

THESIS ABSTRACT

Master of Business Administration
Emphasis in Accounting

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School of Postgraduate Studies

Title: FINANCIAL RATIOS IN ANALYZING AND MEASURING FINANCIAL PERFORMANCE IN SELECTED SEVENTH-DAY ADVENTIST INSTITUTIONS IN ZIMBABWE

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Financial ratios are tools for analyzing and interpreting financial statements, these ratios are categorized into five sections if it were a for profit enterprise. In not-for-profit institutions, four sections of ratios can be used to analyze financial statements. These are liquidity ratios, solvency ratios, asset turnover ratios, surplus/profitability and equity ratios. The researcher observed that in the Seventh-day Adventist institutions in Zimbabwe only three ratios were used: the two liquidity ratios and self-support ratio which are unique to the church. It is therefore against this background that the researcher investigated the usefulness of the additional ratios in the analysis of the institutions' financial statements.

The study examined the respondents' perceptions on the usefulness of the additional ratios and also intended to suggest additional ratios that would be considered by the institutions under study in the analysis and interpretation of the financial statements to enhance the effectiveness in determining the financial performance of the selected Seventh-day Adventist institutions in Zimbabwe.

The survey research strategy was used to collect data and the research was a cross sectional study which sought to identify ratios which can be used in analyzing and performance measurement of the financial statements. The study utilized both descriptive and inferential statistics to examine the usefulness of adopting additional ratios.

Results from the study showed that liquidity ratios, solvency ratios, asset turnover and profitability ratios were equally important for adoption in the Seventh-day Adventist institutions. In addition, there are significant relationships between liquidity, solvency as well as profitability ratios and financial performance measurement. However, only profitability/surplus ratios are significant predictors of financial performance measurement.

The study therefore concludes that there is need for the Seventh-day Adventist institutions in Zimbabwe, in particular Zimbabwe Union Conference and its entities to adopt the additional ratios for use in the analysis and interpretation of the financial statements. These additional ratios being proposed include solvency, asset turnover and especially profitability. Besides, in faith-based institutions such as the Seventh-day Adventist institutions in Zimbabwe, surpluses are key to financial sustainability.

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INSTITUTIONS IN ZIMBABWE

A thesis

presented in a partial fulfillment
of the requirements for the degree
Master of Business Administration

by

Passport Moyo

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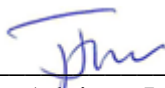
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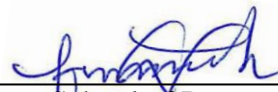
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Dedicated to Zimbabwe Union Conference and its subsidiary institutions,
in particular Central Zimbabwe Conference.

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CHAPTER 1

INTRODUCTION

Background of the Study

Financial ratios are useful indicators of an organization's performance and financial situation. In order to have a basic measure of financial health, the Seventh-day Adventist Church has placed emphasis on comparing the actual working capital of its institutions and the amount of liquid assets on hand to a predetermined recommendation for various types of its organizations (Nthani & Raelly, 2015).

Financial ratios are very key in the analyses of the financial statements, both For-Profit businesses and Not-for-profit. Users of the financial statements derive further insights on the financial strengths and weaknesses of an organization if they properly analyze and measure the information provided in the statements. Ratio analysis involves comparisons of relationships between two or more financial statements accounts, or comparisons of account balances to non-financial data, for example, revenue per sales order (Whittington & Pany, 2016). Whittington and Pany (2016) classifies these ratios into four categories which are liquidity ratios, leverage, profitability and activity ratios.

Management should be inquisitive about the organization's financial strengths and be able to spot out its financial weaknesses so that they are able to take suitable corrective actions (Pandey, 2009). Hence, financial ratios are very critical in the evaluation of the performance of the entities or organizations. A number of ratios are used as basis of the analysis, these help organizations to present or convey a message

to different users of the financial statements. According to the Conceptual Framework International Financial Reporting Standards (2010), the users of the financial statements are categorized into two groups— the primary and the secondary; Primary users who comprise of present and potential investors, lenders and other creditors; and secondary users who comprise the prudential and market regulators whose use is for the general purposes. These groups are interested in different ratios, those that suit their interests; for instance, investors will use it for buying and selling or holding equity or debt instruments and proving or settling loans (IFRS, 2010). The framework continue to explain that users of the financial information look for returns from the loaned funds and those ratios that predict the going concern of the organization, helping the investors to assess the level of risk in their investments in either long term or short term.

On the other hand, shareholders are interested at the yield of their investments, such ratios as earnings per share, dividend yields and return on capital employed will be their areas of concentration. Employees are interested on the profitability ratios, as these are the pointers to future levels of remuneration. The more profitable the organization the more are the chances of salary increases, bonuses and some other financial incentives; further profitability ratios provide the basis for negotiations by workers' representatives in bargaining for salaries and wage increment.

Pandey (2009) says “the future plans of the organization should be laid down in view of the financial strengths and weaknesses” This becomes the starting point for making plans before using any sophisticated forecasting and planning procedures. (Ralph, 2007) asserts that the mere appearance of figures in a financial statement would not be meaningful to the stakeholders unless measured to a certain standard provided for by the ratios. In comparing the performance of an organization in

different accounting fiscal years and also comparing the company with others in the same market, ratios play a pivotal role. Effective decisions are derived by analyzing these ratios. It is therefore critical for companies as they prepare their year-end financial reports to carry out ratio analysis exercise that covers all sections of the financial statement showing how the company is fairing in its operations.

It is the researcher's view that the Seventh-day Adventist institutions are not exceptional in the use of these performance measures. The use of financial ratios in measuring performance in the Seventh-day Adventist institutions in Zimbabwe is also critical as it will assist the users of the financial statements to equally evaluate performance like in any other organization. The Southern Indian Ocean Division which is the responsible authority of the church institutions in Zimbabwe, has emphasized on the liquidity and self-support ratios (Southern Africa-Indian Ocean Division of the General Conference of Seventh-day Adventist, 2015).

Statement of the Problem

There are generally five categories of financial ratios which are useful and are frequently used by many organizations in the analysis of financial statements: liquidity ratios, solvency ratios, asset turnover ratios, profitability ratios and equity ratios. A set of ratios are calculated under each category as financial statements are analyzed to determine the financial health of the organization. However, according to the Southern Indian Ocean Division of the Seventh-day Adventist, policy S 24 05, only three ratios are emphasized and of the three, the two which are working capital and acid test are under one category which is the liquidity ratios. The other one is called self-support ratio and is unique to the Seventh-day Adventist Church institutions. The self-support is calculated as: earned operating income—donations and appropriations divided by operating expenses (including operating appropriations

paid in excess of appropriations received) multiplied by 100 (SID Policy, 2015, p. 619). This leads to what the researcher deems as a limitation in the analyses of the financial statements and the measurement of the financial performance of an organization. Therefore, the study sought the respondents' perception on the usefulness of the suggested additional ratios as opposed to limiting the use of financial ratios only to the liquidity ratios and one on profitability.

Research Questions

The study explored the importance of increasing the number and the types of financial ratios as a way of improving the analysis of the financial statements as well as improving the measurement of the financial performance of the entities under review. Below are the research questions for the study.

1. What is the respondents' perception on the usefulness of the proposed additional ratios in the analysis and interpretation of financial statements, namely:
 - Liquidity
 - Solvency
 - Asset Turnover
 - Profitability/Surplus
2. Which of the suggested additional ratios can be recommended for adoption by the Seventh-day Adventist entities apart from the three ratios?
3. Is there any significant relationship between;
 - i. Liquidity ratios and financial performance measurement
 - ii. Solvency ratios and financial performance measurement
 - iii. Asset turnover ratios and financial performance measurement

- iv. Profitability ratios and financial measurement?
4. Which of the financial ratios below have a significant impact on financial performance measurement;
- i. Liquidity ratios
 - ii. Solvency ratios
 - iii. Asset turnover ratios
 - iv. Profitability ratios?

Null Hypotheses

1. Ho: There is no significant relationship between
 - i. Liquidity ratios and financial performance measurement
 - ii. Solvency ratios and financial performance measurement
 - iii. Asset turnover ratios and financial performance measurement
 - iv. Profitability ratios and financial performance measurement
2. Ho: there is no significant impact of;
 - i. Liquidity ratios on financial performance measurement
 - ii. Solvency ratios on financial performance measurement
 - iii. Asset turnover ratios on financial performance measurement
 - iv. Profitability ratios on financial performance measurement

Significance of the Study

The study objective was to demonstrate the usefulness and role of the suggested additional ratios in analysis and interpretation of the financial Statements of the Seventh-day Adventist institutions in Zimbabwe. The study identified the additional ratios which can be recommended for use by the entities under study. The perceptions, usefulness and the relationship between the proposed ratios together with the effects of using few ratios in the analysis and measurement of financial performance were explored. The results of the study will be used by the management who plan for these institutions.

Scope and Limitations of the Study

The study was limited to the following Seventh-day Adventist institutions: The Zimbabwe Union Conference, Solusi University, Central Zimbabwe Conference, East Zimbabwe Conference, North West Zimbabwe Conference, North Zimbabwe Conference, South Zimbabwe Conference and West Zimbabwe Conference. The following schools were also considered, Solusi High school, Bulawayo Adventist High School, Maranatha High School, Lower Gwelo High School, Anderson High School, Hanke High School, together with Nyazura High School, Nyahuni High School and Ruya High School.

Financial ratios are diverse; however, the study was limited to four major financial ratios—liquidity, solvency, asset turnover, and profitability ratios which are deemed useful to the Seventh-day Adventist institutions in Zimbabwe.

Due to the nature of the study, the researcher utilized convenience and purposive sampling techniques, which is a non-probability sampling method. Also, the relative small sample size may impact the results of the study.

Operational Definition of Terms

Financial analysis—Assessment of financial statements to establish whether there is an improvement or not in its position (D'Amato, 2010).

Measurement—refers to the extent to which the changes occur in given time in the financial statements.

Financial performance—means the effectiveness of the organization in growing its financial base.

