Original Paper

Financial Performance and Growth Trend Analysis of Furra Institute of Development Studies and Education Share Company in Sidama Region, Ethiopia

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Abstract

The main objective of this study is to evaluate the financial performance and trends of Furra institute of development studies and education share company (FIDSE S.C) in the Sidama region, Ethiopia. Financial performance analysis is very important to identify whether or not the financial position of a given company is healthy or sound. In this study, secondary data was collected from audited financial statist prepared by furra institution from period 2012 to 2020 G.C, and other relevant sources. Financial reports are considered the population for this study. Eight (8) year audited financial reports were selected as sample purposively and analyzed for this study. Ratio and trends analysis was utilized also table and graphs, average mean were used to present data. Liquidity ratio, long-term solvency, (leverage) ratio, profitability ratio, turnover ratio were used. The result of the analysis founds that overall liquidity positions were satisfactory, TD to TE, and TD to TA ratios were lower. Also, the study found that 95% of institutions' assets and operations are financed by internal equity capital. Except for fluctuated trends in net profit, growth in sales, GP, total asset, and total equity were showed positive and incremental growth over the study period, Thus, it concluded that the overall financial position of the Furra institution over the study period was satisfactory. Thus, the researcher recommended to management that profitability should be improved more by minimizing admin and operating expense as well as by mixing some extent of debit to finance other projects and also to get tax shield.

Keywords

Financial performance, Ratio analysis, Trend analysis, Furra institution of development studies, and education share company

1. Introduction

Financial performance analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of the balance sheet and the profit and loss account. It also helps in short-term and long-term forecasting and growth can be identified with the help of financial performance analysis (Tekeste et al., 2015; Pandey, 2005). The high financial performance draws main attention from every manager because it plays a vital position within the structure and development of the firm (Prabowo et al., 2020). According to M. Shrivastava and B. Mathew (2020) the term financial performance analysis is used as a general measure of a firm's overall financial health over a given period. It identifies the strength weakness of the firm by properly establishing relationships between the items of financial position and profit or loss accounts. Financial statement analysis is useful both to help anticipate future conditions and, more importantly, as a starting point for planning actions that will improve the firm's future performance (Eugen & Houston, 2009).

1.1 Statements of the Problems

Firm financial performance is used as a tool measuring an organization's current development and potential growth. The success and survival of any organization depend upon how efficiently able to raise funds when needed and their proper utilization (Balaji, 2015). Good financial management is vitally important to the economic health of business firms, hence to the nation and whole the world. Unless the financial condition of the firm is not healthy it's difficult for business organizations to contribute expected sufficiency service for shareholder and national economic development (Eugen & Houston, 2009).

In general, finance is considered as the lifeblood of any business firm that it should be healthy to carry out the operation. Some shreds of evidence have been conducted on financial performance analysis of different business firms in different countries and Ethiopia: For instance, Amalendu et al. (2011) study on financial performance analysis of indial Pharmacist plc Company from period 1997 to 2009 and founds that liquidity position of the firm was strong thus, can pay off short–term obligation but financial stability showed downward trends. Besides, Balaji (2015) investigated the financial Performance of Neycer India Ltd and founds that study revealed that profitability is decreased in the study period due to increases in the expenses. Therefore, the profitability ratio was not sufficient to satisfy owners. Also, Ende (2017) conducted financial performance analysis on Indonesia company by using Economic Value Added (EVA) concept and found that the EVA value of the company in the study period has fluctuated and positive, which means a company can create economic value-added and rate of returns (operating profit exceeds the cost of capital) this showed that company could create wealth for the shareholders. In addition the study conducted by Abdu (2018) examine financial growth and performance of the cooperative firm in Ethiopia, Sheka Zone, and founds that the overall current ratio was satisfactory but the long term solvent ratio was found very poor, thus cooperative firm was unable to pay off its long term liability. Moreover Tekeste et al. (2015) conducted financial performance analysis on multipurpose cooperative firms, in the Tigris region, Ethiopia, and founds that profitability,

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liquidity, leverage, and return on assets are below industry average over the study periods thus, concluded that the financial performance of multipurpose cooperatives firms was not satisfactory as well as not sound enough overall measurement.

Furra institute of development studies and education share company is one of the per public firms established in 1997 G.C. Campany was performing cross-sectional business activities such as hotel and hospitality service, educational and short term trading, but its' financial performance analysis has not been undertaken since its' establishment, therefore, it's difficult to identify the true current picture of institution. To realize this gap researcher was motivated to undertake a study on the topic of financial performance and growth trend analysis in the current study area. In this study financial performance is measured in terms of short-term solvency, long-term solvency, profitability, and asset turnover. While, growth trends measured in terms of net sales, Gross profit, net profit, equity, and total asset over the period 2012 to 2020 respectively.

1.2 Objectives of the Study

The general objective of this study is to evaluate the financial performance and growth trend of Furra institute of the development studies and education share company in the Sidama region, Ethiopia. Then, the specific objectives are as follow:

a)   To evaluate short and long term solvency status of FIDSE S.C

b)   To measure the overall profitability of FIDSE S.C.

c)   To measure asset utilization efficiency and effectiveness of FIDSE S.C.

d)   To see overall performance growth trends of FIDSE S.C over the study period.

1.3 Significance of the Study

The main goal of this study is to identify financial performance and growth trends of furra institute of development studies and education share company in Sidama region, Ethiopia thus, outcomes of study used for institute managers, board of directors, shareholders, short and long-term creditors to a better understanding about company's strength and weakness to improve performance, and better prediction for future as well as it serves as reference material for academicians and other practitioners.

1.4 Scope of the Study

To evaluate financial performance and growth trend analysis on Furra institution development studies and education share company thus, short term solvency, long term solvency, profitability, and turnover analysed were done from audited financial statement periods from 2012 to 2020 G.C.

