the ban placed in the importation of wheat affected the performance of the company after privatization.

Moreover, the relative efficiency with which the organization utilized its resources in generating revenue was weak during the period under review. By and large, the privatization programme had a significant mixed impact on the operation of the company under study. In both short run and long run, the privatization programme indicated a positive in the operating financial performance of the company as reflected in its consistent growth rate of return of the years under study in post-privatization era.

In conclusion, the potentials of privatization in enhancing efficiency need to be enhanced particularly in Nigeria. Evidence from the Nigerian experience shows that efficiency impacts of privatization have been low. It should be noted that the privatization policy has helped in stimulating and broadening the scope of the capital market. The following are recommended for survival and increased profitability of privatized government enterprises: (i) restructuring and streamlining of companies' operations for purpose of efficiency, effectiveness and reduced cost structure. (ii) determining of a competitive advantage and corporate planning to maintain those advantages vis-à-vis competitors in the economic system. (iii) an improved internal control system that enables the fine-tuning of regulatory mechanism for enhanced integrity, efficiency and cost-effectiveness operations with crippling initiative and innovations must be adopted.

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APPENDIX I

Pre-Privatization Balance sheet as at year ended 31st March

Employment of funds	*1978 ₦'000*	*1979 ₦'000*	*1980 ₦'000*	*1981 ₦'000*	*1982 ₦'000*	*1983 ₦'000*	*1984 ₦'000*	*1985 ₦'000*	*1986 ₦'000*	*1987 ₦'000*	*1988 ₦'000*	*1989 ₦'000*
Fixed assets	39,747	42,383	42,816	44,799	50,865	66,937	71,226	72,299	87,937	90,980	82,662	75,184
Int. in Sub.	3,413	4,130	2,568	2,501	4,274	8,035	11,185	10,104	10,359	6,600	5,890	4,210
Int. Ass. Comp.	-	3,894	3,531	685	10,356	5,703	2,739	1,800	1,800	1,800	1,800	1,800
Trade Invst.	-	-	-	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Net cur. Liab.	(9971)	(12,195)	(8,440)	(6976)	(20,986)	(32,425)	(33,930)	(12,893)	(21,322)	(23,324	(16,060)	9,231
Bank loans	-	(3,125)	(2, 187)	-625	-652	-	-	(8,450)	(5,850)	(3,250)	(650)	-
Def. Payment	-	-	-	-	-	-	-	(1,411)	(9.617)	(8,208	(6,612)	(5,107)
Total	33,189	35,087	38,288	41,584	45,084	49,450	52,420	62,649	64, 507	65,798	68,230	68,056
Funds Emp.												
Share capital	15,000	15,000	15,000	25,000	25,000	25,000	25,000	32,500	32,500	32,500	32,500	32,500
Capital reserve	10,414	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415	10,415
General res.	-	-	-	-	-	-	-	-	-	-	-	16,583
Revenue res.	5,029	7,607	10,384	3,813	7,054	10,975	13,838	11,344	12,687	14,056	16,025	-
Shlders' fund	30, 443	33,022	35,799	39,228	42,469	46,390	49,253	54,259	55,602	58,971	58,940	59,498
Deferred tax.	2,746	2,055	2,489	2,356	2,615	3,060	8,187	8,390	8,903	8,827	9,290	8,558
Total	33,189	35,087	38,288	41,584	45,084	49,450	52,429	62,649	64,507	65,798	68,230	68,056

Source: Annual Reports and Accounts of the Company. (1978-1989)

