DO THE NUMBERS MEAN ANYTHING TO YOU?  
Your uncle is a retired headmaster who believes he is an astute investment  
analyst. He has been following the financial performance of Unilever Ghana and  
Fan Milk Ghana for several years. Indeed he has substantial shares in both  
companies and has recently been elected the Chairman of Pensioners Investors  
Association (PIA). Of late PIA members have become jittery about the  
performance of Unilever and want to know what exactly is going on at the  
manufacturing concern. On the other hand, they seem to be impressed with the  
performance of Fan Milk Ghana. There have been several discussions among the  
members on whether to sell their Unilever shares and buy shares of Fan Milk or  
keep the status quo and hope the situation improves soon.  
You went to see your uncle during the weekend over some family issues and he  
got to know that you are doing your MBA in Accounting and Finance at no less a  
University than UPSA. Your uncle proudly introduces you to his PIA members as a  
seasoned financial analyst who can provide answers to all their concerns, of  
course at no cost to them. The rumour network spread like wild fire and soon  
your uncle’s house is filled to capacity with worried pensioners. Your uncle’s wife  
is very concern about the ambush and suggests that they allow you time to think  
about the issues and address them later. PIA members welcome this suggestion

enthusiastically and fix an emergency general meeting for April 11th 2015 where  
you are expected to address them on their concerns, principally about what  
explains the seemingly sluggish performance of Unilever as against the buoyant  
performance of Fan Milk.  
After the crowd had left, your uncle’s wife felt very bad as she did not anticipate  
this outcome when she made the suggestion and you assured her she need not  
worry because financial analysis is in the blood!  
Required:  
1. On the trip back to Accra, you realize the first thing to do is to compare the  
liquidity, leverage, activity, profitability and market ratios of the two  
companies. Using the statements of comprehensive income and financial  
position shown below, prepare a detailed comparison report indicating the  
strength and weakness of each company.  
2. Your spouse, who is very supportive of your schooling, suggested that you  
should include an analysis of common size statements in the report. Is s/he  
right? Of what use is such an analysis? Please prepare the analysis and  
explain your answer.  
3. Your spouse further recommended that a DuPont analysis would be  
valuable. How can such an analysis be performed and what information  
does it indicate about relative performance of the two companies?  
4. Knowing your uncle, you have decided to include some caveats into your  
report particularly about the limitations regarding the various analyses that  
have been suggested above as well as qualitative factors that should be  
considered in addition to the financial analysis.  
5. What are your conclusions after your analysis and what recommendations  
do you intend making in your report to PIA members.