2. Review of Related Literature

2.1 Financial Performance

According to Tekeste et al. (2015) and Pandey (2005) financial performance analysis is defined as the process of identifying the financial strengths and weaknesses of the firm by properly establishing the relationship between the items of the balance sheet and the profit and loss account. It also helps in short-term and long-term forecasting, growth, obtaining a better understanding of the firm's financial

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conditions, and performance. Even if a business firm has high profitability, it can face short term financial problems and its funds are locked up in inventories and receivables not realizable for the month, this lead to failure of meeting the obligations can damage its reputation and creditworthiness and in extreme cause even led to bankruptcy (Thachappilly & Gupinathan, 2009). Financial performance is used as a tool measuring an organization's current development and potential growth by using financial ratios such as liquidity (short term solvency) ratio, leverage (long term solvency ratio, profitability ratio and turn over (activity) ratio (Eugen & Houston, 2009; H. James van, 2005). Further, Prabowo (2020) conducted financial performance analysis on mining companies listed in Indonesia stock exchange from period 2013-2017 and founds that liquidity ratio was a higher percentage, and implies that company is in good financial condition, the higher debt ratio, debt to equity ratio, this is worse for the company, because it will lead to greater loan and risk. The average current ratio of the cooperative firm in the shaka zone, Ethiopia was 4.75, cash ratio 1.52, and networking capital was current asset exceeds current liability debit turn over ratio, ACP and total asset turnover ratio were below the standard therefore, it indicated that cooperative firm was not efficient (Abdu, 2018).

3. Methodology

3.1 Research Design and Approach

The main goal of this study was to evaluate the financial performance and growth trend of FIDSE S.C in the Sidama region, Ethiopia. A descriptive research design with a quantitative approach was used.

3.2 Source of Data and Methods of Collection

The secondary data source was used and collected from audited financial reports of the institution from the period 2012 to 2020, In addition; data was collected from books, and published international journal articles.

3.3 Population, Sampling Method, and Sample Size

The population for this study was a financial report prepared by Furra institute of development studies share company over its life. For this study eight (8) year audited financial reports were selected purposively for analysis because selected period reports were audited by certified public auditors analysis was done by percentage, mean, high or low, and chart.

4. Results and Discussion

4.1 Analysis of Short-Term Solvency (Liquidity) Ratio of FIDSE

Short-term solvency also called Liquidity refers to the ability of the business firm to meet all its current obligations as maturing from its' assets.

Table 1. Current Ratio of Furra Initiation Share Compny

Year in E.C/G.C	TCA	TCL	Ratio
2012-2013	7,715,712.04	3,476,031.63	2.22
2013-2014	17,470,273.19	2,929,189.81	5.96
2014 -2015	40,606,227.82	3,105,681.57	13.07
2015-2016	44,877,488.85	3,388,882.48	13.24
2016-2017	48,078,020.95	4,052,211.84	11.86
2017-2018	53,054,117.67	5,185,542.17	10.23
2018-2019	49,251,272.46	4,129,244.42	11.93
2019-2020	43,299,943.39	2,699,995.45	16.04
Mean ratio			**9.64**
Ideal ratio			**2:1**

Source: Audited financial report of FIDSE S.C (2012-2020).

The current ratio is computed by dividing total current assets by total current liabilities. As shown in Table 1 above and figure1 below Current Ratio of Furra institution development studies and education share company was 2.22, 5.96, 13.07, 13.24, 11.86, 10.23, 11.93,16.04, and 2.22 over the periods of 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, and 2019-2020 respectively Which ranges between 2.22 to 16.04 included overall average current ratio. These results revealed that overall the study period's current ratio was the higher than ideal standard. Thus, it can be concluded that Furra institution of development studies and education share company can satisfy its' any current obligation with the current asset at the maturity date. Therefore, the liquidity status of FIDSES.C was good.

Table 2. Quick (Acid–Test) Ratio of Furra Institution Share Company

Periods	TQA	TCL	Ratio
2012-2013	7605675.995	2,507,372.99	3.03
2013-2014	17118039.8	1,937,317.27	8.84
2014 -2015	40156428.1	1,983,745.08	20.24
2015-2016	44337917.86	2,243,872.98	19.76
2016-2017	47491678.17	2,290,019.00	20.74
2017-2018	52395934.56	3,524,385.67	14.87
2018-2019	48716703.16	3,322,313.00	14.66
2019-2020	42687891.05	1,613,862.83	26.45
Mean ratio			**16.07**
Ideal ratio			**1:1**

Source: Audited financial report of FIDSE S.C, (2012-2020).

Quick Ratio (acid–test ratio) is computed by dividing most quick assets by current liability. It's used to measures the ability of the business to satisfy its current obligations with existing quick assets.

As showed in table 2 above and figure 1 depicted below quick (acid test ratios) of the furra institution development studies and education share company was 3.03, 8.84,20.24, 19.76, 20.74,14.87,14.66 and 26.45for the period 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2019-2020respectively .In addition, the range of quick ratio was lies between 3.03 to 26.45 included overall average quick ratio, this is founded above ideal standard.

Therefore, it can be concluded that Furra institution development studies and education share company can cover its short-term obligation from the quick asset without selling its inventory.

Table 3. Net Working Capital Ratio of Furra Institution Share Company

Year in E.C/G.C	TCA	TCL	NWC (NCA)	Ratio
2012-2013	7,715,712.04	3,476,031.63	4,239,680.41	1.22
2013-2014	17,470,273.19	2,929,189.81	14,541,083.38	4.96
2014 -2015	40,606,227.82	3,105,681.57	37,500,546.25	12.07
2015-2016	44,877,488.85	3,388,882.48	41,488,606.37	12.24
2016-2017	48,078,020.95	4,052,211.84	44,025,809.11	10.86
2017-2018	53,054,117.67	5,185,542.17	47,868,575.50	9.23
2018-2019	49,251,272.46	4,129,244.42	45,122,028.04	10.93
2019-2020	43,299,943.39	2,699,995.45	40,599,947.94	15.04
Standards			**CA>CL**	

Source: Audited financial report of FIDSE S.C (2012-2020).

Networking Capital (NC) is also called a net current asset. It's computing from dividing NWC by total current liability. Positive and optimum NWC the firm more liquidity position and vice versa.

