

Report on



Financial Performance Analysis of Saka International Ltd.

Submitted to

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Submitted By

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Letter of Transmittal

Mr. Tahsan Rahman Khan

Lecturer

BRAC Business School

BRAC University

66, Mohakhali, Dhaka

Dear Sir,

Hope you are doing great. I would like to give my cordial thanks to my honorable faculty to direct me with crucial direction to complete this thesis paper.

I would also like to give thanks to the almighty Allah to give me the strength to accomplish this milestone within predetermined deadline.

I got different helps from my surrounding friends to get information about this topic. Finally I want to give cordial thanks to one of the best employees of Saka International Ltd, his name is Mr. Wasi Uddin. He gave me all the relevant financial documents to interpret their financial performance over three to four years.

Best Regards

Dewan Mohashin

M.B.A BRACU

ID: 12164083

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Acknowledgement

First of all I would like thanks to the Almighty Allah for completing my final report on Saka International Ltd. Then I would like to thank my advisor, Mr. Tahsan Rahman Khan for helping me out to get the job done according to his guidelines.

I would like to express my gratitude to all the faculty and staff members of BRAC University and specifically, BRAC Business School. This report is a culmination of the MBA time I have spent here and all that I have learnt.

I am also thankful to my colleagues who helped me by providing informative instructions. I was closely attached with them during my internship tenure. Without them this project would have been very difficult. I also thank my parents, and some friends who kept on this long process with me, always offering support. Eventually, I would like to express my sincere gratitude to all those who helped to prepare the report.

Origin of the Study

This is the mandatory part for accomplishing M.B.A degree from BRACU as per the curriculum of this University. After completing twenty courses we have to do intern or either thesis paper based on the organization we are working with.

If someone is not enrolling job they do have to work at least three to four months for preparing the thesis report. First of all we need to take a particular topic from the predesigned faculty and need to work deeply to focus regarding organizational main task and report oriented sections.

Based on that origin I am working with my topic that is financial performance of Saka International over last three years.

Objectives of the Study

General Objectives:

The general objective of this report is to conduct financial analysis of Saka International Ltd, over last four years. Based on previous recorded data and other information that available to interpret regarding financial performance of this organization.

Specific Objectives:

- a) To understand the way of analyzing a company's financial statements
- b) Previously generated data interpretation
- c) Comparison of financial records of Saka International Ltd by doing ration analysis and as well horizontal data analysis.
- d) Come to a generic point in case of companies overall performance and year by year performance analysis.
- e) Interpret companies all financial statements.

Methodology of the Report

To make this report meaningful and presentable, I used primary and secondary research base. Most of the data came from my critical observation. Primary data came from my experience, observation, unstructured interview. On the other hand secondary data has been collected through internet, different journals, and regular reporting.

Limitations of the Report

- Sample size is very small compared to the entire population
- The research is confined to just one company
- Data was not easily gettable
- Due to authentication of real information
- Inadequate access to information (sensitivity of company information) which disrupts the scope of analysis
- Due to the limitations many aspects could not be discussed in the report.

Executive Summary

This study mainly deals with financial performance analysis of Saka International based on last 4 years data on financial report. Initially I gave some introductory information about this organization and then directly went to financial records. For analyzing any particular financial reports there have some key ways to interpret their performances. Over here I focused on company key ration analysis for getting a view of this organization's overall performance.

Firstly, after calculating all crucial ration analysis I did interpretation of performances according year to year basis. Secondly I did some horizontal analysis of the financial statements. Lastly I did some graphical representation of data so that, it become cleat to get the whole scenario just with a simple glimpse. I also included the main findings of this report as a nutshell. On this report i discussed on key issues that really matter for measuring the overall performance of a particular company. I actually interpreted with past data within this organization over time to time and did comment on their actual performance and prospect of this organization at the same time. This report will help to give adequate information about Saka International Ltd and their important financial transactions over last four years. After all in this report I focused mainly on their financial reports and other available data these are related with their total performances. Hope this short writing will clearly indicate the points that I am trying to focus to the ultimate reader.