Financial ratios—means taking a figure and looking at it relative to another financial figure.

Liquidity—the ability to obtain cash needed to pay current liabilities as they come due and to unexpected short-term obligations.

Current Ratio—Comparison of the amount of current assets to the amount of current liabilities.

Quick Ratio—A measure of how well a business could pay current liabilities if they all come due quickly.

Solvency Ratios—Ratios that measures the extent to which a company utilizes its debts to finance growth.

Debt to Equity Ratio—provides an indication of the company's capital structure and whether a company is reliant on borrowing or on its capital.

Total Liabilities to Total Assets—provides relationship between the company's liabilities and its tangible assets.

Asset turnover ratio—ratios that assess how the assets of an organization are used to generate resources.

Profitability ratio—ratio measuring a company's performance and provides an indication of its ability to generate profits (D'Amato, 2010).

Gross Profit Margin—tells what percentage of a company's sales revenue would remain deducting the cost of goods sold (D'Amato, 2010).

Net Profit Margin—Indicates what percentage of a company's sales revenue would remain after all costs have been taken into account.

Return on Equity—tells the investor how well a company has used the capital from its shareholders (Lincoln, 2010).

Profitability—the term was used in the study synonymously with the word surplus funds.

CHAPTER 2

REVIEW OF LITERATURE

Scholars have immensely contributed in the area of ratio analysis and performance measurement. Various literature is reviewed in this section covering the broad picture of financial ratios, the analysis of financial statements, performance measurement and groupings of the ratios. Subramanyam and Wild (2009), defines a financial ratio as a mathematical relation between two quantities. Libby P., Libby R., Phillips & Whitecotton (2009) say “users of the financial information rely on ratios in analyzing the company’s past performance and financial condition as well as predicting its future potential: noting how ratios change overtime in addition to how well they compare to competitors’ ratios and industry average, this is very important for the business decision and strategy.” The two important factors come out clear from the author, the reliance on ratios for analysis and predicting the future of the company’s performance. These are critical ideas which cannot be down played. (Libby et al., 2009).

In the book *Management Accounting*, Lucey (2003) has this to say about ratio analysis and why they are used. Ratios analysis are defined by this author as a systematic production of ratios from both internal and external financial reports so as to summarize key relationships and results in order to appraise financial performance. She further says ratio analysis is a practical means of monitoring and improving performance and this is enhanced by preparing them regularly and on consistent basis so that trends can be highlighted and the changes investigated. Lucey continues to say

that ratios are compared with other firms in the same industry as alluded by the other writers and also ratios are prepared showing the inter-locking and inter-dependent nature of the factors which contribute to financial success. It is further explained by the author that ratios are not considered in isolation, this fact has been repeated by other authors because their information value will be small. The more the ratios the more the meaning derived from them.

The disclosure of financial ratios in the annual reports is driven by several motives, firstly, they can enhance the understanding of stakeholders by providing them a quick and simple tool highlighting the firm's performance. Secondly communicating financial ratios can provide users with the information that is not comprehensively presented in any single media. Watson (2004) as quoted by Aripin et al. (2011) in the journal "insights on the diversity of financial ratios." The study predicts that corporate governance, capital management activities, ownership concentration and firm characteristics influence the extent of financial ratio disclosures in the company's annual reports. Bigger firms with stronger corporate governance are expected to have more extensive ratio disclosure, more so voluntary disclosures.

Financial Analysis and Performance Measurement

As a measurement tool, ratios can assist companies to detect fraud. A study was carried out by (Kaminski, Wetzel, & Guan, 2006), in the journal "can financial ratios detect fraudulent financial reporting" describes the analytical procedures to improve the detection of fraudulent financial reporting, the study determined if financial ratios of fraudulent companies differ from those of non-fraudulent companies. The study was done for a period of seven years and of the twenty-one ratios used sixteen were found to be significant during the period prior the fraud year.

The results provide an empirical evidence of the limited ability of the financial ratios to detect and/or predict fraudulent financial reporting. It is important to compare the ratio trends to observe if there are some obscene differences which can be indicators through certain inconsistencies that fraudulent activities are taking place in an organization.

Brigham et al. (2008), in an article, “Financial ratios as an evaluation instrument of business quality in small and medium-sized enterprises” speaks also of tools to provide insights into underlying conditions where the disclosure of financial ratios in annual reports is driven by several motives. Such disclosures can enhance the understanding by the stakeholders, providing them a quick and a simple tool in highlighting the firm’s performance. If ratios are presented in graphs and tables they also enhance the assessment of the firm’s performance Watson. (2002) also speaks on the ratios being used as one of the measures of how strong or weak is the company’s strategy. Again, as means of evaluating the company’s financial performance and balance sheet strength, if the ratios show that the financial performance is sluggish it is an indication of a weak strategy or weak execution. (Thomson, Peteraf, Gamble, & Strickland III, 2016).

Ratios being tools used to provide insights into underlying conditions, they initiate analysis but they are not an end to it, they reveal important relations and basis of comparison in uncovering trends and the inspection of individual components that make up the ratio (Subramanyam & Wild, 2009). They say ratios also have limitations, they are affected by the economic events, industry factors, management policies and accounting methods and that ratios do not set the environment but they interpret the prevailing situation.

The performance of the organizations is measured in various ways; ratios are spread over the financial statement touching every element or section of it. They are tools of analysis from the statement of comprehensive income, statement of financial position, equity statement and statement of cash flows. As indicated on the background of the study. Pandey (2009) affirms that management, creditors, investors and other users form judgement about the operating performance and the financial position of the firm. It is management's duty to be particularly interested in knowing the financial strengths of the firm to make their best use and to be able to spot out the financial weaknesses of the firm to take suitable corrective action. Financial analysis is the starting point for making plans before using any sophisticated forecasting and planning procedure. (Pandey, 2009).

A single ratio in itself can not indicate favorable or an unfavorable condition, it is compared with some standards like the past ratios, competitors' ratios and projected, industry's ratios and projected ratios. When a comparison has been done, reliable decisions are reached and used to for planning purposes. It is also attributable to financial ratios the ability to predict failure or the going concern of an organization as per the discoveries of Altman's Z score where five ratios have the capacity to predict the danger in the future of the company, ratios predict failure, assess the financial health, the company's ability to repay debts. We cannot undermine the importance of ratios as a tool for analysis and performance measure.

It is crucial for organizations to use financial ratios and be transparent on their financial positions. Aided by the ratios the analysis is more effective and the measure of the value or wealth on an organization is clearly exposed to the users of the financial statements. Our institutions are not optional to this as equal benefits are also realized hence the study on how we can increase the number of ratios and effectively

assess the end result of the exercise. Stent, Bradburry, & Hooks, (2010) the move to New Zealand International Financial Reporting Standards has a considerable impact on financial statement ratios. The median for each of the four ratios increase (Return on Equity, Return on assets, leverage and Return on sales) under NZ, IFRS and decreases for the remaining ratio investigated (asset turnover). This has implications to financial analysis, valuation credit decisions and contracting agreements that employ accounting ratios. The results are important for policy makers who had deferred the application of the New Zealand international financial reporting standards for small firms.

According to Kung & Shimerda (2015), financial ratios have played an important part in evaluating the performance and financial condition of an entity, over the years the empirical studies have repeatedly demonstrated the usefulness of financial ratios, they indicate financial distressed firms in the year before bankruptcy at an accurate rate of better than 90% by examining financial ratios. Ratios can also determine bond rating if they are the only variable, as for the useful ratios the results vary with the industries. Bujaki & Durocher (2012) in their article provide selected financial ratios of ten anonymous organization with their industry sector, the analysis was to see how different categories of ratios reflect an enterprise's profitability, operating activities, solvency and leverage ratios are used to infer strategies through the use of du Pont model: the ratios were used to depict similarities and differences across industry segments through deeper understanding of the meaning of key ratios.

The following breakdown of ratios highlights what could be adopted by the church organization and its institutions in analyzing and measuring the financial statements. The categories will be used as titles and a set of ratios will be indicated under each title. The task of determining the health of a listed company only requires

looking at financial ratios. Ratios do not need special training to understand, even people without financial knowledge can use ratios reliably to analyze the balance sheet and the income statement (D'A Mato, 2010). Ratios make the reported financial information more meaningful and useful to investors, there are more than 15 ratios covering company's liquidity, leverage, profitability and share price values.

The use of all these ratios goes a long way to providing an idea of how a company is performing in relation to key measures of business success (D'A Mato, 2010). D' A Mato says the financial ratios analysis has been used to assess company performance for as long as modern share markets has been around and the methods are based on tried-and true accounting ratios. The theory was first popularized by Benjamin Graham who is considered by many as the father of the fundamental analysis since 1928. Financial ratio analysis is a subset of this fundamental and the ratios are tools to help with the interpretation of results and allow for comparison to previous years, other companies, and the same industry sector. D'A Mato continues to say ratios keeps the decision makers away from speculating but to know the true financial position of a company. Also, according to D'A Mato financial ratio analysis provides the clearest, easiest and most logical set of indicators for a share market investor. Empirical and tested evidence suggest that fundamental and ratio analysis is a powerful ally in the hands of an active and savvy investor. I will begin the analysis with the following set ratios;

Liquidity Ratios

Liquidity means the ability to obtain the cash needed to pay the current liabilities as they come due or to pay short-term obligations of which failure to pay these, company will cease to operate. The higher value is desired as this indicates greater capacity to meet short term debt obligations. The following are very

concerned with these ratios the managers, lenders and suppliers (Mostyn, 2008). The ratios include current ratio which is calculated as current Assets divided current liabilities. This ratio compares the amount of current assets to the amount of current liabilities. Current assets being liquid assets to provide cash to pay current liabilities or represent repayments. Acid test ratio is also another liquidity ratio calculated as current assets minus closing inventory divided current liabilities.