APPENDIX II

Pre-Privatization Profit & Loss Account for year ended 31st March

	1978 ₦'000	*1979 ₦'000*	*1980 ₦'000*	*1981 ₦'000*	*1982 ₦'000*	*1983 ₦'000*	*1984 ₦'000*	*1985 ₦'000*	*1986 ₦'000*	*1987 ₦'000*	*1988 ₦'000*	*1989 ₦'000*
Turnover	128925	128004	147037	185404	227164	264863	251025	231645	142650	120811	124579	220870
Trading ^												
Taxation	14511	11755	13227	20151	17104	19960	15094	27096	5572	4410	6712	658
	6233	3828	6566	8952	9212	10104	7813	12474	2153	1741	2143	100
P.A.T	2878	7927	6661	11199	7892	9856	7281	14622	3419	2669	4569	558
Ex.Ord.I	(99)	(36)	(27)	(22)	-	-	-	-	-	-	-	-
	8179	7891	6634	11151	7870	-	-	-	-	-	-	-
M.I.S	1409	114	-	-	-	-	-	-	-	-	-	-
^ att.shld	6770	7777	6634	11151	7870	-	-	-	-	-	-	-
Dividend	1000	2400	3840	4850	4850	5000	4000	6825	1950	1300	2600	-
Retained ^	5770	5377	2794	6301	3020	4858	3281	7797	1343	1369	1969	558
CNERF	-	-	-	-	-	-	-	-	-126	-	-	-
EPS	55k	53k	44k	45k	32k	39k	29k	45k	11k	08k	10k	20k
DPS	06k	16k	26k	19k	19k	20k	16k	21k	06k	05k	10k	-

Source: Annual Reports and Accounts of the Company. (1978-1989)

APPENDIX III

Post-Privatization Balance Sheet as at year ended 31st March

ASSET	*1990* ₦'000	*1991* ₦'000	*1992* ₦'000	*1993* ₦'000	*1994* ₦'000	*1995* ₦'000	*1996* ₦'000	*1997* ₦'000	*1998* ₦'000	*1999* ₦'000	*2000* ₦'000	*2001* ₦'000
Fixed Ass.	67,909	63,340	68,756	87,058	273,723	305,499	1,210,879	1,345,105	1,842,296	2,873,973	3,499,099	3,602,843
Int. in sub.	21,712	26,407	33,528	45,173	37,588	91,564	80,900	82,724	54,000	54,000	54,000	112,000
Int. in Ass	1,800	1,800	1,800	1,800	1,800	1,800	60,775	62,476	62,476	62,476	62,476	62,476
Trade Inv.	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	2,050	2,050	2,551
Def.Pay	(3,694)	(2372)	(1511)	-	-	-	-	-	-	-	-	-
L. T. Ass.	**88,927**	**90,375**	**103,773**	**135,231**	**314,311**	**400,063**	**1,353,754**	**1,491,505**	**1,960,602**	**2,992,479**	**3,617,625**	**3,779,870**
Cur. Ass.												
S & WIP	-	-	-	405,364	507,734	1,080,299	1,706,818	2,400,271	2,745,567	2,863,895	3,341,932	3,536,260
Deb & Pre	-	-	-	149,277	172,371	139,188	397,630	475,402	1,467,231	2,851,878	1,650,144	2,710,371
D.F.C	-	-	-	322,888	987,309	339,594	643,489	81,365	40,787	210,904	93,781	168,468
BDB & C	-	-	-	174,593	401,121	272,664	300,532	224,200	108,309	85,136	162,579	188,530
	99,697	138,128		1,052,122	2,068,535	1,831,745	3,048,469	3,181,238	4,796,894	6,011,813	5,248,436	6,603,629
Creditors	(118,775)	(152,062)	103,773	(1,006,568	(2,043766	(1761051	(2884654	(2,996,431	(4,580,865)	(6,509,486)	(4,903,588)	(5,997,787
N. Cur.Ass	(19,078)	(13,934)		45,554	24,769	70,694	163,185	184,807	216,029	(497,673)	344,848	605,842
TALCL	69,849	76,441	78,587	108,785	339,080	470,757	1,517,569	1,676,312	2,176,631	2,494,806	3,962,473	4,385,712
PFDC												
Def.Tax	(7,966)	(11,794)	(9,845)	(12,249)	(27,450)	(27,430)	(70,000)	(107,000)	(232,000)	(388,201)	(415,849)	(502,927)
Taxation	(1.604)	(2,732)	-	-	-	-	-	-	-	-	-	-
Net Asset	60,279	61,915	68,742	168,536	311,630	443,327	1,447,569	1,569,312	1,944,631	2,106,605	3,546,624	3,882,785
Cap & Res												
C – up C	32,500	32,500	32,500	32,500	97,500	97,500	97,500	130,000	130,000	195,000	273,000	273,000
Share pre											1,065,930	1,065,930
Cap. Res.	10,415	10,415	10,415	10,415	10,415	10,415	822,554	822,554	822,554	822,554	822,554	822,554
Gen. Res	17,364	19,000	25,827	125,621	203,715	335,412	527,515	616,758	992,077	1,089,051	1,385,140	1,7211301
Shlders' F	60,279	61,915	68,742	168,536	311,630	443,327	1,447,569	1,569,312	1,944,631	2,106,605	3,546,624	3,882785