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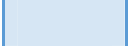
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CHAPTER 02: LITERATURE RIEW

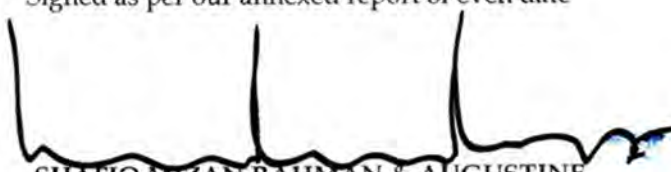
2.1 Financial Statement of the Year 2011

SAKA INTERNATIONAL LTD.
SUIT # 4B, (4TH FLOOR), ANAM RANGS PLAZA,
PLOT # 61, ROAD # 6A, SATMASJID ROAD,
DHANMONDI, DHAKA - 1209

BALANCE SHEET AS AT JUNE 30, 2011

| <u>CAPITAL & LIABILITIES:</u> | | Taka |
|---|-------------------------|-------------------------|
| <u>AUTHORISED CAPITAL:</u> | | <u>1,00,00,000</u> |
| 100000 ordinary shares of Tk. 100.00 each | | |
| <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL:</u> | | 30,00,000 |
| 30000 ordinary shares of Tk.100.00 each fully paid up | | |
| <u>PROFIT & LOSS APPRIATION A/C:</u> | | 1,40,80,498 |
| <u>LOAN ACCOUNT:</u> | | |
| Director Mr. Shamsul Alam Khan | | 10,00,000 |
| <u>ADVANCE BILL:</u> | | 5,00,000 |
| <u>LIABILITIES FOR EXPENSES:</u> | | <u>16,31,753</u> |
| (As per schedule - L/1) | | |
| | Total | Taka <u>2,02,12,251</u> |
| <u>PROPERTY AND ASSETS:</u> | | |
| <u>FIXED ASSETS:</u> As per schedule - A/1) | | 1,68,54,145 |
| <u>PRELIMINARY EXPENSES:</u> | | 20,500 |
| <u>UNALLOCATED EXPENDITURE:</u> | | 11,712 |
| <u>ADVANCE INCOME TAX:</u> | | |
| (Deducted at source) | Opening Balance | 19,42,548 |
| | Add Addition this year | <u>18,09,024</u> |
| | | 37,51,572 |
| | Less Adjusted this year | <u>19,42,548</u> |
| | | 18,09,024 |
| <u>SECURITY DEPOSIT:</u> | With T & T | 18,400 |
| <u>CASH & BANK BALANCES:</u> | As per schedule - A/2) | <u>14,98,471</u> |
| | Total | Taka <u>2,02,12,251</u> |

Signed as per our annexed report of even date



SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

Dated, Dhaka 25 OCT 2011

Report on Financial Performance Analysis

BUSINESS: CONTRACT

TRADING, PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|--|-------------------|--------------------|-------------------|
| To Opening work - in process | 2,835,960 | By Bill | 38,619,855 |
| Purchase, wages & other exp. | 32,294,882 | | |
| Net Profit (transferred to Profit & Loss Appropriation A/C | 3,489,013 | | |
| Total | Taka | Total | Taka |
| | <u>38,619,855</u> | | <u>38,619,855</u> |

BUSINESS: IMPORT

TRADING, PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|---------------------------|-------------|------------------|
| Tax Deduction from Import | Taka | <u>418,870</u> |
| Net Profit U/s 82C | Taka | <u>1,116,987</u> |

HOUSE PROPERTY INCOME:

TRADING, PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

| | | |
|---------------------|-------------|------------------|
| Rent received | Taka | 1,635,527 |
| Less : | | |
| Statutaty exemption | | <u>490,658</u> |
| | Taka | <u>1,144,869</u> |

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|--|-------------------|---|-------------------|
| To Income Tax for the Assessment years: 2010 2011 | 2,405,950 | By Balance B/F | 10,735,579 |
| Balance c/d | 14,080,498 | <u>Net Profit during the year from:</u> | |
| Total | Taka | Contract work | 3,489,013 |
| | <u>16,486,448</u> | Import | 1,116,987 |
| | | H.P.Income | 1,144,869 |
| | | Total | Taka |
| | | | <u>16,486,448</u> |