Acid test is also referred to as quick ratio, it is the measure of how well the business could pay the current liabilities if they all became due quickly. The ratios use the highly liquid assets compared to the current liabilities and the examples of the assets used are cash, short term investments and current receivables short of the allowances, these two ratios working capital and acid test are already in use and are very key in measuring the liquidity of an institution.

The Seventh-day Adventist institution can also benefit from these other additional liquidity ratios which are not in use currently in the analysis of the financial statement. Ratios like operating Cash flow to Current Liabilities which is calculated by dividing operating cash by the current liabilities. This pertains to the cash generated from the operations of a company less revenues and expenses plus depreciation in relation to short debt obligations. This is deemed as more accurate of the organizations profitability than net income because it's only the actual cash expenses hence it demonstrates company's operations. Negative operating cash flows implies that the business is going backwards in relation to the costs to conduct ordinary operations

Cash balance to total liabilities calculated as cash balance divided by total liabilities shows the organizations' cash balance in relation to its total liabilities and there is also current liabilities to net worth derived from current Liabilities divided by

net worth and it measures the risk that short term creditors assume when extending credit to the organization.

Solvency Ratios

Solvency ratios measure the extent to which a company utilizes debt to finance growth. The ratios indicate the organization's long term solvency. Most financial experts will acknowledge that debt is a cheaper form of financing than equity. Debt carries risks and the investors need to know or be aware of the extent of this risk hence the need for the solvency ratios (D'A Mato, 2010). He continues to say a higher ratio of debt to equity indicates greater risks and greater debts can result in volatile earnings due to additional interest expenses as well as increased vulnerability in business down turns. Solvency ratios are more meaningful when compared over a period of time to see how a company has historically maintained a debt to equity ratio. This can indicate when the previous investments started paying off leading to higher earnings and higher shareholder equity (D'A Mato, 2010).

The examples are as follows: Debt to Equity Ratio which is calculated as total debt divided shareholders' equity. The debt to equity ratio is a financial liquidity ratio that compares a company's total debt to total equity. The debt to equity ratio shows the percentage of company's financing that comes from creditors and investors. A higher debt to equity ratio indicates that more creditor financing (bank loans) is used than investor financing (shareholders). The ratio provides an indication of a company's capital structure and whether the company is more reliant on debt or on equity to fund assets or activities. While the Seventh-day Adventist institutions benefit from the short-term liquidity ratios, there is need also to analyze the long-term ability to pay the long-term debts through the solvency ratios. Unfortunately, these ratios are completely out of use in the system.

Total liabilities to total tangible Assets is also another example of the solvency ratios. Total liabilities divided by the total tangible assets, the ratio provides the relationship between the company's liabilities and the tangible assets. The use of the tangible assets as opposed to the total assets is more conservative because it considers only those assets that can be easily valued and therefore easily liquidated to cover the liabilities (Peterson, 2010). The debt to assets ratio indicates the proportion of a company's assets that are being financed by debt, rather than equity. The ratio is used to determine the financial risk of a business. A ratio greater than 1 shows that a considerable proportion of assets are being funded by debt, while a low ratio indicates that the bulk of the asset funding is coming from equity (Bragg, 2016). A ratio greater than 1 also indicates that a company may be putting itself at risk of not being able to pay back its debts, which is a particular problem when a business is located in a highly cyclical industry where cash flows can suddenly decline. A company may also be at risk as nonpayment if its debt is subject to sudden increases in interest rates, as is the case with variable-rate debt (Bragg, 2016).

Long term debt to asset ratio calculated as long term debt divided by total assets, the ratio compares how much of the total assets is available to cover the long-term debt. Where it seeks to find out if the company is able finance its long-term debt. This is the ratio that represents the financial position of the company and the company's ability to meet all its financial requirements. It shows the percentage of a company's assets that are financed with loans and other financial obligations that last over a year. As this ratio is calculated yearly, decrease in the ratio would denote that the company is faring well, and is less dependent on debts for their business needs. These ratios can as well help the institutions under study to measure their capacity in relation to long term debt mostly such institutions as are in debt.

Asset Turnover Ratios

These are the efficiency ratios that measure the company's ability to generate revenue from its assets by comparing the net revenue with average total assets.

Sometimes investors also want to see how companies use more specific assets like fixed assets and current assets. The fixed asset turnover ratio and the working capital ratio are ratios similar to the asset turnover ratio that are often used to calculate the efficiency of these asset classes. This section has ratios that provide information on how efficiently an organization uses its assets and the following ratios are used to analyze the use of assets (Peterson, 2010). The total assets turnover ratio is calculated as revenue divided by total assets. The total asset turnover ratio measures the ability of a company if it's using its assets efficiently in generating sales. A company with a high total asset turnover ratio is considered efficient in making money using its assets (Peavler, 2016). The ratio considers all assets that is both current and fixed assets. Fixed assets include plants and equipment. The ratio measures how well all the assets are used to generate revenues. To interpret this, note that the lower the total asset turnover ratio, as compared to historical data for the firm and industry data, the more sluggish the firm's sales (Peavler, 2016)

The asset turnover ratios are not calculated in the Seventh-day Adventist institution, the research notices that these can benefit the institutions in analyzing revenue against total assets and observe how best the entities can maximize the generation of the revenue. Some of the ratios in this section are current liabilities divided by fixed assets and the ratio measures how fixed assets generate the cash to pay the current liabilities.

Profitability Ratios

These ratios measure the performance and provide an indication of organization's ability to generate profits or surplus. This profit is important because it is used to fund the business development and the payment of dividends to shareholders, it also indicates the organizations' profitability and its efficiency in generating profits as an important consideration for the stakeholders (D'A Mato, 2010). Capital base is also measured whether it's increasing or not.

The following are the recommended ratios; Gross profit margin calculated as sales - Cost of Goods sold divided by Sales. Gross profit margin tells us what percentage of a company's sales revenue would remain after deducting the cost of goods sold. This helps to determine whether the company would still have enough funds to cover operating expenses such as employee benefits, advertising and so forth, the company's profit margin may also be viewed as a measurement of production efficiency. The gross profit margin is complimented by the net profit margin which is net income divided by the Sales. The net profit margin shows how much of each sales dollar shows up as net income after all expenses are paid (Peavler, 2016). This ratio indicates what percentage of a company's sales revenue would remain after all costs have been taken into account. The best entity is compared with other companies in the same industry and analyzed over time considering variations from year to year. Decrease in profit margin maybe attributed to increased competition and rising costs (D'A Mato, 2010).

In the not-for-profit entities like the Seventh-day Adventist institutions under study it's not the sales as it were but the revenues. These revenues can be measured using different funds, like the revenue from offerings, revenue from industries such as bakery, garden or even schools fees. This will help to identify those departments that

are ineffective and corrective measures will be taken to rectify the anomalies. Some other ratios in this section are total expenses divided by total revenue, the ratio measures how much of the revenue is consumed by the expenses and enables the company to provide measures to control expenses if they consume a big portion of the revenue. Return on Assets which is net income divided by total Assets multiplied by 100 is also part of the revenue ratios.

The Return on Assets ratio is an important profitability ratio because it measures the efficiency with which the company is managing its investment in assets and using them to generate profit. It measures the amount of profit earned relative to the firm's level of investment in total assets. The return on assets ratio is related to the asset management category of ratios. Peavler (2016) says this is a measurement of management performance. It tells the investor how well a company uses its assets to generate income. A higher rate on assets denotes a higher level of management performance. It may be compared against other companies in the same industry and also observed over a period of time (D'A Mato, 2010). Fixed assets to the revenue is another example of profitability ratios calculated as fixed Assets divided by revenue, fixed assets may also be expressed over revenue in identifying how much of the assets are used to generate revenue.

Financial Interpretation

According to Lucey (2003), ratios which should be prepared are those that assist the management to plan, control and make decisions. Some ratios are unique to organizations yet others have universal applicability. Some ratios analyze financial performance in relation to income generation (profitability), other ratios analyze solvency (working capital and liquidity) and others assess the company's performance in terms of its value to investors. While also mentioning the planning, trend analysis,

comparison across companies and performance measurement (Garrison, Noreen, & Brewer, 2012), says ratios provides indicators of how well the company and its business units are performing and can be used in a balanced scorecard approach depending on the company's strategy.

They further discuss the two limitations of the ratios which includes comparing data across companies which use different accounting methods e.g. inventory valuation which company A can value using first in first out and company B using weighted average, hence cost of goods sold will be different as a result of these methods. This leads to the necessity for further investigations on the comparisons. The author also says organizations should look beyond the ratios. Ratios should be seen as a starting point than an end, they raise many questions and point to opportunities for further analysis. Ratios do not answer any questions by themselves therefore in addition to them analysts should evaluate industry trends, technological changes, changes in consumer tastes, broad economic factors and changes within the company itself (Brewer et al., 2012).

These limitations are also confirmed by the study which was done by Oberholzer & VanDerwestthuien (2004) in the journal entitled "An empirical study on measuring efficiency and probability of bank regions." He says managers compare banks basing on ratios and come up with higher performing banks and low performing ones, this is a problem because finding suitable comparable standards is difficult and more if the norm is not appropriate the comparison may mislead the analysts. Then this requires a measuring tool than can compensate for this weakness.

Brigham and Ehrhardt (2008) discuss the combination of the ratios and the use of the ratios for bench marking. They explain what they term the possibility to miss the forest for all trees by the ratios. In this case managers need a framework that ties

together a firm's profitability, its assets usage efficiency and its use of debt. This is a model which is a product of the profit margin times the total assets turnover and it's called the Du Pont equation. This ratio shows how the profit margin, total assets turnover and the use of debt interact to determine the return on equity. On benchmarking the ratio analysis involves comparisons, where the company's ratios after having been compared with those in the same industry are further compared with those of other firms which are leading in the industry.

Libby P., Libby R., & Phillips (2008) say trends are conducted to help financial users recognize important financial changes that unfold overtime, it compares individual financial statements line items overtime with the general goal of identifying significant sustained changes which are trends. They are used to understand relationships among various items reported in the financial statements. There are two approaches to ratio analysis and these are horizontal analysis and cross sectional analysis. Horizontal analysis involves a review of the financial statements amounts and ratios over time while cross sectional allows a comparison with similar firms at a point in time comparing the company's ratios with industry averages. (Whittington & Wild, 2016).