As showed in Table 3 above and figure 1 below net working capital of furra instition 4,239,680.41,14,541,083.38, 37,500,546.25, 41,488,606.37, 44,025,809.11, 47,868,575.50, 45,122,028.04 and 40,599,947.94 for periods 2012-2013,2013-2014,2014-2015,2015-2016,2016-2017,2017-2018,2018-2019, and 2019-2020 respectively**.** Overall the study period the current asset is greater than a current liability and also networking capital was higher and positive. This indicated that Furra institution of development studies and education share company can easily meet its current liability with the net current asset. Therefore, it can be concluded that the institution was highly liquid and possible to say good liquidity position.
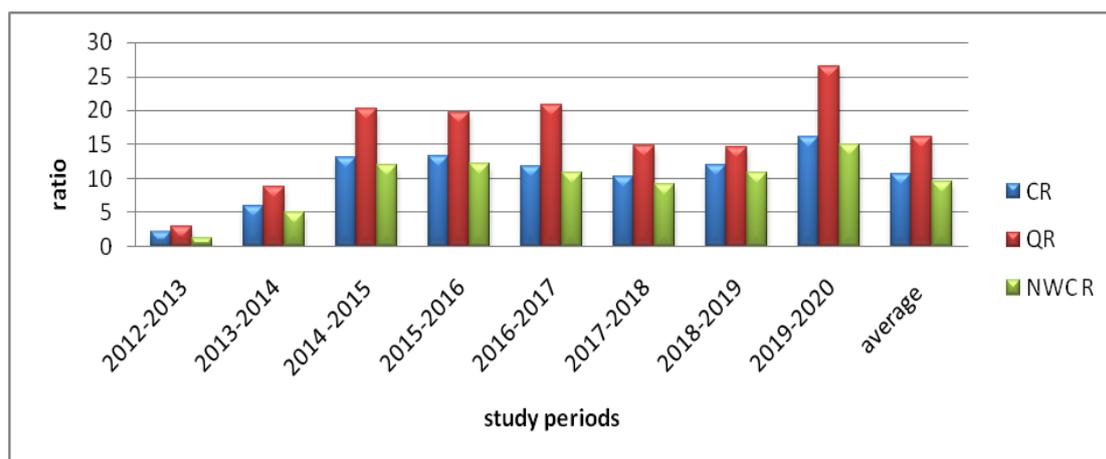
Figure 1. Overall Short-Term Liquidit Position Of Furra Institution S.C

Source: Depicted from Table 3.

4.2 Analysis of Long–Term Solvency (Financial Leverage) of FIDSE

Long-term solvency refers to the ability of the business firm to meet long-term obligations (liabilities), from its' existing assets.

Table 4. Debit to Equity Ratio of Furra Institution Share Company

PERIOD IN G.C	TD	TE	RATIO
2012-2013	3476031.625	30616804.04	0.11
2013-2014	2929189.81	67340868.03	0.04
2014 -2015	3105681.57	89136995.61	0.03
2015-2016	3388882.48	91845591.21	0.04
2016-2017	4052211.835	94819062.28	0.04
2017-2018	5185542.17	99662050.55	0.05
2018-2019	4129244.415	101224238.8	0.04
2019-2020	2699995.45	103534284.2	0.03
Mean ratio			**0.05**
Ideal Standards			**0.5:1**

Source: Audited financial report of FIDSE S.C, (2012-2020).

The debt to equity ratio is computed by dividing total debt by total equity. It measures' the capital structure or the extent of debt used as a finance source. As shown in the table above 4 and figure2 below, the result of analysis for total debt to total equity of the Furra institution development studies and education share company was 0.11, 0.04, 0.03, 0.04, 0.05, 0.04, and 0.03 for periods of 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019 and 2019-2020 respectively.

Besides this results revealed that the overall average debt to equity ratio of the institution was founded 0.05. This implies that the capital structure of Furra institution development studies and education share company was 95 % equity and 5% debit sources. Besides, over the study periods included the overall average debt to equity ratio of the Furra institution development studies and education share company was very low. Therefore, the firm has depended on internal equity finance sources so-called less leveraged, and will not face solvency problems.

Table 5. Total Debt to Total Asset Ratio of Furra Institution Share Company

PERIODS	TD	TA	Ratio
2012-2013	3476031.625	34092835.66	0.10
2013-2014	2929189.81	70270057.84	0.04
2014 -2015	3105681.57	92242676.18	0.03
2015-2016	3388882.48	95234471.69	0.04
2016-2017	4052211.835	98871274.11	0.04
2017-2018	5185542.17	104847592.4	0.05
2018-2019	4129244.415	105353482.6	0.04
2019-2020	2699995.45	106234279.6	0.03
Mean ratio			0.05:1
Ideal Standards			**Less 0.5:1**

Source: Audited financial report of FIDSE S.C, (2012-2020).

The debt to asset ratio is used to identify the proportion of business organizations' is fiancé its' asset. It can be computed by dividing total liability by total assets held by the firm. As it indicated in table5 above and figure2 below debt to asset Ratio of Furra institution development studies and education share campany was founds 0.10, 0.04, 0.03, 0.04, 0.04, 0.05, 0.04, 0.03, and 0.05 for periods of 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019 and, 2019-2020 respectively. In addition, overall the study periods total debt to total asset ratio of Furra institution including overall average ranges between, 0.10 to 0.05 which is very lower debt than equity. This implies that 95% of the assets held by Furra institution development studies and education share company was financed by equity source. Therefore, no long-term solvency problem institution had faced.
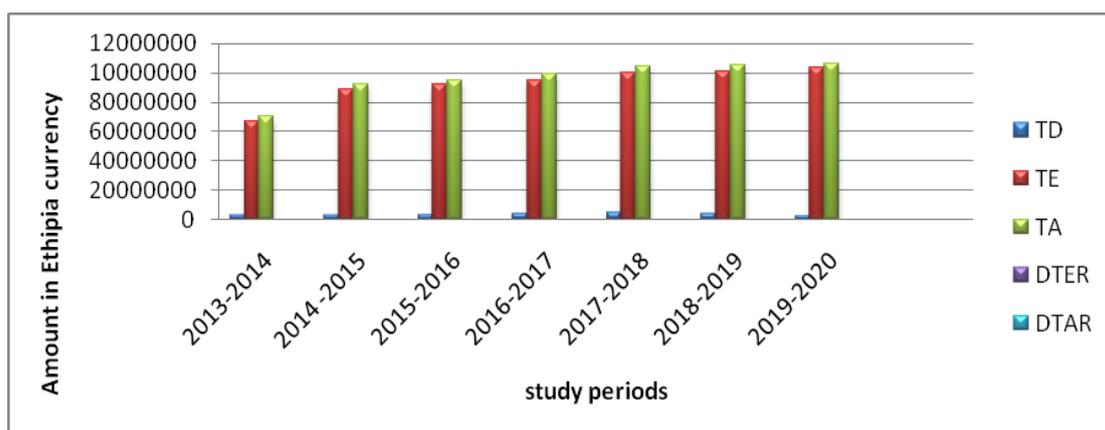
Figure 2. Overall Long-Term Solvency Ratio of FIDSE S.C

Source: Depicted from Table 5.

