

## INFLUENCE OF CURRENT RATIO AND LEVERAGE ON CASH POSITION AND PROFITABILITY OF QUOTED NIGERIAN MANUFACTURING FIRMS

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### ABSTRACT

The effect of current ratio and leverage on cash and cash equivalents (CASH) and return on assets (ROA) was investigated in this study. Ex-post-facto research approach via quantitative panel methodology was employed to fathom the effects of the predictors and control variables on the dependent variables. Data were collated from the audited annual reports of thirty-two (32) quoted manufacturing firms on the Nigerian Stock Exchange for the fifteen year period: 2003 – 2017. The data were diagnosed using Levin-Lin-Chu panel unit-root test which confirmed their stationarity and Westerlund Panel Cointegration Tests that depicted the variables were not cointegrated. The all-inclusive model using fixed effect regression depicted the existence of an insignificant positive influence of current ratio and leverage on both cash and ROA, but a significant positive effect of logarithm of total assets on CASH. These results imply that optimizing firms' profits necessitate striking the best liquidity-profitability trade-offs.

**Keywords:** Current Ratio, Leverage, Profitability, Cash.