Ratios have been used to compare companies in different regions. According to Jooste (2006), in the journal entitled "cash flow ratios as a yardstick for evaluating financial performance in African business," it was discovered that different periods used were a limitation as the research using the same period was not available and also the missing information on the state of the economy. In this journal, the use of ratios help comparing different regions and this may lead to a conclusion, maybe of investing in developing economies as in this research which was conducted comparing companies in the United States and those in South Africa. The same

principles apply in our institutions where further analysis can be performed in situations where an entity has unique pattern of ratios in comparison with other institutions. If ratios are verified and are correct it will be prudent to check their methods and advise others to emulate (Jooste, 2006).

More Not-for-profit organisations are recognizing the benefit of financial measurement as a strategy for evaluating operations and financial stability (retrieved from <https://www.cbiz.com/insights-resources/details/articleid/2541/nine-ratios-to-help-measure-your-not-for-profits-financial-health-article>). The article says one useful measurement tool is financial ratio analysis, involving taking the data from your financial statements using to calculate ratios appropriate for not-for-profit entities and then benchmarking those ratios against past performance, management objectives or other organisations. The article also says financial ratio analysis can help you assess your organisation's overall financial condition and flag financial patterns that might be harmful or those that are successful.

The article recommends eight ratios which are as follows, liquidity ratio, quick ratio, operative reserve, changes in net assets, operating margin, operating reliance, program efficiency and fund raising efficiency. It is interesting to note that these ratios are comprised of liquidity, solvency and profitability ratios.

Holman (2010) says financial ratio is one tool used to improve financial decision and ratios use financial data to summarize organisation performance. In this journal the authors discuss four ratios beginning with Savings indicator which is measures increase or decrease in the ability of an entity to increase the net assets, also a debt ratio expressed as average total debt over average total assets measuring proportion of assets provided for by debt. The other set of ratios is the revenue source over total revenue determining what proportion each of the revenue streams

contributes to total revenue and finally program service expense over total expenses analysing the expenses incurred by one program. The above ratios are also a representation of profitability, solvency and debt ratio which is on, revenue source to expenses and asset turnover ratios clearly indicating that a variety of ratios are necessary.

According to Kevin (2012), accounting measurements and metrics are most useful if they are calculated using reliable and accurate information, calculated consistently from period to period, used in comparison to similar organisations, reviewed at a point in time and also as a trend over a period of time interpreted using internal and external factors. Thus, the author confirms that ratios are tools for analysis and they are used to compare organisations in the same industry. More so, Kevin (2012) refers to 14 ratios covering liquidity, solvency and profitability. It is therefore in place to recommend these ratios for use in the Seventh-day Adventist institutions in Zimbabwe, as these institutions are not unique to those discussed earlier.

Ratios Applicable to the Not-for-profit Sector

Many of the ratios are relevant to for profit organizations while some of those can be used to analyze the Not-for-profit organizations. Below are those ratios that apply in the Non-profit entities:

Liquidity Ratios

Current ratio which is current assets divided by current liabilities, acid-Test Ratio which is current assets minus closing Inventory divided current Liabilities, cash balance to total liabilities, current liabilities to net worth and current assets to total Assets. These are the suggested ratios that can be used by the not-for-profit

organizations and the institutions under study will do well to consider these other additional ratios to the current working capital and liquidity ratios for effective financial statements analysis and performance measurement.

Asset Turnover Ratios

Under this section Not-for-profit organizations can adopt the following; fixed assets to turnover which is revenue divided by fixed assets, total assets turnover calculated as revenue divided by total assets, fixed assets to net worth or fund balance. The generation of revenue is not left to the profit entities only but as nonprofit entities plans to increase revenue should be in place and this is through the use of assets (Stickney, Brown & Wahlen, 2007) says three analysts frequently calculates three turnover ratios the accounts receivables, inventory and fixed assets turnover to search for the possible clues on the changes that have taken place.

Solvency Ratios

Solvency ratios are very critical in analyzing the ability to meet long term obligations and not for profit institutions are not immune to debt hence the following ratios are suggested that is debt to capital calculated as total debt divided by fund balance, total liabilities to tangible assets, long term debt to assets and long term debt divided by total assets these can aid the performance measurement on how strong the institution is in relation to the long term obligations. Harrison Jr, Horngren and Thomas (2013) have this to say ‘the relationship between total liabilities and total assets is called debt ratio, a ratio of 1 reveals that debt has financed all the assets yet a ratio of .50 means the debt finances half of the assets.’ This information is needed to ascertain the level of indebtedness of an institution.

Profitability Ratios

Gross profit margin which equals the gross income divided by the revenue * 100/1, net profit margin which is net income divided revenue * 100/1, total expenses to total revenue it can also be done departmentally to check how much is contributed to total revenue by individual departments. Finally return on assets which is net Income divided by total assets * 100/1.

Stickney et al. (2013) say that “the firms usually achieve high profit margin through some form of entry barriers, which may take the form of capital outlays, high risk or regulation.” In a not for profit institutions like universities, examples of the extension companies may boost revenue, where the travel expenses for the students are eliminated and studies are done at home and work areas.

Conceptual Framework

The conceptual framework presented in Figure 1 below summarizes the study showing the relationships between the independent variables in the form of liquidity, solvency, and asset turnover and profitability ratios. The four ratios used for the financial statements analysis and interpretation. The study focused on how the four ratios improves the analysis of the financial statements apart from the 2 liquidity ratios currently on use in the Seventh-day Adventist institutions in Zimbabwe.

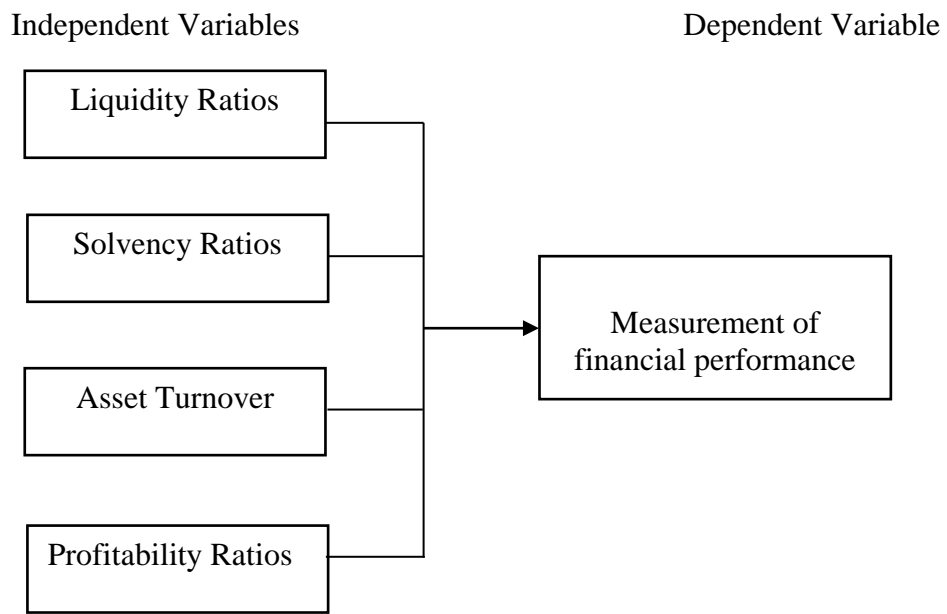


Figure 1. Conceptual Framework for the Study

CHAPTER 3

METHODOLOGY

Research Design

This study is an exploration of the perceived usefulness of the additional ratios in the analysis and interpretation of the financial statements in board meetings. The survey research strategy was used to collect quantitative data on the usefulness of using additional ratios in analyzing financial statements. The research is also a cross sectional study seeking to identify ratios which can be used to improve the analysis of financial statements in Seventh-day Adventist institutions in Zimbabwe.

Population and Sampling Procedure

The study used convenience sampling to select 14 out of the 17 Seventh-day Adventist institutions in Zimbabwe with the following criteria:

- a) They use Sun Plus software to generate financial statements for analysis;
- b) They are also able to present the financial statements in both mid-year and year end committee meetings.
- c) Finally, these entities are annually audited and this is a way of authenticating the financial statements.

Furthermore, the researcher used purposive sampling technique to select the respondents. These were chosen on the basis that they constitute committee members or board members and accountants in the institutions under study. The entities were grouped into two: (1) the ecclesiastical entities which comprised the Union and the Conferences and (2) the academic entities included the University and the Secondary

schools respectively. Altogether a total of 113 respondents were anticipated. Tables 1 and 2 show the target population and sample.

Table 1. Target Population Table of the Study

Categories	Total	Administrators	Directors	Senior Accountants
Ecclesiastical	75	21	38	16
Academic – Schools	32	-	24	8
Academic University	6	-	4	2
Total	113	21	66	26

Table 2. Sample Size Table of the Study

Categories	Total	Administrators	Directors	Senior Accountants
Ecclesiastical Institutions	62	18	32	12
Academic Institutions (High Schools)	24		18	6
University	5		4	1
Total	91	18	54	19

Instrument for Data Collection (Validity and Reliability of Instrument)

The study used questionnaire as the survey instrument. The questionnaire was self-designed beginning with the demographics asking on the gender, age, position and years of service. The questionnaire was also designed on a 5-point Likert scale to address the research questions. The interpretation of the results was based on Table 3.

Table 3. Likert Scale Rating of the Study

Scale	Responses	Mean Interval	Explanation
1.	Strongly Disagree	1.00 – 1.49	Not important at all / Not effective at all
2.	Disagree	1.50 – 2.49	Not Important / Not effective
3.	Neutral	2.50 – 3.49	Not sure
4.	Agree	3.50 – 4.49	Equally Important / Equally effective
5.	Strongly Agree	4.50 – 5.00	Extremely Important /Extremely effective

The responses were given the above ratings from not important/effective to extremely important/effective as indicated in Table 3. These values are the basis of the descriptive analysis and interpretation of mean scores in chapter four. The high mean scores showed that the respondents perceived the set of the described ratios as extremely important or effective and necessary for the church to include in the analysis of the institutions financial statements. A standard deviation of less than 1 indicated that the respondents overwhelmingly agreed on the importance of ratios while the deviation above 1 showed that the respondents were conflicting one another on the importance of that specific ratio.