4.3 Analysis of Profitability

Profitability refers to the ability of a firm to generate net income from its activities carried out in an accounting period.

Table 6. Gross Profit Ratio of Furra Institution Share Company

Periods	Net sales	Gross profit	GP Ratio
2012-2013	18739103.46	11467387.94	61.19
2013-2014	16086508.04	8148355.01	50.65
2014 -2015	18915044.33	10551744.16	55.78
2015-2016	24503531.83	14490807.53	59.14
2016-2017	30221513.42	18104170.54	59.90
2017-2018	36529242.62	23509204.72	64.36
2018-2019	39450703.62	26260030.03	66.56
2019-2020	42320492.93	30031757.81	70.96
Mean ratio			**61.07%**
Ideal standared			**25-30%**

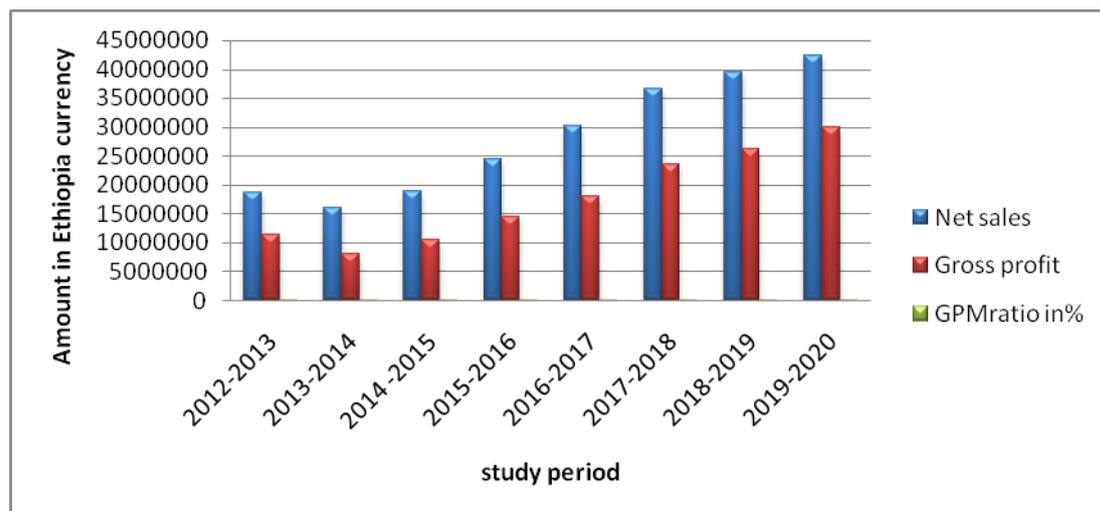*Source*: Audited financial report of FIDSE S.C, (2012-2020).

Figure 3. Gross Pfrofit Margin Ratio of FIDSE S.C

Source: Depicted from Table 6.

Gross profit margin ratios reveal the percentage of each dollar lefts' after the cost of goods sold and it's computed by dividing gross profit by net sales and multiplied. It measures the capacity of a business to generate profit after the cost of selling. The value of ratio 25% to30% is satisfactory, the higher ratio more

As it's depicted in Table 6 and Figure 3 above the gross profit margin ratio of the Furra institution development studies share company was founds 61.19%, 50.65%, 55.78%, 59.14%, 59.90%, 64.36%, 66.56%, and 70.96% from periods of 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, and 2019-2020 respectively. It ranges from 50.65% to 70.96% including overall averages. This indicates that all the study periods gross profit margin ratio of Furra institution was higher and above the ideal standard. And also net sale and gross profit ratio of the institution was showed increasing trends over all the study period. Therefore, it can be concluded that the institution was efficiently controlled the cost of purchase and selling price during the operating periods. Indicating there were good performances.

Table 7. Net Profit Margin Ratio of Furra Institution Share Company

PERIODS	Net sales	NI	ration in%
2012-2013	18739103.46	968281.54	5.17
2013-2014	16086508.04	-1549781.91	-9.60
2014 -2015	18915044.33	-252226.825	-1.33
2015-2016	24503531.83	1238469.83	5.05
2016-2017	30221513.42	2349543.135	7.77
2017-2018	36529242.62	4809911.875	13.17

2018-2019	39450703.62	3868057.835	9.80
2019-2020	42320492.93	2497564.46	5.90
Mean			4.49%
Ideal Standard			**>5%**

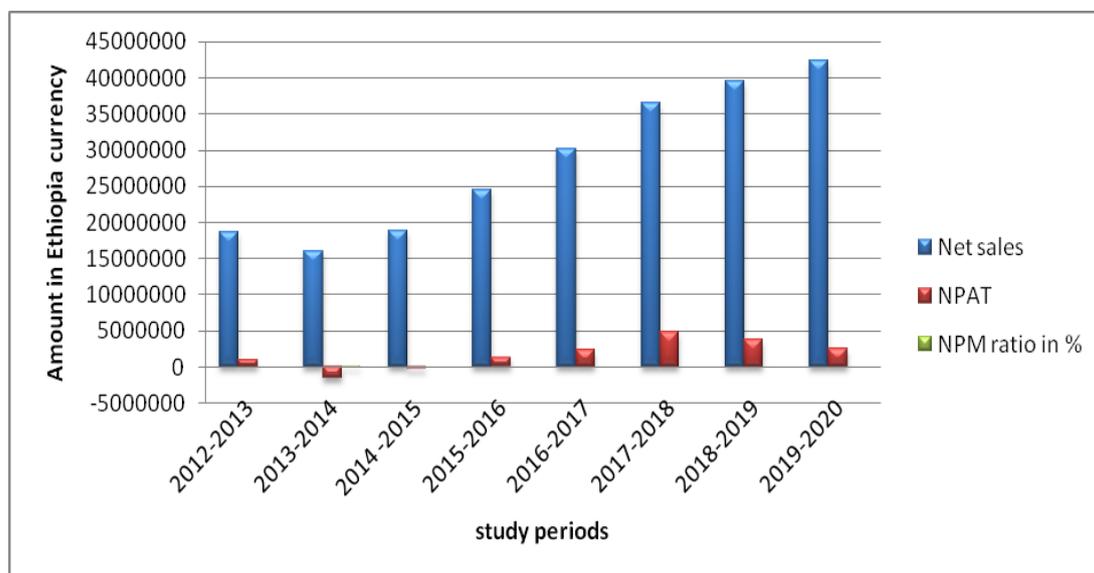*Source*: Audited financial report of FIDSE S.C, (2012-2020).