Source: Annual Report and Account of the Company. (1990-2001)

APPENDIX IV

Post-Privatization Profit & Loss Account as year ended 31st March

	1990 *₦'000*	*1991* *₦'000*	*1992* *₦'000*	*1993* *₦'000*	*1994* *₦'000*	*1995* *₦'000*	*1996* *₦'000*	*1997* *₦'000*	*1998* *₦'000*	*1999* *₦'000*	*2000* *₦'000*	*2001* *₦'000*
Turnover	288,033	371,361	878,206	2,474,947	5,410,715	3,595,231	8,564,159	11,116,015	14,425,145	18,404,443	19,683,233	25,234,615
C of S	(270,420)	(337,363)	(824,385)	(2122342)	(4783378)	(2910860)	(7715756)	(10045545)	(12585189)	(16226570)	(16903657)	(22253676)
Gross P	17,613	33,998	53,821	352,605	627,337	684,371	848,403	1,070,470	1,839,956	2,177,873	2,779,576	2,980,939
O.O.I	14,849	11,350	20,092	30,690	62,658	51,633	54,480	48,791	64,365	29,845	65,358	69,792
P/(L) F.A	4,802	498	323	51	84	-	-	-	-	-	-	-
O.I.R.S.I	1,375	1,449	1,418	418	8,087	-	-	-	-	-	-	-
	38,639	47,295	75,654	383,764	698,166	736,034	902,883	1119261	1904321	2207718	2844934	3050731
Expenses												
Distribution	239	728	394	12,298	78,511	33,381	53,858	62,183	129,649	121,815	97,532	87,552
Admin.	22,389	23,145	31,554	67,240	142,249	223,224	279,459	401,908	569,251	606,950	835,448	1174951
Depr.	15,028	-	-	-	-	50,371	61,753	108,039	127,480	260,073	402,166	497,020
Int.Sim.Ch	15,028	16,829	25,927	60,217	142,929	115,232	127,393	143,299	251,433	619,989	725,572	322,802
	983	6,593	57,875	139,755	363,689s	422,208	522,463	715,429	1077813	1608827	2060718	2082325
P.B.T	983	6,593	17,789	244,009	334,477	313,816	308,420	403,832	826,508	598,891	784,216	968,406
Taxation	(202)	(4,957)	(4,462)	(95,465)	(123,133)	(104,129)	(90,817)	(126,089)	(269,189	(241,917)	(160,527)	(250,045)
P.A.T	781	1,636	13,327	148,554	211,344	209,697	289,603	277,743	557,319	356,974	623,689	718,361
Prop. Div	-	-	(6,500)	(48,750)	(68,250)	(78,000)	(97,500)	(156,00)s	(182,000)	(195,000)	(327,600)	(382,200)
RPTGR	781	1,636	6,827	99,794	143,094	131,697	192,103	121,743	375,319	161,974	296089	336,161
EPS	-	-	20.5k	76k	108k	107k	149k	107k	214k	92k	114k	132k
DPS	-	-	10k	25k	35k	40k	50k	60k	70k	52k	60k	70k

Source: Annual Report and Account of the Company. (1990-2001)