Table 4. Pearson Coefficient

Coefficient Value	Strength of Association
0.1 $ r < .3$	Small correlation
$0.3 < r < .5$	Medium/moderate correlation
$ r > .5$	Large /strong correlation

The Table 4 shows the Pearson Coefficient values and their strengths ranging from small correlation to large or strong correlation. This was used to interpret the relationship between the different types of ratio variables that are liquidity ratios,

solvency ratios, asset turnover ratios and profitability ratios in relation the dependent variable which is financial measurement.

Validity & Reliability

To ensure the face validity of the questionnaire, the questionnaire was submitted to the thesis Adviser, an accounting professor as well as the MBA Research Committee to check the relevance of the question items. Finally, in seeking reliability the instrument was tested through a pilot study. The researcher conducted the pilot study in order to ascertain the reliability of the research instrument. A conference and two boarding high schools were used for the purpose, where the administrators and accountants responded to the instrument. 15 questionnaires were used to test the validity of the questions and it scored 100% and no question was excluded. The Cronbach's alpha of the 24 question items was 0.917, indicating a very high level of consistency shown in Table 5.

Table 5. Reliability Statistics of the Study

Cronbach's Alpha	N of Items
.917	24

Ethical Considerations

All the information obtained from the study were treated with much utmost confidentiality. More so, informed consent was sought from both the participating institutions and individual participants. Participants responded to the questionnaires and commented where necessary and they were not coerced or induced into providing the information during the gathering of data. The data itself is not going to be exposed

to unauthorized users but only for improving the analysis and the interpretation of the financial statements in the concerned institutions under study.

In addition, the intellectual content of this thesis is the product of the researcher's own work, other material sources have been acknowledged in accordance with the American Psychological Association (APA) referencing practices.

Data Collection Procedures

After the approval of the proposal by the MBA thesis committee, consent was sought from the respondent institutions as well as the respondents to collect the data. Once the researcher obtained the approval, the researcher personally administered the questionnaires to the respondents. Finally, the data was analyzed and came with the results as indicated in Chapter 4.

Method of Data Analysis

The study mainly utilized descriptive and inferential statistics to examine the perceived usefulness of adopting additional financial ratios particularly in Adventist institutions in Zimbabwe. Specifically, the researcher used the following statistical techniques to analyze the data and answer the research questions: Frequency and percentages tables were used to analyze the demographic variables on gender, age, position and years of service of the respondents. For research questions 1 to 2, mean scores and standard deviations were used to analyze each of the research questions. In addition, Pearson correlation analysis was used to examine the relationships between the financial ratios and financial measurement. Lastly, multiple regression analysis was used to assess the correlates and predictors of financial measurement. Statistical Package for Social Sciences (SPSS) package version 20 was used to analyze the data.

CHAPTER 4
RESULTS AND DISCUSSIONS

This chapter presents the results of the study according to the research questions.

Response Rate

The total sampled participants for the study was 91, however, only 71 participants actually completed the questionnaire, resulting to 78% response rate. Some of the targeted participants were out of town and couldn't be reached.

General Characteristics of the Respondents

This section presents the distribution of the respondents in terms of their gender, age, position and years of service. Tables 6 – 9 present the results.

Table 6. Frequency Distribution Table by Gender

	Frequency	Percentage	Cumulative percentage
Male	56	79	79
Female	15	21	100
Total	71	100	

Table 6 above shows the results on the distribution by gender. Of the 71 respondents, 56 were male while 15 were female and this translates to 78.9 percent and 21.8 percent respectively. This is a clear indication of fewer female employees on

senior positions as they are dominated in numbers by male employees. However, this does not affect the researcher's level of confidence in the respondents.

Table 7. Frequency Distribution Table by Age

Ranges	Frequency	percentage	Cumulative parentage
20 – 30	8	11	11
31 – 40	23	32	44
41 – 50	18	25	69
51 and above	22	31	100
Total	71	100	

According to the age distribution given in table 7 above, respondents in the age range 20 to 40 years have a cumulative percentage of 43.7 percent. This group has respondents with 25 years of service who have the chance to implement or benefit from the study and even pursuing it further. The second group is the 41 years and above, this is the range heading towards retirement and they constitute 56 percent of the respondents. The majority of the respondents are mostly from the people of experience whom the researcher can safely rely on. This gives the researcher a high level of confidence to the responses given as they are from respondents who are mature on the work issues, particularly financial statements interpretation in relation to the use of ratios.

Table 8. Frequency Distribution Table by Position

	Frequency	Percentage	Cumulative percentage
Non-Managerial	14	20	20
Middle Management	33	47	66
Senior Management	24	34	100
Total	71	100	

A positive picture is portrayed in table 8 above. The middle management and senior management combined gave a higher cumulative percentage of 80% and this constitutes the membership of committees analyzing the financial statements in both interim and year end meetings. These are the decision makers whom the research is focusing on as the users of the financial statements and this gives the researcher confidence in their responses.

Table 9. Frequency Distribution by Years of Service

	Frequency	percentage	Cumulative percentage
0 – 10	33	47	47
11 – 20	18	25	72
21 – 30	16	23	94
31 – 40	4	7	100
Total	71	100	

A cumulative percentage of 71.8 are those with few years of service. In this group, it is interesting to note that there are some who are as new as 2 years constituting 46 percent of the respondents. The researcher finds it as an advantage as the majority of the respondents are deemed competent to respond to the researcher's concerns as derived from experience. Also those of experience can be enthusiastic about the results and explore for the betterment of the use of more ratios.

Research Question One

1. What is the respondent perception on the usefulness of the proposed additional ratios in the analysis and interpretation of the financial statements in the institutions under study:
 - Liquidity
 - Solvency

- Asset Turn over
- Profitability

Table 10. Descriptive Analysis Table - Liquidity

	N	Mean	Std. Deviation	Descriptive Interpretation
Working capital is used to run the organisation or to pay liabilities	70	4.0714	1.23149	Equally important
Low liquidity ratios clearly shows whether the organisation is poorly managed or has financial problems	70	4.0286	1.16683	Equally important
Current assets to total assets ratio may help management to spot out weaknesses in the organisation's operations	68	3.9853	1.01471	Equally Important
Current assets to total liabilities ratio is essential in understanding the operations of an organisation	71	4.1690	.94091	Equally Important
An organisation needs to measure total current liabilities in relation to total assets to show the overall debt burden of an organisation	69	4.2609	.97998	Equally Important
Cash balance to total liabilities is a necessary measure as it affects the financial planning of an entity	70	4.2000	.91049	Equally Important
Liquidity average	71	4.1124	.67877	Equally Important
Valid N (list wise)	64			

Table 10 above shows the responses on the liquidity ratios. The results scored mean averages ranging from 3.99 (SD=0.68) to 4.26 (SD=1.23) signifying that liquidity ratios were perceived as useful in financial statements analysis. The respondents rated these statements on liquidity as equally important, as evidenced by a mean average of 4.11 (SD=0.68). The respondents affirm the importance of the liquidity ratios. Findings indicated that the respondents considered the use of these

ratios as equally important. The researcher is fully aware that the institutions under study make use of these ratios in their financial statement analysis and interpretation and that is commendable. There is no need to disregard them as they are perceived as equally important.

Liquidity ratios measures the ability of the institution to pay its short-term debt obligations. The Seventh-day Adventist institutions in Zimbabwe have limited themselves to liquidity section of ratios, which maybe a major limitation. While the institutions under study already use these liquidity ratios it is worthy to note that they are not tapping enough from them. There are four ratios under liquidity ratios and these are; working capital, acid test, current assets to total liabilities and cash balance total liabilities. Of the four, only the first two are used in the financial statement analysis by the institutions under study. Working capital and acid test ratios can be aided by additional ratios like current assets to total liabilities and also cash balance to total liabilities. These additional ratios within this category will further explore the institution's strength in relation to its ability to meet its current obligations hence the researcher notes with concern that liquidity ratios are not fully utilized posing a limitation in the analysis of the financial statements.

The respondents rated these as equally important as evidenced the average mean scores and standard deviation of 3.95 (SD=1.02) and 4.26 (SD=0.98) respectively. It is very clear from the findings that the suggested additional ratios are perceived as useful.

Based on the findings, the average mean score and the standard deviation clearly depicts that liquidity ratios have been perceived as useful and this includes the suggested additional ratios covering apparently current assets to total liabilities and total cash balance to total liabilities as indicated by the scores respectively.

Table 11. Descriptive Analysis Table – Solvency Ratios

	N	Mean	Std. Dev.	Descriptive Interpretation
Long-term debt to total assets ratio can help predict corporate failure and also assess the financial health of an entity	70	3.9286	1.01183	Equally Important
Debt to capital ratio may give the analyst or users of the financial statements a better idea of the entity's financial structure	70	3.9857	.98530	Equally Important
Debt and profitability ratios will help indicate the strengths and weaknesses of the entity's financial statements	69	4.0870	.98128	Equally Important
Not for profit entities also need to analyse the relationship between the total liabilities and tangible assets to ascertain the percentage of assets that are provided via debt	69	4.1594	.96441	Equally Important
Solvency average	70	4.0429	.76846	Equally Important
Valid N (list wise)	68			

The average mean score was 4.04 (SD=0.77). The respondents perceived the ratios under this category as equally important, the responses were overwhelmingly positive to each question suggesting that the respondents are comfortable with solvency ratios being added in the analysis of financial statements in the institutions under study. The solvency ratios indicate if the institution's cash flow is sufficient to meet both the short-term and long-term liabilities. The solvency ratios determine the chances of long term survival of the institution. (Maguire, 2017) says "that solvency ratios determine whether the institution has sufficient cash flow to manage its debts as they come due." The Seventh-day Adventist institutions do not have solvency ratios in their financial analysis and yet they are so critical in forecasting the future survival of an institution. The absence of solvency ratios robs the institutions under study a function that aids in the planning of the future of an entity.