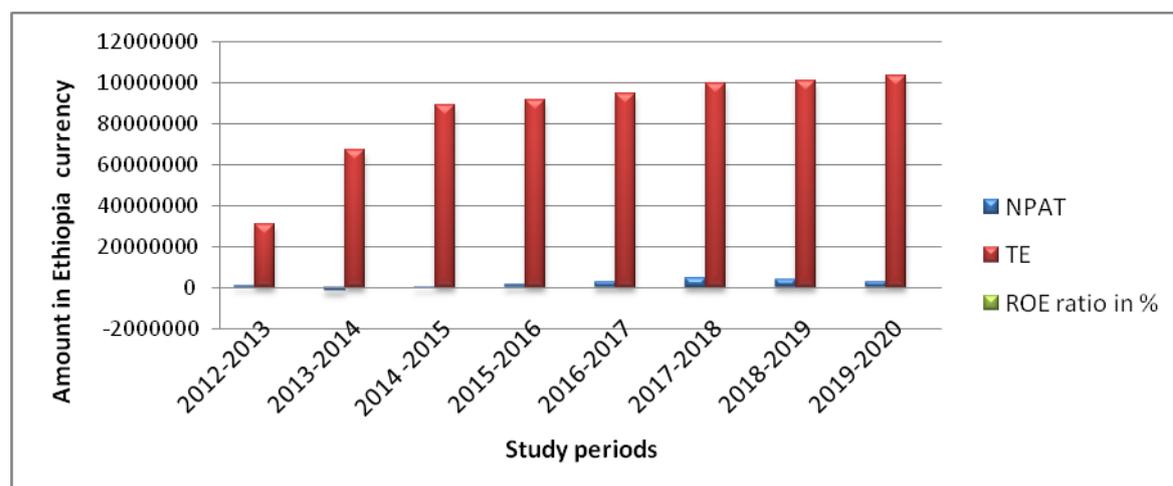**Figure 4. Net Profit Margin Ratio of FIDSE**

Source: Depicted from Table 7.

Net profit margin ratio calculated from net profit by net sales multiplying by one hundred (NPMR=Net Profit /Net Sales*100). It is used to measures the operating performance of the business which means efficiency in product pricing and selling, costing, and administering overall expenses and production during operation periods. As reflected in table 7 and figure 4 net profit margin ratio of Furra institution development studies share company was 5.17%, -9.60%, -1.33, 5.05%, 7.77%, 13.17%, 9.80% and 5.90% for periods of 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, and 2019-2020 respectively. It also ranges between -9.60 to 13.17 including the overall average. Besides, as seen from the above results, in 2013-2014 and 2014-2015 Furra institution has incurred a loss for each birr in sales. This indicated that there were no effective and efficient controls of administrative and operating expenses and poor pricing strategy. In general, even there was an increasing trend in net sales during the study periods, the net profit margin ratio was fluctuated due to fluctuating administrative and operating expenses. Therefore, it's difficult to satisfy all expenses whenever incurred by Furra institution development studies share company.

Table 8. Return on Equity Ratio of Furra Institution Share Company

PERIODS	PAT	TOE	Ratio In%
2012-2013	968281.54	30616804.04	3.16
2013-2014	-1549781.91	67340868.03	-2.30
2014 -2015	-252226.825	89136995.61	-0.28
2015-2016	1238469.83	91845591.21	1.35
2016-2017	2349543.135	94819062.28	2.48
2017-2018	4809911.875	99662050.55	4.83
2018-2019	3868057.835	101224238.8	3.82
2019-2020	2497564.46	103534284.2	2.41
Mean ratio			**1.93**
Standards			**Higher ratio**

Source: Audited financial report of FIDSE S.C, (2012-2020).

Figure 5. Return on Equity of FIDSE S.C

Source: Depicted from Table 8.

Return On Equity (ROE) is used to measures the ability of a business to generate profits from its equity capital. It computes from dividing net profit to equity multiplying by 100 (ROE= average Net Income / Average Total Equity*100). Higher values are generally favorable and vice versa. As result revealed in table above8 and figure5 the return on equity ratio of Furra institution development studies and education share company was 3.16 %, -2.30%, -0.28%, 1.35%, 2.48%, 4.83%, 3.82% and 2.41% for periods 2012- 2013, 2013-2014, 2014-2015, 2015-2016-2017, 2017-2018, 2018-2019, and 2019-2020 respectively and also range of return on equity was -2.30 t0 4.83 included overall average. In periods of 2013 -2014 return on equity ratio is negative this implies that there was a loss on equity. Thus, the

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return on equity of Furra institution has fluctuated trends over all the study periods. And also, growth trends of total equity were reflecting dramatically change over all the study period so possible to conclude that Furra institution had good growth status.

Table 9. Return on Asset Ratio of Furra Institution Share Company

PERIODS	NI	TA	Ratio in%
2012-2013	968281.54	34092835.66	2.84
2013-2014	-1549781.91	70270057.84	-2.21
2014 -2015	-252226.825	92242676.18	-0.27
2015-2016	1238469.83	95234471.69	1.30
2016-2017	2349543.135	98871274.11	2.38
2017-2018	4809911.875	104847592.4	4.59
2018-2019	3868057.835	105353482.6	3.679
2019-2020	2497564.46	106234279.6	2.359
Mean			**1.83**
Ideal Standards			**>2% or Higher**

