

**AGM**

Annual General Meeting. The meeting for shareholders at which routine matters, such as the election of directors, approval of reports and accounts, are put to the vote of shareholders.

**All Nigeria Share Index**

The All Nigeria Share Index or 'ANSI' for short, is the major index for tracking the performance of the market. It includes all shares traded on the floor of the Nigerian Stock Exchange. ANSI is calculated as follows:

**Analyst Meetings:**

Meetings held with analysts from reputable portfolio management firms and stock-broking companies.

**Assets**

Fixed assets include land, machines and buildings; current assets consist of cash, company debtors, stock, investments and work in progress; intangible assets are goodwill, trade marks, patents, etc; liquid assets are funds kept in cash or in a form that can be quickly and easily turned into cash.

**Basis point**

Share price movements on the Nigerian Stock Exchange do not have a minimum movement or 'tick value'.

**Bear**

A person who expects prices of shares and/or stock markets to fall.

**Bear market**

A period of falling share prices; a pessimistic state of affairs. See also bull market.

**Bid price**

The price at which securities in the market may be bought.

**Bonus issue**

The issue of new shares to an existing shareholder, but at no extra cost. A means for the company to distribute historic retained profits to shareholders.

**Brokers forecast**

Estimates of future company performance issued by stockbrokers and bank analysts.

**Bull**

A person who expects the price of shares, and/or stock markets, to rise.

**Bull market**

A period of rising share prices; an optimistic state of affairs. See also bear market.

**Capital gain**

Profit made on the sale of shares, commodities, property or land; In Nigeria, capital gains tax of 10% is payable on the profit.

**Cash flow**

Measure of the actual cash generated by a business rather than the accounting profit. In the UK typically pre-tax profit plus depreciation, amortization and other non-cash charges. In the US, net income with depreciation charges added back.

**Closed period**

The period prior to the company's release of its Interim or Preliminary results, during which the directors are not permitted to trade in the shares of the company.

**Consensus forecasts**

A market average of stockbrokers' and bank analysts' forecasts of the future financial performance of a company.

**Corporate Affairs Commission (CAC)**

The government agency in Abuja charged with the responsibility of registering companies operating and doing business in Nigeria. The CAC issues each registered company or entity with a registration number (RC).

**Cum dividend (cum cap, cum all (see ex:))**

Purchase of a share cum dividend means that the buyer of a share is entitled to the next dividend payment; cum rights means that the purchaser is entitled to shares from a forthcoming rights issue; cum cap means that the purchaser is entitled to a scrip issue; cum all means that the purchaser is entitled to all of these. Opposite of ex:

**Current assets**

Assets of a company which can be realized in cash, sold or consumed within one year. Typically the sum of cash, cash equivalents, receivables, inventories, prepaid expenses and other current assets.

**Current liabilities**

Liabilities of a company that the company expects to satisfy within one year. Typically accounts payable, short term debt, notes payable, taxes payable, dividends payable and other current liabilities.

**Debt/equity ratio**

A ratio that describes the leverage or gearing of the company and is calculated as total debt divided by common shareholders' equity expressed as a percentage.

**Depreciation**

The reduction in the balance sheet value of a company asset to reflect its loss of value through age and wear and tear.

## **Dividends**

The proportion of a company's profit that it pays to its shareholders, usually declared as a dividend per share (DPS). In the UK the dividend is normally paid in two parts; an interim dividend payment and a final dividend once the final results are known.

## **Dividend cover**

The number of times a company could pay its most recent net dividend out of its net profit (profits after tax).

## **Earnings**

Profit available to ordinary shareholders, after all operating expenses, interest charges, taxes and preference dividends have been deducted. Excludes extraordinary items.

## **Earnings per share (EPS)**

Earnings divided by the number of ordinary shares outstanding. Diluted earnings per share adjusts the number of shares to reflect the potential number of shares outstanding after the exercise of options

## **Equity**

The voting capital in the company, represented by the ordinary shares.

## **Ex dividend, ex rights, ex cap, ex all**

Purchase of a share Ex dividend (xd) means that the buyer of a share is not entitled to the next dividend payment; ex rights means that the purchaser is not entitled to shares from a forthcoming rights issue; ex cap means that the purchaser is not entitled to a scrip issue; ex all means not entitled to any of these. Opposite of cum.