Solvency ratios can be grouped into two categories, those relating to short-term factors and those concerned with the long-term ability of the firm to meet all financial liabilities including those not currently payable. Terry (2003) says that solvency ratios need to be interpreted with care and adjustments made in the light of more up-to-date information. According to Kung & Shimerda (2015), financial ratios play an important part in evaluating the performance and the financial condition of an entity, as they predict financially distressed firms in the year before bankruptcy at an accurate rate of better than 90%.

There is no type of an entity which is immune to debt, whether for profit or not for profit financing at times is from the debt. Solvency ratios can help to assess corporate failure as well the financial health of an entity. The perceived usefulness of the solvency ratios signify that the respondents value the contribution obtained from use of these ratios.

Pandey (2009) affirms the importance of solvency ratios when he says that management, creditors, investors and other users form judgement about the operating performance and the financial position of the firm. It is management's duty to be particularly interested in knowing the financial strengths of the firm to make their best use and to be able to spot out the financial weaknesses of the firm and take suitable corrective action. Pandey further says that financial analysis is the starting point for making plans before using any sophisticated forecasting and planning procedures.

In conclusion, the findings, clearly depicts that the respondents perceived the solvency ratios as useful and these can be included in the analysis of the financial statements of the institutions under study.

Table 12. Descriptive Analysis Table – Asset Turnover Ratios

	N	Mean	Std. Dev.	Descriptive Interpretation
Asset turnover ratio gives a true sense of how well an entity's assets are being used compared to other entities in its industry	70	3.6857	1.11046	Equally Important
Also asset turnover ratio gives an idea of how the management uses its assets to produce revenue	70	3.9286	1.05393	Equally Important
Long - term assets in relation to the net worth of an entity indicates the extent to which the entity's cash is frozen in long-term assets	68	3.7059	1.02300	Equally Important
There is need to know the relationship between long term assets to the revenue realised to show how efficiently the assets generate revenue	70	4.2714	.89962	Equally Important
Asset average	70	3.8952	.76491	Equally Important
Valid N (list wise)	68			

Table 12 above presents findings on asset turnover ratios. The questions measuring this variable scored mean averages ranging from 3.67 (SD=0.76) to 4.27 (SD=1.11). Responses on questions 7-9 showed heterogeneity in the responses as evidenced by standard deviation above 1 however the overall picture is that the respondents are in agreement to the usefulness of the asset turnover ratios. The overall picture is that the respondents are in agreement to the usefulness of asset turnover ratios. The average mean score of 3.90 (SD=0.76) shows that asset turn over ratios are being considered as equally important. Question 10 sought to know if the respondents felt there is need to know the relationship between use of long term asset to revenue generation as part of financial statement analysis and the findings rated it as equally important.

Asset turnover ratio is an indicator of efficiency showing how successful the institution is using its assets to generate revenue. Through the asset turnover ratio

institutions will analyze how best to deploy their assets and maximize revenue. The researcher observes that these ratios are completely out of use in the Seventh-day Adventist institutions and as such the measure of efficiency is compromised and this ratio becomes a missing ingredient in the financial statements analysis.

Garrison & Noreen (2000) have this to say about assets turn over ratios, that management have both financing and operating responsibilities, where financing relates to how one obtains the funds needed to provide for the assets in an organization while operating relates to how one uses the assets since they have been obtained and both are vital to well managed firm.” Management should know how to use or manage their assets towards maximization of revenue generation.

As evidenced by an average mean score of 3.90 (SD=0.77) the findings indicate that the ratios are equally important for the Seventh-day Adventist institutions. According to the findings, these ratios are perceived useful and are worthy recommending for inclusion in the analysis of the financial statements of the institutions under study.

Table 13. Descriptive Analysis Table – Profitability Ratios

	N	Mean	Std. Dev.	Descriptive Interpretation
Total expenses to revenue ratio can help the entity to control expenses and increase surplus	7 0	4.3286	.79348	Equally Important
Total expenses to revenue can help management in the long run to expand operations without necessarily increasing expenses	7 0	4.1143	.87713	Equally Important
An assessment of the net income margin percentages can help an organisation detect the obscene differences which can lead to fraudulent financial reporting	6 9	3.7681	1.0866 2	Equally Important
Gross margin ratio helps an entity to assess its financial health by revealing the proportion of money left over from revenues after accounting for the cost of the service	6 7	3.7164	1.0121 4	Equally Important
Gross margin ratio shows how well entities are using their assets to generate surplus	6 8	3.8235	1.1321 8	Equally Important
Profitability average	7 0	3.9905	.71750	Equally Important
Valid N (list wise)	6 7			

Table13 shows that the profitability ratios were considered equally important by the respondents. As evidenced by the overall mean score of 4.00 (SD=0.72), indicating that the respondents value greatly the profitability ratios.

A number of authors have made significant statements about the necessity to calculate the profitability ratios. According to Brigham, Gapenski & Ehrhardt (1999) profitability ratios provide clues as to the effectiveness of a firm's operations and profitability and show the combined effect of liquidity, asset management and debt on operating results. This statement indicates the inherent function of ratios, where they complement one another and cannot be interpreted independently. Palepu (2007) says that the value of the firm is determined by its profitability and growth and this is

influenced by the management strategy, operating management and the investment management.

Profitability ratios also indicate how well the institution is performing in terms of its ability to generate income. The generation of income is important as it assures institutions of their going concern or future life.

Based on the findings in this section of ratios, profitability ratios have also been perceived as useful. The respondents rated them as equally important and the researcher finds it very convincing that profitability ratios are essential and need to be considered in the analysis of the financial statements of the institutions under study.

Research Question 2

2. Which of the suggested additional ratios can be recommended for adoption by the Seventh-day Adventist entities apart from the three liquidity ratios?

Table 14. Total Mean average

Ratios	Mean Average	Standard Deviation	Descriptive Interpretation
Liquidity	4.11	0.68	Equally Important
Solvency	4.04	0.77	Equally Important
Asset Turnover	3.90	0.76	Equally important
Profitability	4.00	0.72	Equally Important

The overall mean average on table 14 above shows that liquidity, solvency and profitability ratios were recommended for adoption as additional ratios for use in the Seventh-day Adventist institutions in Zimbabwe. The respondents similarly rated the asset turnover as equally important and is still recommended for adoption with other 3 ratios that scored higher.

The range signifies the usefulness of the suggested additional ratios showing that the function of these ratios are equally important. Scores of all the ratios tested

under this study were within the same ranges, that they are considered equally important.

Liquidity Ratios

The additional liquidity ratios scored an average mean score of 3.98 (SD=0.68) to 4.2609 (SD=1.23149) meaning that the respondents rated these ratios as equally important respectively. In total the liquidity ratios were interpreted as equally important, as evidenced by the overall mean average of 4.11 (SD=0.68). Mostyn, (2008) defines liquidity as the ability to obtain the cash needed to pay the current liabilities as they come due or to pay short-term obligations, failure to pay these companies will cease to operate, the higher value is desired as this indicates greater capacity to meet debt obligations and the following are very concerned with these ratios the managers, lenders and suppliers. The researcher therefore recommends the adoption of these ratios in the analysis of the financial statements of the Seventh-day Adventist institutions in Zimbabwe.

Solvency Ratios

The overall mean score for solvent ratios is 4.09 (SD=0.77) signifying that the respondents rated them as equally important. This finding is in line with Maguire 's observation on the importance of these ratios when he said that solvency ratios determine whether the institution has sufficient cash flow to manage its debts as they come due." Therefore, the researcher recommends the adoption of the ratios as part financial statement analysis by the institutions under study.

Asset Turnover Ratio

The average mean score of 3.90 (SD=0.76) showed that asset turnover ratios are being considered as equally important. Peavler (2016) says that a company with a

high total asset turnover ratio is considered efficient in the income generation using its assets. It is therefore imperative that the Seventh-day Adventist entities should analyze the use of assets through asset turnover ratio to make sure they are best utilized to generate income. According to the findings, these ratios are perceived useful and the researcher recommends them for adoption in the analysis of the financial statements of the institutions under study.

Profitability Ratio

The profitability ratios have an average mean score of 3.99 (SD=0.72), indicating that the respondents considered them as equally important. A number of authors have made significant statements about the necessity to calculate the profitability ratios and Brigham, Gapenski & Ehrhardt (1999) say that profitability ratios provide clues as to the effectiveness of a firm's operations. These ratios are therefore recommended for adoption by the Seventh-day Adventist Church for use in the analysis of the financial statements.

Watson (2002) speaks on the ratios being used as one of the measures of how strong or weak is the company's strategy, and also as means of evaluating the company's financial performance and balance sheet strength. If the ratios show that the financial performance is sluggish it is an indication of a weak strategy or weak execution (Thomson, Peteraf, Gamble, & Strickland III, 2016). The authors above allude to the importance of a number of ratios of which it is the researcher's view to suggest additional ratios to be used by the Seventh-day Adventist entities in Zimbabwe.

It is therefore evident from the responses given that additional ratios assist very significantly in the analysis and interpretation of the financial statements of the institutions under study.

Hypotheses Testing

Research Question 3

3. There is no significant relationship between;
 - i. Liquidity ratios and financial performance measurement
 - ii. Solvency ratios and financial performance measurement
 - iii. Asset turnover ratios and financial performance measurement
 - iv. Profitability ratios and financial performance measurement

Table 15. Bivariate Correlation between Financial Ratios and Financial Performance Measurement

	Liquidity	Asset Turnover	Profitability	Solvency
Pearson Correlation	.243*	.194	.452**	.309**
Financial Measure Sig. (2-tailed)	.044	.110	.000	.010
N	69	69	69	69

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 15 presents a Pearson correlation among the variables, indicating the direction, strength and significance of the bivariate relationships. It showed that there are positive relationships between liquidity ($r = .24$, $p < .05$, two-tailed); profitability ($r = .45$, $p < .01$, two-tailed); and solvency ($r = .31$, $p < .01$, two-tailed) ratios and the dependent variable (financial performance measurement).

