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**ABSTRACT:** Risks and uncertainties are factors, which a **business** must face so long as it remains a going concern. Thus to avoid the effect of such risks and uncertainties, management and other potential businessmen are advised to adopt the tool of financial ratios. The financial ratios will expose the position of the business in terms of performance and efficiency of operations. They show whether the **management** are efficient or inefficient in utilization of resources such as capital, assets labor etc. This project work is aimed at highlighting usefulness of financial ratios as a tool of evaluating the performance of companies for **investment** decision. Chapter one (the introduction) will explain the meaning of financial ratios, it will go further to state the purpose of the study, its significance, scope as well as definition of terms with respect of financial analysis. Chapter two will deal with the literature review. Then the study of background of topic will be equally highlighted. Explanation of selected financial ratios will also be shown. Coming to chapter three, the techniques of collection of data and data analytical tool to be used will be described here. The techniques for collection of data will include the **questionnaire** sources. The data **analytical** tools to be used as percentage size analysis and chi-square. Chapter four shows the analysis of the data collected. Finally, in chapter five, the findings to be made will be stated, followed by recommendation to ensure effective and efficient use of financial ratios by users for investment decisions. Finally the conclusion will inform readers or users that usefulness or benefits of financial ratios in evaluating performance of companies for investment decision cannot be over emphasized and that if neglected, the shareholders or investors will not know their position or fate in companies.

## TABLE OF CONTENT

### CHAPTER ONE

Introduction

1

Purpose of study

5

Significant of study

6

Statement of problem

7

Statement of hypothesis

9

Scope and **limitation** of  
study

9

Definition of  
terms.

9

## **CHAPTER TWO**

### **REVIEW OF RELATED**

#### **LITERATURE**

13

2.1 Importance of financial  
ratios

13

2.2 Users of financial

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