Report on Financial Performance Analysis

2.2 Key Ratio Analysis for the Year of 2011

1. Debt-to-Equity Ratio:

Total Liabilities / Shareholders Equity

Total Liability= 20212251

Shareholders' Equity = 30000*100= 3000000

= 20212251/3000000

= 6.73%

2. Current Ratio Current Assets / Current Liabilities

Current Assets

| | |
|-----------------------------|----------------|
| Preliminary Expenses | 20500 |
| Unallocated Expenditure | 11712 |
| Advance Income Tax | 1809024 |
| Security Deposit | 18400 |
| Cash and Bank Balance | 1498471 |
| <i>Total Current Assets</i> | <i>3358107</i> |

Current Liabilities

Total Liabilities 2011

| | |
|------------------------------------|----------------|
| Direcot Mr. Shamsul Alam Khan | 1000000 |
| Advance Bill | 500000 |
| Liabilities for Expenses | 1631753 |
| <i>Total Current Liabilities =</i> | <i>3131753</i> |

Current Ration= 3358107/3131753

= 1.07%

Report on Financial Performance Analysis

3. **Quick Ratio** (Current Assets – Inventories)/ Current Liabilities

$$= (3358107-2835960)/ 3131753$$

$$= 16.67\%$$

4. **Return on Equity (ROE)** Net Income/Shareholder's Equity

Net Income Calculation

| | |
|---------------------------------|----------------|
| Net Profit | 4606000 |
| Less: Tax Deduction from Import | 418870 |
| <i>Net Income</i> = | <i>4187130</i> |

Shareholders' Equity= 3000000

Return on Equity= 3070143/3000000

$$= 1.02\%$$

5. **Net Profit Margin** Total Profit / Net Sales

$$=4187130/3000000$$

$$=1.39\%$$

6. **Return on assets (ROA : Net Income / Total Sales**

Net Income= Net Profit- Tax Deduction =4187130-418870 =3768260

$$=3768260/38619855$$

$$=9.75 \text{ Times}$$

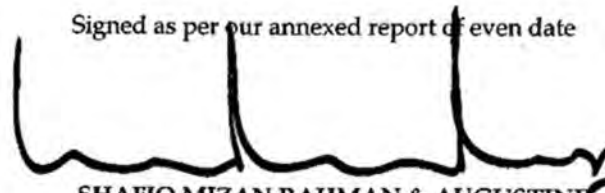
Report on Financial Performance Analysis

2.3 Financial Statement of the Year of 2012

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209
BALANCE SHEET AS AT JUNE 30, 2012

| <u>CAPITAL & LIABILITIES:</u> | <u>TAKA</u> |
|---|---------------------------------------|
| <u>AUTHORISED CAPITAL:</u> 100000 ordinary shares of Tk. 100.00 each | <u>1,00,00,000</u> |
| <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL:</u> 30000 ordinary shares of Tk.100.00 each fully paid up | 30,00,000 |
| <u>PROFIT & LOSS APPRIATION A/C:</u> | 1,90,11,638 |
| <u>LOAN ACCOUNT:</u> | |
| <u>ADVANCE BILL:</u> Square Pharma Ltd. | 50,18,797 |
| <u>LIABILITIES FOR EXPENSES:</u> (As per schedule - L/1) | 40,529 |
| Total | <u><u>2,70,70,964</u></u> |
| <u>PROPERTY AND ASSETS:</u> | |
| <u>FIXED ASSETS:</u> As per schedule - A/1) | 1,73,05,842 |
| <u>PRELIMINARY EXPENSES:</u> | 20,500 |
| <u>UNALLOCATED EXPENDITURE:</u> | 11,712 |
| <u>STOCK IN TRADE</u> | 18,36,900 |
| <u>ADVANCE INCOME TAX:</u> | |
| | Opening Balance 18,09,024 |
| | Add Addition this year 24,98,971 |
| | <u>43,07,995</u> |
| <u>SECURITY DEPOSIT:</u> With T & T | 18,400 |
| <u>CASH & BANK BALANCES:</u> | 35,69,615 |
| Total | <u><u>2,70,70,964</u></u> |