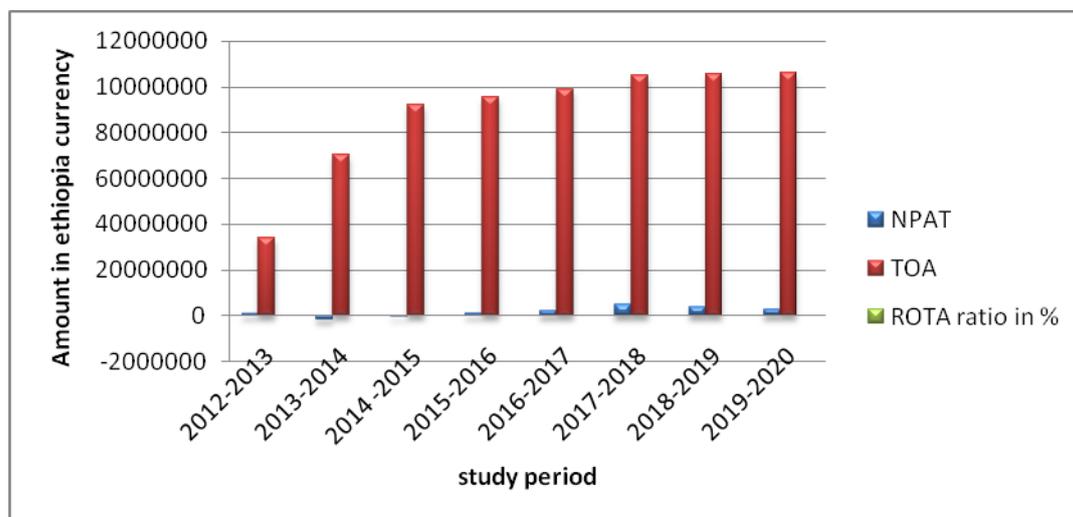*Source*: Audited financial report of FIDSE S.C, (2012-2020).

Figure 6. Return on Total Asset of FISE S.C

Source: Depicted from Table 9.

Return On Asset (ROA) is used to measure the overall earring ability of a business company on its' total asset. It computes from dividing net profit by total asset held and multiplying by 100 (ROA= Net profit/Total Assets) the higher ratio value more acceptable. As its' identified from table 9and Figure6 above return on total asset ratio of Furra institution development studies and education share company

was 2.84%, -2.21%, -0.27%, 1.30%, 2.38%, 4.59%, 3.67% and 2.35% for periods of 2012-2013, 2013-14, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, and 2019-2020 respectively. Besides, overall average ratios were founded positive at 1.83%. However, in the period 2013-2014 and 2014-2015 value of the ratio showed negative and also low ratio from 2015 through 2016 but it's satisfactory. Besides, growth trends of total assets of a targeted institution were shows dramatically change as its equity over all the study period so also researcher concludes that Furra institution had good growth status in the asset.

4.4 Analysis of Asset Utilization (Turn over Ratio) of FIDSE

4.4.1 Turn over Ratio

Turnover ratios also called asset management ratios and show how many times the item is turned over during the year. In addition, it measures how effectively the firm is managing its assets and how efficiently the business generates sales on each dollar of assets.

Table 10. Inventory Turnover Ratio of Furra Institution Share Company

PERIODS	CGS	INVENTORY	Ratio (times)
2012-2013	7271715.52	110036.015	66.08
2013-2014	7938153.025	352233.39	22.54
2014 -2015	8363300.17	449799.715	18.59
2015-2016	10012724.3	539570.99	18.56
2016-2017	12117342.88	586342.78	20.67
2017-2018	13020037.9	658183.11	19.78
2018-2019	13190673.59	534569.3	24.68
2019-2020	12288735.12	612052.34	20.08
Mean ratio			**26.37**
Ideal Standards			**8times**

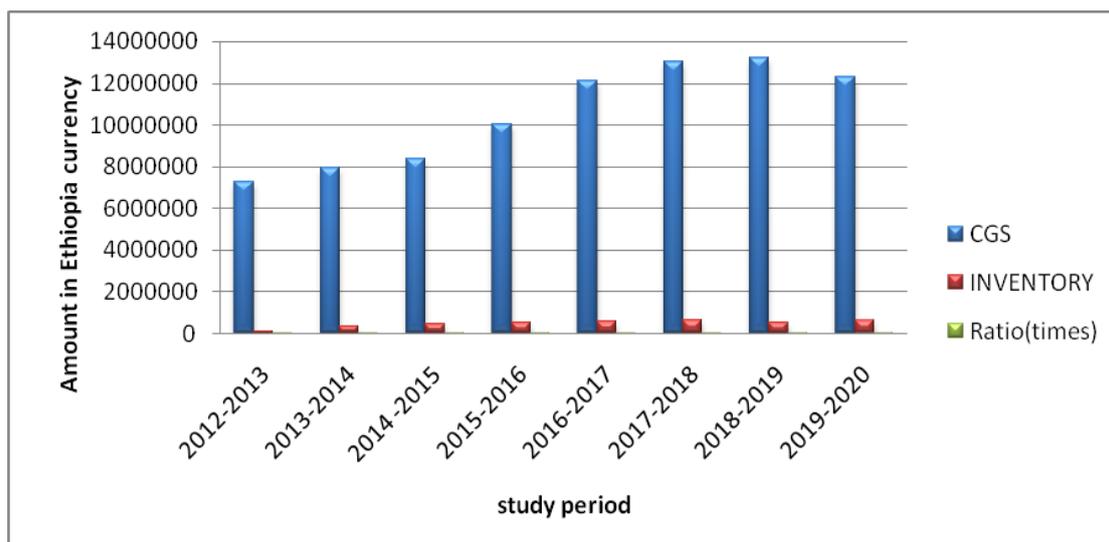*Source*: Audited financial report of FIDSE S.C, (2012-2020).

Figure 7. Inventory Turn over Ratio of FIDSE S.C

Source: Depicted from Table 10.

The inventory turnover ratio shows how many times (how fast) the companies' inventory is sold during the period. It computes from dividing net sale by cost of selling. The higher turnover ratio indicates the higher capacity of the firm to sell its product. As it showed in Table 10 and Figure 7 above inventory turnover ratio of furra institution development studies and education share company was founds 66.08*, 22.54*, 18.59*, 20.67*, 19.78*, 24.68*, * and 20.08* for periods 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019,and 2019-2020 respectively. This ratio was ranged' between18.59 to 66.08 including average. It implies that there was high inventory turnover during the study periods. Therefore, researchers enable to say that Furra institution development studies share company has good efficiency to sell its merchandise. Thus, the company had not faced an inventory carrying cost problem.