The profitability ratios scored the highest correlation of .45 followed by solvency correlation of .31. Surprisingly liquidity variable which constitutes the ratios

currently used by SDA institutions in Zimbabwe was the third on the ranking. On the other hand, the results suggest that there is no significant relationship between asset turnover and financial performance measurement ($r = .19$, $p = .11$).

Based on the evidence from Table 15, the liquidity, profitability and solvency variables indicate that there is a positive correlation between these variables and the independent variable which was financial performance measurement. Therefore, the null hypothesis regarding these ratios are rejected. On the other hand, the null hypothesis which stated that there is no significant relationship between asset turnover ratios and financial performance measurement is accepted.

There seems not to be a relationship between asset turnover and financial performance measurement, probably because in the not-for-profit institutions, assets are not directly used to generate resources like machinery in the for-profit entities. Peavler (2016) says that a company with a high total asset turnover ratio was considered efficient in the income generation using its assets. This applies in the profit where there is direct relationship between the use of assets and production.

Profitability scored the highest percentage on the relationship with financial performance measurement due to the fact that in the not-for-profit institution, the respondents considered the generation of revenue as key to the financing of the mission. Hence, the more revenues are generated the more the future life to the institution and the goals are achieved that cater for the welfare of workers and the acquisition of equipment. According to Subramanian et al. (2009, p. 35), “ratios are tools used to provide insights into underlying conditions, they initiate analysis but they are not an end to it, they reveal important relations and basis of comparison in uncovering trends and the inspection of individual components that make up the ratio.”

As evidenced also by high percentage on the relationship of profitability ratios to financial performance, the study submits that profitability ratios outweighs the liquidity ratios and confirmed the idea that more ratios are needed in the analysis of the financial statements than liquidity ratios only in Seventh-day Adventist institutions.

Research Question 4

4. There is no significant impact of:
 - i. Liquidity ratios and financial performance measurement
 - ii. Solvency ratios and financial performance measurement
 - iii. Asset turnover ratios and financial performance measurement
 - iv. Profitability ratios and financial performance measurement

Multiple regression analysis was conducted to measure the effect of the independent variables on the dependent variables. The results are shown in Tables 16 - 18.

Table 16. Multiple Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463	.214	.165	.78760

Table 17. Multiple Regression Analysis ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	10.810	4	2.702	4.357	0.004
1 Residual	39.700	64	.620		
Total	50.509	68			

Table 18. Multiple Regression Analysis Coefficients

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.200	.786		1.526	.132
Solvency	-.039	.217	-.031	-.178	.859
Profitability	.610	.211	.454	2.895	.005
Liquidity	.154	.179	.108	.860	.393
Asset	-.047	.171	-.039	-.278	.782

a. Dependent Variable: Financial Measure

Looking at the Table 16 labeled Model Summary, the R Square (.214) implies that approximately 21% of the variation in financial performance measurement can be explained by profitability ratios. However, the adjusted R Square shows that about 17% of the variation in financial performance measurement are actually explained by profitability ratios.

The regression coefficients shown in Table 18 indicate the relative importance of each of the independent variables— solvency, profitability, liquidity and asset turnover in the prediction of the dependent variable— financial measurement. The results tell us which independent variables are significant predictors of financial performance measurement. The results show that amongst the 4 independent variables, only profitability is the significant predictor (.005, beta = .454) of financial performance measurement. Therefore, the null hypothesis which claims that there is no significant effect of profitability ratios and financial performance measurement is

rejected. However, the null hypotheses are accepted for those independent variables that were not statistically significant.

The ANOVA section of Table 17 shows that the overall multiple regression model is statistically significant (F ratio =4.357, $p < 0.005$).

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The research was an exploration on the perceived usefulness of the additional financial ratios in analyzing and measuring financial performance in the selected Seventh-day Adventist institutions in Zimbabwe. The study sought the opinion of the respondents on the usefulness of proposed additional financial ratios as a way of improving the analysis of the financial statements as well as improving the measurement of the financial performance of the entities in the Seventh-day Adventist Church institutions in Zimbabwe.

The questionnaire was drafted asking questions on variables such as liquidity, solvency, asset turnover, and profitability ratios. The objective was to ascertain the limitations on the use of only a few financial ratios, recommend additional ratios and to analyze the extent to which the suggested additional ratios can enhance the effectiveness on measuring the financial performance of the Seventh-day Adventist institutions in Zimbabwe.

A Likert scale with a range of 1 to 5 was used. The scale represented the following; (1) Strongly disagree (2), disagree (3), Neutral (4), Agree (5), Strongly Agree. The reliability of the questionnaire was tested and a Cronbach's alpha of 0.917 was scored.

Findings

The study sought to establish if additional ratios will be useful in the analysis and measurement of the performance of the financial statements of the Seventh-day Adventist institutions in Zimbabwe. Based on the average mean score of 4.1124 (SD=0.67877) interpreted as equally important. The respondents perceived the suggested additional liquidity ratios as useful. The study recommended that the additional liquidity ratios be included in the analysis of the financial statements.

Solvency ratios also had an average mean score of 4.0429 (SD=0.76846) which was verbally interpreted as equally important. This clearly shows that the respondents perceive the solvency ratios as useful and these are recommended for inclusion in the analysis of the financial statements of the institutions under study.

As evidenced by an average mean score of 3.8952 (SD=0.7691) the findings indicated that the asset turnover ratios are equally important for the Seventh-day Adventist institutions. According to the findings, the ratios are perceived useful and are worthy recommending for inclusion in the analysis of the financial statements of the institutions under study.

On a similar note the findings on the profitability ratios also scored an average mean of 3.99 (SD=0.72) interpreted as equally important. The respondents perceived these ratios as useful in the analysis of the financial statements hence the recommendation is to consider them in the analysis of the financial statements of the institutions under study.

On this question, the researcher sought to identify among the suggested additional ratios those that can be recommended for adoption by the Seventh-day Adventist entities apart from the few liquidity ratios. Since all the suggested additional ratios namely liquidity, solvency, asset turnover and profitability ratios

scored high mean averages of 4.11 (SD=0.68), 4.05 (SD=0.77), 3.90 (SD=0.76) and 3.99 (SD=0.72) respectively. It is therefore very clear from the findings that all the four sets of ratios are recommended for adoption in institutions under study.

In addition, there are significant relationships between liquidity, solvency as well as profitability ratios and financial performance measurement. However, only profitability/surplus ratios are significant predictors of financial performance measurement.

Conclusion

Based on the findings of the study there is need for the Seventh-day Adventist institutions in Zimbabwe, in particular Zimbabwe Union Conference and its entities to adopt the additional ratios for use in the analysis and interpretation of the financial statements. These additional ratios being proposed include solvency, asset turnover and profitability.

Although there is a great need for these additional ratios, profitability/surplus ratios are important for financial performance measurement. In faith-based institutions such as the Seventh-day Adventist institutions in Zimbabwe, surpluses are key to financial sustainability.

Recommendations

Seventh-day Adventist institutions will have an added advantage if they increase the number of ratios in financial statements analysis. The researcher recommends the use of the suggested additional in each section of the financial statements. The liquidity ratios, solvency ratios, asset turnover and profitability ratios are all needed in the analysis of the financial statements.

The researcher's recommendations are directed to the Southern Indian Ocean Division Policy Committee to include these other ratios in the list of the required ratios. In the same manner, the researcher recommends to the chief financial officers of the conferences and the Schools business managers to consider these additional ratios when generating financial statements for the committee and board meetings respectively. The inclusion of the recommended ratios will give a holistic financial picture of the institutions and thereby inform managerial decisions.

Recommendations for Further Study

The researcher understands and believes that the study did not exhaust all the facts about ratios and is mindful of the fact that not for profit organizations have limited ratios than the for-profit organization. This fact should not limit the not for profit organizations in ratio analysis. A further study should be done not only in Seventh-day Adventist institutions but also to other entities and compare how effective these ratios can be used. There are other institutions in Zimbabwe— the Non-Governmental Organizations, Red Cross and Government entities like Hospitals to mention but a few. I wish a study can be made to explore the use of additional ratios in these entities and see how best their financial statements can be analyzed and how performance can be measured.

APPENDICES

APPENDIX A
QUESTIONNAIRE

Dear respondent

My name is Passport Moyo. I am an MBA student with the Adventist University of Africa. I am conducting a study on the use of financial ratios to analyse and measure financial performance of organizations in the Seventh-day Adventist institutions in Zimbabwe. The research is conducted as a component of the thesis in fulfilment of the Course Business Research Project. I will appreciate your cooperation in responding to the below questionnaire. All the information obtained from this research will be treated with much confidentiality.

In this research financial ratios are considered as tools for analyzing financial reports and measuring financial performance of an institution. I thank you in advance for your willingness to participate on this research by responding to this questionnaire.

Questionnaire

Section A: Demographics information

Instruction: Tick in the relevant boxes below.

1. What is your Gender Male [] Female []
2. What is your Age 20 – 30 [] 31 – 40 [] 41 -50 [] 51 and []
above
3. What is your position Non Managerial [] Middle management []
Senior Management []

4. How many years have you been with your organization ()

Section B: Perceived Limitations of the ratios, additional ratios and the effectiveness of the increased number of ratios.

Instruction: Indicate with a tick (√) in the extent to which you agree with the given statements

Key: Strongly Disagree = 1. Disagree = 2. Neutral =3. Agree = 4. Strongly Agree = 5.