Signed as per our annexed report of even date



SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

Dated, Dhaka **21 NOV 2012**

Report on Financial Performance Analysis

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209

BUSINESS: INDENTING

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|---|------------------------|-------------------------|------------------------|
| To Staff salary & allowance | 1,44,000 | By Indenting Commission | 2,83,319 |
| Phone bill | 11,867 | Less VAT | <u>11,333</u> |
| Electric bill | 27,708 | | 2,71,986 |
| Fees & Renewals | 13,500 | | |
| Bank charges | 1,000 | | |
| Travelling & conveyance | 12,325 | | |
| Stationery | 6,322 | | |
| Entertainment | 4,300 | | |
| Net Profit (transferred to Profit & Loss Appr. A/C | 50,964 | | |
| Total | <u><u>2,71,986</u></u> | Total | <u><u>2,71,986</u></u> |

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|--------------------|---------------------------|---|---------------------------|
| To Balance c/d | 1,90,11,638 | By Balance B/F | 1,40,80,498 |
| | | <u>Net Profit during the year from:</u> | |
| | | Import/Contract work | 48,80,176 |
| | | Indenting | <u>50,964</u> |
| Total | <u><u>1,90,11,638</u></u> | Total | <u><u>1,90,11,638</u></u> |



Report on Financial Performance Analysis

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209

BUSINESS: IMPORT/
CONTRACT

TRADING ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|--|---------------------------|--------------------|---------------------------|
| To Purchase, wages & other exp. | 3,49,62,948 | By Bill | 4,24,73,197 |
| | | Less VAT | <u>11,22,494</u> |
| | | | 4,13,50,703 |
| Gross profit (transferred to Profit & loss A/C) | 82,24,655 | Closing Stock | 18,36,900 |
| Total | <u><u>4,31,87,603</u></u> | Total | <u><u>4,31,87,603</u></u> |

BUSINESS: IMPORT/
CONTRACT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

| | | | |
|--|-------------------------|---|-------------------------|
| To Directors Remuneration | 12,60,000 | By Gross profit (transferred from trading A/C) of: | 82,24,655 |
| Directors House rent allowance | 3,60,000 | | |
| Staff salary & allowance | 9,90,000 | | |
| Phone bill | 35,600 | | |
| Electric bill | 2,49,376 | | |
| Vehicle Fuel & lubricants with | 66,290 | | |
| Vehicle route tax, Insurance | 8,122 | | |
| Fees & Renewals | 25,800 | | |
| Bank charges | 26,568 | | |
| Travelling & conveyance | 23,649 | | |
| Stationery | 12,960 | | |
| Entertainment | 18,480 | | |
| Wasa bill | 13,386 | | |
| Stamp & Postage | 2,140 | | |
| Newspaper & Periodicals | 8,345 | | |
| Miscellaneous expenses | 22,160 | | |
| Audit fee | 3,000 | | |
| Legal fee | 2,000 | | |
| Depreciation | 2,16,603 | | |
| Net Profit (transferred to Profit & Loss Appr. A/C) | 48,80,176 | | |
| Total | <u><u>82,24,655</u></u> | Total | <u><u>82,24,655</u></u> |



Report on Financial Performance Analysis

2.4 Key Ratio Analysis for the Year of 2012

1. Debt-to-Equity Ratio:

Total Liabilities / Shareholders Equity

Total Liability= 27070964

Shareholders' Equity = 3000000

= 27070964/3000000

= 9.02%

2. Current Ratio Current Assets / Current Liabilities

Current Assets Calculation

| | |
|------------------------------|----------------|
| Preliminary Expenses | 20500 |
| Unallocated Expenditure | 11712 |
| Stock in Trade | 1836900 |
| Advance Income Tax | 4307995 |
| Security Deposit | 18400 |
| Cash and Bank Balance | 3569315 |
| Total Current Assets= | 9765122 |