Table 11. Accounts Receivable (Debtors) Turnover Ratio of Furra Institution Share Company

PERIODS	NET SALES	A/R	Ratio
2012-2013	18739103.46	1039818.88	18.02*
2013-2014	16086508.04	1199367.335	13.41*
2014 -2015	18915044.33	1320300.15	14.33*
2015-2016	24503531.83	2069506.24	11.84*
2016-2017	30221513.42	2829922.57	10.68*
2017-2018	36529242.62	13099450.34	2.79*
2018-2019	39450703.62	35787261.63	1.10*
2019-2020	42320492.93	24926400.3	1.70*

Average turn over	**9.23times**
Ideal Standard	**5 times**

Source: Audited financial report of FIDSE S.C, (2012-2020).
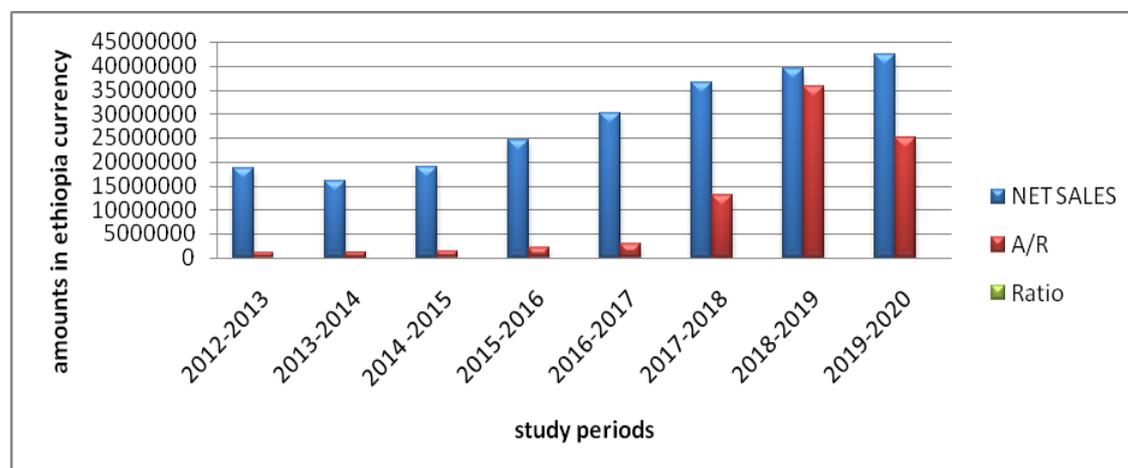

Figure 8. Account Receivable Turn over Ratio of FIDSE S.C

Source: Depicted from Table 11.

Account receivable turnover ratio measures' that how many times in the period credit sales have been collected (converted into cash). It computing from dividing net sales by average account receivable. The higher turnover indicates the shorter the time between sales and collecting of cash from debtors. As it showed in table 11 and figure 8 above account receivable turn over ration of furra institution was 18.02*,13.41*,14.33*,11.84*,10.68*,2.79*,1.10*, and 1.70* for the periods of 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, and 2019-2020 respectively. Also, the overall average receivable turnover ratio was 9.23* or A/R turnover ratio was ranged from 1.10 to18.02 including the overall average. This indicates that except period 2017-2018, 2018-2019, and 2019-2020 account receivable Turnover Ratio over all the study periods was good and above the standard. Therefore, except in periods of 2017-2018 to 2019-2020 Furra institution had good collection and credit policies and was efficient in converting account receivables.

Table 12. Days Sales Outstanding (ACP) of Furra Institution Share Company

Periods	NET SALES	A/R	ARTOR	DSO(ACP)
2012-2013	6755130.02	325958.235	20.72391274	17.61day
2013-2014	18739103.46	1039818.88	18.02150722	20.25day
2014 -2015	16086508.04	1199367.335	13.41249471	27.21day
2015-2016	18915044.33	1320300.15	14.32632142	25.48day
2016-2017	24503531.83	2069506.24	11.84027927	30.83day

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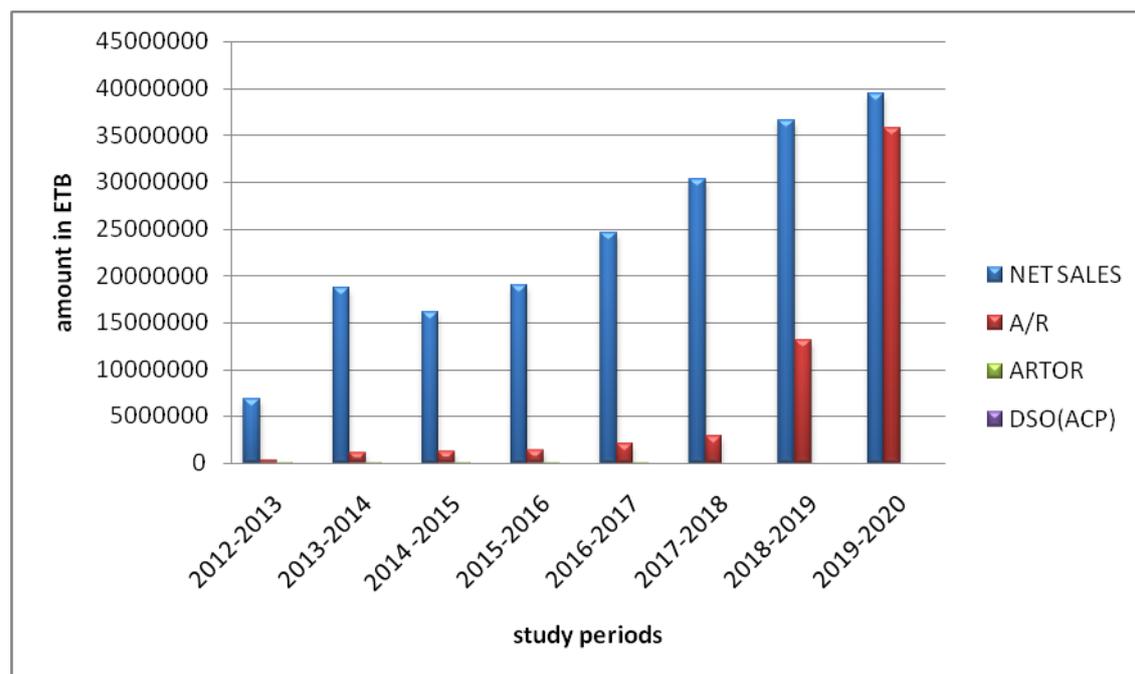| 2017-2018 | 30221513.42 | 2829922.57 | 10.6792722 | 34.18day |
2018-2019	36529242.62	13099450.34	2.78860881	130.89day
2019-2020	39450703.62	35787261.63	1.102367206	331.11day
Overall Average CP				**77.19day**
Standards				**Lower**

Source: Audited financial report of FIDSE S.C (2012-2020).