## **Extraordinary General Meeting**

Extraordinary General Meeting. A meeting of shareholders which may be called to approve special events such as a take-over or major acquisition.

## **Gearing**

Used to describe the relationship between debt and equity and is calculated by dividing the company debt by common shareholders equity. A highly geared company is one that carries a lot of debt. This is

## **Holding company**

Company whose main assets are shareholdings (usually controlling) in other companies.

## **Institutional investor**

Large financial institutions such as pension funds, unit or investment trusts and insurance companies.

## **Intangible assets**

Describes assets that do not have a physical, tangible existence. Examples of intangible assets could include goodwill, brand value or patents.

**Interest payable**

This is the interest that is due to be paid within one year and as such falls within current liabilities on the company balance sheet.

**Interim results**

Unaudited quarterly, half yearly or full year figures that provide an indication of the company's trading and profit performance since the last full year accounting period.

**Inventories**

Also known as stock, this relates to items that have been manufactured or acquired for resale, work not yet completed and raw materials. Appears as a current asset on the company balance sheet.

**Liabilities**

The debts of a company and other financial obligations; the opposite of assets.

**Long term debt**

All interest-bearing financial obligations which mature in more than a year.

**Margins**

Profit margin is profit as a percentage of revenue (or turnover). It is calculated before interest charges and tax.

**Market**

The Nigerian Stock Exchange.

**Market Price**

The price at which a share can currently be traded in the market.

**Market capitalization**

Value at current market prices of a company's equity capital. It is calculated by multiplying the current share price by the number of issued shares outstanding.

**Mid Price**

The mid point between the bid and offer price quote in the market.

**Net income**

Income (profit) shown after all operating and non-operating income and expense, income taxes, minority interest and extraordinary items but before preferred and ordinary dividends.

**Offer Price**

The price at which securities may be sold in the Market.

**Operating profit**

The difference between revenue (or turnover) and the costs incurred during operations (total operating expenses).

**Ordinary Share**

The most common class of share representing the owner's interest in a company.

**Par Value:**

The face/nominal value of shares offered for sale. This is different from the market value of the shares, which is often higher than the par value. The usual par value for common shares in Nigeria is N0.50 (fifty kobo)

**P/E Ratio**

Ratio or multiple calculated by dividing the price per share (p) by the earnings per share (e). A simple measure for comparing the relative valuations of different companies.

**Placing**

Raising money by issuing new shares and 'placing' them, generally in substantial amounts, with major investors.

**Prelims**

The first release of a company's results for the financial year to the stock exchange.

**Pretax profit**

All income (or loss) before tax.

**Profit**

The surplus of revenue generated over expenses incurred for a particular accounting period. Operating profit refers to the profit generated before interest and tax have been taken into account.

**Prospectus**

A document, published prior to the issue of shares to the public, which explains all aspects of a company's business, detailing financial and other information about the company and the securities being offered for sale.

**Receivables**

A current asset that represents amounts due to the company from the sale of goods and services on credit.

**Return on assets**

Ratio which measures the return a company generates from its total assets.

**Rights issue**

Offer of shares to existing shareholders to raise money.

**Securities**

A financial instrument issued by a company and traded on a Stock Exchange.

**Securities and Exchange Commission (SEC)**

The regulatory agency authorized by the Investment and Securities Act of 1999 to set formal rules for capital market participants, outlines expectations and clearly specify sanctions for wrongful, illegal or criminal behaviour in the market.

**Share capital**

Common shares outstanding.

**Short term debt**

The portion of debt that is payable within one year. Falls under current liabilities on the company balance sheet.

**Spread**

Usually the difference between the Bid and Offer prices.

**Stock split**

The term used to describe the division of shares into a larger number of shares with lower unit value. There is no change to the proportional holding of shares.

**Tangible assets**

Tangible fixed assets represents property, plant and equipment, after the deduction of depreciation.

**Yield**

The Rate of return gained on an investment. It also refers to the dividend payable on a share (and is expressed as a percentage of the market price).