Current Liabilities

Current Liabilities Calculation

| | |
|------------------------------------|----------------|
| Advance Bills | 5018797 |
| Liabilities for other Expenses | 40529 |
| Total Current Liabilities = | 5059326 |

Current Ration= 3358107/3131753

Current Ratio=9764822/5059326

= 1.93%

Report on Financial Performance Analysis

3. **Quick Ratio** (Current Assets – Inventories)/ Current Liabilities

$$= (9764822-32905026)/5059326$$

$$= (4.57) \%$$

4. **Return on Equity (ROE)** Net Income/Shareholder's Equity

Net Income Calculation

| | |
|---------------------------------|-----------------|
| Net Profit | 13155795 |
| Less: Tax Deduction from Import | 1122494 |
| <i>Net Income=</i> | <i>12033301</i> |

Shareholders' Equity= 3000000

Return on Equity= 12033301/3000000

= 4.01 Times

5. Net Profit Margin **Net Profit / Net Sales**

$$=13155795/41350703=.31 \text{ Times}$$

6. Return on assets (ROA: **Net Income / Total Sales**

$$ROE=12033301/42473197$$

$$=.2833 \text{ Times or } 28.33 \text{ X}$$

Report on Financial Performance Analysis

2.5 Financial Statement of the Year of 2013

SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209

BALANCE SHEET AS AT JUNE 30, 2013

| <u>CAPITAL & LIABILITIES:</u> | | <u>Taka</u> |
|---|-------------------------|---------------------------|
| <u>AUTHORISED CAPITAL:</u> 100000 ordinary shares of Tk. 100.00 each | | <u>1,00,00,000</u> |
| <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL:</u> 30000 ordinary shares of Tk.100.00 each fully paid up | | 30,00,000 |
| <u>PROFIT & LOSS APPRIATION A/C:</u> <u>LOAN ACCOUNT:</u> | | 3,41,43,442 |
| <u>ADVANCE BILL:</u> As per last A/c | | 50,18,797 |
| <u>LIABILITIES FOR EXPENSES:</u> (As per schedule - L/1) | | 68,822 |
| | Total | <u><u>4,22,31,061</u></u> |
| <u>PROPERTY AND ASSETS:</u> | | |
| <u>FIXED ASSETS:</u> As per schedule - A/1) | | 1,71,22,755 |
| <u>PRELIMINARY EXPENSES:</u> | | 20,500 |
| <u>UNALLOCATED EXPENDITURE:</u> | | 11,712 |
| <u>STOCK IN TRADE & WORK IN PROGRESS:</u> | | 97,93,600 |
| <u>ADVANCE INCOME TAX:</u> | | |
| | Opening Balance | 43,07,995 |
| | Add Addition this year | 71,68,616 |
| | | <u>1,14,76,611</u> |
| | Less Adjusted this year | <u>(21,56,576)</u> |
| | | 93,20,035 |
| <u>MATERIAL IN TRANSIT:</u> | | 10,46,654 |
| <u>SECURITY DEPOSIT:</u> With T & T | | 18,400 |
| <u>CASH & BANK BALANCES:</u> | | 48,97,406 |
| | Total | <u><u>4,22,31,061</u></u> |

Report on Financial Performance Analysis

SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209

BUSINESS: INDENTING

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|---|-------------------------|----------------------|-------------------------|
| Directors Remuneration | 3,23,400 | Indenting Commission | 59,62,965 |
| Directors House rent allowance | 79,200 | Less VAT | <u>9,25,610</u> |
| Staff salary & allowance | 26,00,000 | | 50,37,355 |
| Phone bill | 550 | | |
| Electric bill | 83,168 | | |
| Internet bill | 87,000 | | |
| Wasa bill | 3,136 | | |
| Fees & Renewals | 15,541 | | |
| Bank charges | 12,038 | | |
| Fuel & Lubricants | 56,125 | | |
| Spare Parts of Vehicles | 24,300 | | |
| Vehicle Maintenance | 5,600 | | |
| Vehicle route tax, Insurance | 2,369 | | |
| Travelling & conveyance | 3,32,600 | | |
| Stationery | 56,320 | | |
| Foreign Travelling | 1,15,000 | | |
| Entertainment | 52,390 | | |
| Audt fee | 750 | | |
| Legal fee | 500 | | |
| Depreciation | 36,617 | | |
| Net Profit (transferred to Profit & Loss Appr. A/C | 11,50,750 | | |
| Total | <u><u>50,37,355</u></u> | Total | <u><u>50,37,355</u></u> |