Figure 9. Average Collection Period (DSO) of FIDSE S.C

Source: Depicted from Table 12.

The DSO (ACP) represents the length of time that the firm must wait to receive cash from its debtors after making a sale. It computes from dividing total days in the year to account receivable turnover ratio (ACP=365day/ARTOR), the shorter collection period is more acceptable. As indicated in table 12 and figure 9 above average collection period of Furra institution development studies and education share company was 17.61 day, 20.25 day, 27.21 day, 25.48 day, 30.83 day, 34.18 day, 130.89 day and 331.11 day between 2012 and 2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019and, 2019- 2020 respectively. And the range of the collection period lies between 17.61 days to 331.11 days including the overall average. In period 2018 -2019 to 2019-2020 was high sales outstanding because almost all receivables were not collected from debtors during those periods and may this led to bad debt loss and also the negative impact on firms 'equity. However, except in periods of 2018-2019 and 2019-2020 Furra institution development studies and education share company collect it's receivable within a short period.

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5. Conclusion

This study attempted to evaluate the financial performance and growth trend of Furra institution development studies and education share company in Sidama region, Ethiopia. Secondary data was used and collected from audited financial reports of the company from the periods cover 2012 to 2020G.C, analysis was done through ratio and trend techniques and conclusions are drawn as follows.

Overall liquidity ratios (CR, QR, and NWC) of FIDSE S.C over all the study periods were founded higher and above the standard so that it's sufficient enough to cover short-term obligations with its short-term asset. Thus, the researcher concluded that the overall Liquidity position of the Furra institution was good. The study also found that debit—the equity ratio of FIDSE S.C in the periods of 2012-2020 was 0.05:1 which is very low. This means that about 95% capital structure of a furra institution depends upon its internal equity source. Also debit-asset ratio of the institution over the study periods was 0.05:1 which implies that almost all total asset held by the furra institution was financed 5% from debit and 95% from the firm's equity. Therefore, it concluded that furra institution development studies and education share companies were low leveraged. Thus, not faced to cover long-term obligations. The gross profit margin ratio included overall average ratio furra institution development were higher and above ideal standard in that, all the study periods which ranges 50.65% to 70.96%, implies that managements were efficiently controlling the cost of purchase and availability of good product pricing strategy during operation periods. Also, there was an increase in trends gross profit during the whole study period and concluded that gross profitability of furra institution was a good position. In addition, except 2013-2014 to 2014-2015, the net profit margin ratio of the Furra institution development studies share company was founded that positive and fluctuated in the study periods. Trends of net profitability in the study periods were dramatically declined in 2013-2014 to 2014-2015, increased from 2015-2016 to 2017-2018, and also drops down in 2018-2019 to 2019-2020. This indicates that the profitability of Furra institution had fluctuated due to fluctuated in administrative and operating expenses.

Except for periods of 2013-2014 and 2014-2015 return on equity and return on asset of furra institution were positive but not higher as much as. Trends of ROE and ROA decline in 2013-2014 and 2014-2105 increased in 2015-2016 to 2017-2018 and drops in 2018-2019 and again 2019-2020, this indicating that ROE and ROA of furra institution fluctuated. But institutions could generate positive profit from their employed capital and assets. Besides, total equity and total asset of institutions were shows increasing trends over all the study periods.The inventory turnover ratio of furra institution development studies during study periods was higher it ranging from 18.59 to 66.08, this implies that management has good efficiency to sell its merchandise so that not faced an inventory carrying cost problem. Besides, the debt collection performance of furra institutions in the period of 2012-13 to 2016-2017 was good but poor in 2017-18 and 2019-2020 respectively. Also ACP or DSO period of furra institution in 2012-2013 to 2017-18 was very short, this indicated that credit sales were collected within short periods after sales has made but DSO shows in period 2018-19 and 2019-20 was 131 and 331 days respectively. Debit

collection trends of the institutions were showed a decline in 2017-2018 to 2019-2020 respectively. This indicated that the institution had not efficiency to collect receivables from customers which may lead to bad debts expenses. Except for fluctuated trends in net profitability, growth of net sale, gross profitability, total equity, and total assets were shows increase trend overall the study periods. This indicates that the Furra institution has good growth progress.

Recommendations

The main objective of this study was to evaluate the financial performance and trend analysis of Furra institution development studies and education share company in Sidama region, Ethiopia. Thus, the following recommendations were forwarded to the concerned body. Overall liquidity ratios of the Furra institution in the study period 2012-2020 were above the standard and increased trend, thus it should be continued for the future. Long-term solvency (debit-equity and debit-asset ratio) of Furra institution founds very lower. This indicates that almost all financial sources of institutions depend upon equity fiancé only thus, management and board of directors should decide to use some extent of debt in the capital structure to get better returns and tax advantages. The gross profit margin ratio, of Furra institution, was founded higher in all the study periods, due to efficiently and effectively controlling the cost of goods sold (purchase price) and appropriate pricing strategy within the firm, thus, management should continue these trends for future. The net profit margin ratio of Furra institution was founded fluctuated due to fluctuated in administrative and operating expenses. Thus, the managements' bodies should improve it by decreasing such expenses to make the company more profitable for the future. Return on equity and return on asset ratio of Furra institution during the study period were positive but not higher and also fluctuated trends. Therefore, concerning bodies should improve it for the future through using the lower cost of the debit fiancé. The inventory turnover ratio of Furra institution over the study period was higher and ranged from 18.59 to 66.08, indicating that institutions were efficiently and fastly' selling their' merchandise to customers. Thus, it should continue to perform more. Debit collection performance of Furra institution in periods 2012-13 to 2016-17 was good but it was poor in 2017-2018 to 2019-2020. This may lead to bad debt expense and a negative impact on equity. Thus, management should give attention and more effort to such outstanding and also should adopt good credit and collection policy for future. Except for fluctuated trends in net profitability, growth trends of net sale, gross profitability, total equity, and asset shows increase over the study periods. Thus, concerning bodies should continue this good performance for future to achieve more.

Suggestion For Further Research

This study was conducted a financial performance analysis on Furra institution development studies and education share companies in the Sidama region, Ethiopia, thus future researchers should focus on other Development corporations. The current study was used a Descrptive design thus, future studies better use explanatory design to identify the effect of liquidity, profitability, asset utilization, and capital

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structure on the financial performance of furra institution development studies and education.

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