Financial Analysis, performance and interpretation	5	4	3	2	1
Liquidity Ratios					
1. Working capital is used to run the organization and to pay its current liabilities/Owings.					
2. Low liquidity ratios clearly show whether the organization is poorly managed or has financial problems.					
3. Current assets to total assets ratio may help management to spot out weaknesses in the operations of an organization.					
4. Current assets to total liabilities ratio is essential in understanding the operations of an organization.					
5. An organization needs to measure total current liabilities in relation to total assets to show the overall debt burden of the organization.					
6. Cash balance to total liabilities is a necessary measure as it affects the financial planning of an entity.					
Asset Turnover					
7. Asset turnover ratio gives a true sense of how well an entity's assets are being used compared to other entities in its industry.					
8. Also asset turnover ratio gives an idea of how the management uses its assets to produce revenue.					
9. Long-term assets in relation to the net worth of an entity indicates the extent to which the entity's cash is frozen in the form of long term assets and the extent to which funds are available for the entity's operations.					
10. There is need to know the relationship between long-term assets to the revenue realized to show how efficiently an entity can use its assets to generate revenue.					
Solvency Ratios					
11. Long- term debt to total assets ratio can help predict corporate failure and also assess the financial health of an entity.					

12. Debt to capital ratio may give analysts or users of the financial statements a better idea of the entity's financial structure whether it uses its own capital or it is debt financed.					
13. Debt and profitability ratios will help indicate the strengths or weaknesses of the entity's financial statements.					
14. Not for profit entities also need to analyze the relationship between the total liabilities and tangible assets to ascertain the percentage of assets that are provided via debt.					
Profitability Ratios					
15. Total expenses to revenue ratio can help the entity to control expenses and increase surplus					
16. Total expenses to revenue can help management in the long run to expand operations without necessarily increasing expenses. (management efficiency)					
17. An assessment of the net income margin percentages can help an organization detect the (obscene differences) which can lead to fraudulent financial reporting.					
18. Gross margin ratio helps an entity's to assess its financial health by revealing the proportion of money left over from revenues after accounting for the cost of service.					
19. Gross margin ratio shows how well entities are using their assets to generate surplus.					

Section C: Financial analysis, performance measurement and interpretation

To what extent is financial analysis, performance measurement and interpretation affected by more ratios? Please respond by putting a tick in the appropriate box.

Key: Strongly disagree = 1. Disagree = 2. Neutral = 3. Agree = 4. Strongly agree = 5.

20. More Ratios than few, assist better in investigating changes in the different sections of the financial statements.					
21. A variety of Ratios aid the understanding of the financial statements.					
22. A wider variety of Ratios help better in comparing different entities performance					
23. More ratios can be used as evaluating tools for quality financial statements analysis & interpretation.					
24. In my opinion an increase in the number of ratios used improves financial statements analysis & interpretation much better					

Thank you

APPENDIX B

SPSS TABLES

Table B1. Distribution by Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	56	78.9	78.9	78.9
Female	15	21.1	21.1	100.0
Total	71	100.0	100.0	

Table B2. Distribution by Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20 – 30	8	11.3	11.3	11.3
31 -40	23	32.4	32.4	43.7
41 – 50	18	25.4	25.4	69.0
51 and above	22	31.0	31.0	100.0
Total	71	100.0	100.0	

Table B3. Distribution by Position

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Non Managerial	14	19.7	19.7	19.7
Middle Management	33	46.5	46.5	66.2
Senior	24	33.8	33.8	100.0
Total	71	100.0	100.0	

Table B4. Distribution by Years of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0 – 10	33	46.5	46.5	46.5
11 – 20	18	25.4	25.4	71.8
21 – 30	16	22.5	22.5	94.4
31 – 40	4	5.6	5.6	100.0
Total	71	100.0	100.0	

Table B5. Descriptive Analysis - Liquidity

	N	Mean	Std. Deviation	Descriptive Interpretation
1. Working capital is used to run the organisation or to pay liabilities	70	4.0714	1.23149	
2. Low liquidity ratios clearly shows whether the organisation is poorly managed or has financial problems	70	4.0286	1.16683	
3. Current assets to total assets ratio may help management to spot out weaknesses in the organisation's operations	68	3.9853	1.01471	
4. Current assets to total liabilities ratio is essential in understanding the operations of an organisation	71	4.1690	.94091	
5. An organisation needs to measure total current liabilities in relation to total assets to show the overall debt burden of an organisation	69	4.2609	.97998	
6. cash balance to total liabilities is a necessary measure as it affects the financial planning of an entity	70	4.2000	.91049	
Liquidity average	71	4.1124	.67877	
Valid N (list wise)	64			

Table B6. Descriptive Analysis – Solvency Ratios

	N	Mean	Std. Deviation
11. Long-term debt to total assets ratio can help predict corporate failure and also assess the financial health of an entity	70	3.9286	1.01183
12. Debt to capital ratio may give the analyst or users of the financial statements a better idea of the entity's financial structure	70	3.9857	.98530
13. Debt and profitability ratios will help indicate the strengths and weaknesses of the entity's financial statements	69	4.0870	.98128
14. Not for profit entities also need to analyse the relationship between the total liabilities and tangible assets to ascertain the percentage of assets that are provided via debt	69	4.1594	.96441
Solvency average	70	4.0429	.76846
Valid N (list wise)	68		

Table B7. Descriptive Analysis – Asset Turnover Ratios

	N	Mean	Std. Deviation
7. Asset turnover ratio gives a true sense of how well an entity's assets are being used compared to other entities in its industry	70	3.6857	1.11046
8. Also asset turnover ratio gives an idea of how the management uses its assets to produce revenue	70	3.9286	1.05393
9. Long - term assets in relation to the net worth of an entity indicates the extent to which the entity's cash is frozen in long-term assets	68	3.7059	1.02300
10. There is need to know the relationship between long term assets to the revenue realised to show how efficiently the assets generate revenue	70	4.2714	.89962
Asset average	70	3.8952	.76491
Valid N (list wise)	68		

Figure B8. Descriptive Analysis – Profitability Ratios

	N	Mean	Std. Deviation
15. Total expenses to revenue ratio can help the entity to control expenses and increase surplus	70	4.3286	.79348
16. Total expenses to revenue can help management in the long run to expand operations without necessarily increasing expenses	70	4.1143	.87713
17. An assessment of the net income margin percentages can help an organisation detect the obscene differences which can lead to fraudulent financial reporting	69	3.7681	1.08662
18. Gross margin ratio helps an entity to assess its financial health by revealing the proportion of money left over from revenues after accounting for the cost of the service	67	3.7164	1.01214
19. Gross margin ratio shows how well entities are using their assets to generate surplus	68	3.8235	1.13218
Profitability average	70	3.9905	.71750
Valid N (list wise)	67		

Figure B9. Descriptive Analysis – Additional Financial Ratios

	N	Mean	Std. Deviation
20. More ratios than few , assist better in investigating changes in the different sections of the financial statements	69	3.7101	1.09948
21. A Variety of ratios aid the understanding of the financial statements	68	4.1029	.96413
22. A wider variety of ratios help better in comparing different entity's performance	69	3.9420	1.06942
23. More ratios can be used as evaluating tools for quality financial statements analyses and interpretation.	69	4.0580	.96838
24. In my opinion an increase in the number of ratios used improves financial statements analysis and interpretation much better	69	3.9565	1.14320
Financial average	69	3.9529	.86185
Valid N (list wise)	68		

Table B10. Pearson Correlations among Variables

					Liquidity average	Asset average	
Fin Measure	Pearson Correlation				.243*	.194	
	Sig. (2-tailed)				.044	.110	
	N				69	69	
				*. Correlation is significant at the 0.05 level (2-tailed).			
				**. Correlation is significant at the 0.01 level (2-tailed).			

Table B11. Multiple regression Analyses

Coefficient Value	Strength of Association
$0.1 < r < .3$	small correlation
$0.3 < r < .5$	medium/moderate correlation
$ r > .5$	large/strong correlation

Table B12. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.463 ^a	.214	.165	.78760

a. Predictors: (Constant), Asset averages, Liquidity average, Profitability average, Solvency average

Table B13. ANOVA a

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	10.810	4	2.702	4.357	.004 ^b
	Residual	39.700	64	.620		
	Total	50.509	68			
a. Dependent Variable: Financial Measure						
Predictors: (Constant), Asset average, Liquidity average, Profitability average, Solvency						

Table B14. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.200	.786		1.526	.132
Solvency	-.039	.217	-.031	-.178	.859
Profitability average	.610	.211	.454	2.895	.005
Liquidity average	.154	.179	.108	.860	.393
Asset average	-.047	.171	-.039	-.278	.782

a. Dependent Variable: Financial Measure

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CURRICULUM VITAE

Personal Details

Name: Passport
Surname: Moyo
Date of Birth: 05 January 1972
Gender: Male
Nationality: Zimbabwean
Marital Status: Married
Languages: English, Ndebele and Shona
Religion: Christianity – Seventh-day Adventist

Professional Qualifications

Solusi University (2004 May – December 2007)

Bachelor of Business Administration Accounting (Second Class Degree)

Academic Qualifications

Tongogara High School

GCE Advanced Level Accounting, Management of Business

Pitman Professional Courses

Advanced Business English

Intermediate Office Practice

Advanced Accounting

Lower Gwelo Adventist High School (1987 – 1990)

GCE Ordinary Level, Eight Subjects including Mathematics, Accounts and English

Work Experience

Hanke High School Accounting Department

Cashier 1996 – 2004

Adventist Book Centre Accountant 2008 – 2009

Hanke Mission Business Manager 2010 – 2011

Central Zimbabwe Conference Assistant Treasurer 2011

Central Zimbabwe Conference Chief Financial Officer 2012 - 2017

Duties

- Cash handling
- Processing Bank Reconciliation Statements
- Processing Vouchers
- Posting to the Ledger

- Processing Monthly Payroll
- Preparing Budgets and Presenting it to the Board
- Preparing Financial Statements and Presenting it to the Board

Core Strengths and Skills

- Teamwork
- Ability to meet deadlines
- Ability to communicate effectively with clients and colleagues

Other

Clean Class 4 Drivers License