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|---|---------------------------|---|---------------------------|
| To Income Tax for the Assessment year: 2011 2012 | 21,56,576 | By Balance B/F | 1,90,11,638 |
| Balance c/d | 3,41,43,442 | <u>Net Profit during the year from:</u> | |
| Total | <u><u>3,63,00,018</u></u> | Import/Contract work | 1,61,37,630 |
| | | Indenting | <u>11,50,750</u> |
| | | Total | <u><u>3,63,00,018</u></u> |



Report on Financial Performance Analysis

2.4 Key Ratio Analysis for the Year of 2013

1. Debt-to-Equity Ratio:

Total Liabilities / Shareholders Equity

Total Liability= 42231061

Shareholders' Equity = 30000*100= 3000000

= 42231061/3000000

= 14.07%

2. Current Ratio Current Assets / Current Liabilities

| Current Assets | |
|------------------------------|-----------------|
| Preliminary Expenses | 20500 |
| Unallocated Expenditures | 11712 |
| Stock in Trade | 9793600 |
| Advance Income Tax | 9320035 |
| Material in Transit | 1046654 |
| Security Deposit | 18400 |
| Cash and Bank Balance | 4897406 |
| Total Current Assets= | 25108307 |

| Current Liabilities | |
|----------------------------------|----------------|
| Advance Bills | 5018797 |
| Liabilities for Expenses | 68822 |
| Total Current Liabilities | 5087619 |

=25108307/5078619

= 4.95%

Report on Financial Performance Analysis

3. **Quick Ratio** (Current Assets – Inventories)/ Current Liabilities

$$= (25108307-9793600)/5087619$$

$$= 3.01\%$$

4. **Return on Equity (ROE)** Net Income/Shareholder's Equity

Net Income Calculation

| | |
|--|-----------------|
| Net Profit | 55162967 |
| Less: Tax Deduction from Import | 2156576 |
| <i>Net Income=</i> | <i>53006391</i> |

$$\text{Shareholders' Equity} = 3000000$$

$$\text{Return on Equity} = 3070143/13981054$$

$$= .214$$

5. **Net Profit Margin** Net Profit / Net Sales

$$= 55162967/124196989$$

$$= .444$$

6. **Return on assets (ROA: Net Income / Total Sales**

$$\text{ROA} = 53006391/127005252$$

$$= .4173 \text{ Times or } 41.73 \text{ X}$$

2.7 Financial Statement of the Year of 2014

Report on Financial Performance Analysis

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209
BALANCE SHEET AS AT JUNE 30, 2014

| <u>CAPITAL & LIABILITIES:</u> | Taka |
|---|--------------------|
| <u>AUTHORISED CAPITAL:</u> 100000 ordinary shares of Tk. 100.00 each | 1,00,00,000 |
| <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL:</u> 30000 ordinary shares of Tk.100.00 each fully paid up | 30,00,000 |
| <u>PROFIT & LOSS APPRIATION A/C:</u> | 3,90,01,536 |
| <u>LOAN ACCOUNT:</u> Dhaka Bank Ltd., OD A/C, Dhanmondi, Dhaka | 747 |
| <u>ADVANCE BILL:</u> As per last A/c | 70,18,797 |
| <u>LIABILITIES FOR EXPENSES:</u> (As per schedule - L) | 55,727 |
| Total | 4,90,76,806 |
| <u>PROPERTY AND ASSETS:</u> | |
| <u>FIXED ASSETS:</u> As per schedule - A/1) | 1,69,67,634 |
| <u>PRELIMINARY EXPENSES:</u> | 20,500 |
| <u>UNALLOCATED EXPENDITURE:</u> | 11,712 |
| <u>STOCK IN TRADE & WORK IN PROGRESS:</u> | 1,19,09,678 |
| <u>RENT RECEIVABLE:</u> | 6,27,489 |
| <u>ADVANCE INCOME TAX:</u> | |
| Opening Balance | 93,20,035 |
| Add Addition this year | 35,50,635 |
| | 1,28,70,670 |
| Less Adjusted this year | (21,51,419) |
| | 1,07,19,251 |
| <u>SECURITY DEPOSIT:</u> As per schedule - A/2) | 1,86,404 |
| <u>CASH & BANK BALANCES:</u> | 86,34,138 |
| Total | 4,90,76,806 |

Signed as per our annexed report of even date

Dated, Dhaka

16 NOV 2014

SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

Report on Financial Performance Analysis

SAKA INTERNATIONAL LTD.
 SUIT # A-4 & B-4, (4TH FLOOR), 80,
 SATMASJID ROAD, DHANMONDI,
 DHAKA - 1209

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|--|---------------------------|---|---------------------------|
| To Income Tax for the Assessment year: 2012 2013 | 21,51,541 | By Balance B/F | 3,41,43,442 |
| | | <u>Net Profit during the year from:</u> | |
| | | Import/Contract work | 56,27,430 |
| | | Indenting | 9,67,131 |
| Balance c/d | 3,90,01,536 | Net House Property income | 4,15,074 |
| Total | <u>4,11,53,077</u> | Total | <u>4,11,53,077</u> |



BUSINESS: INDENTING

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|---|-------------------------|----------------------|-------------------------|
| Directors Remuneration | 4,59,000 | Indenting Commission | 68,84,138 |
| Directors House rent allowance | 1,63,200 | Less VAT | <u>8,77,446</u> |
| Staff salary & allowance | 33,60,000 | | 60,06,692 |
| Phone bill | 3,870 | | |
| Electric bill | 1,49,544 | | |
| Internet bill | 59,330 | | |
| Wasa bill | 5,386 | | |
| Fees & Renewals | 22,137 | | |
| Bank charges | 44,277 | | |
| Fuel & Lubricants | 63,274 | | |
| Spare Parts of Vehicles | 38,224 | | |
| Vehicle Maintenance | 9,400 | | |
| Vehicle route tax, Insurance | 1,945 | | |
| Travelling & conveyance | 1,12,840 | | |
| Municipal Tax | 1,25,641 | | |
| Stationery | 34,720 | | |
| Foreign Travelling | 3,10,300 | | |
| Entertainment | 44,200 | | |
| Audt fee | 750 | | |
| Legal fee | 500 | | |
| Depreciation | 31,024 | | |
| Net Profit (transferred to Profit & Loss Appr. A/C | 9,67,131 | | |
| Total | <u><u>60,06,692</u></u> | Total | <u><u>60,06,692</u></u> |

STATEMENT OF HOUSE PROPERTY INCOME FOR THE YEAR ENDED JUNE 30, 2014

| | | | |
|----------------------------------|----------|-------------|------------------------|
| Rent received | 2,09,163 | 3 Month | 6,27,489 |
| Less Expenses: | | | |
| Statutory exemption | | 1,88,247 | |
| Municipal Tax | | 23,820 | |
| Land Tax | | <u>348</u> | |
| | | | <u>2,12,415</u> |
| Net House Property income | | Taka | <u><u>4,15,074</u></u> |



Report on Financial Performance Analysis

2.8 Key Ratio Analysis for the Year of 2014

1. Debt-to-Equity Ratio:

Total Liabilities / Shareholders Equity

Total Liability=

Shareholders' Equity = 30000*100= 3000000

= 49076806/3000000

= 16.35%

2. Current Ratio Current Assets / Current Liabilities

| Current Assets | |
|-----------------------------|-----------------|
| Preliminary Expenses | 20500 |
| Unallocated Expenses | 11712 |
| Stock in Trade | 11909678 |
| Rent Receivable | 627489 |
| Advance Income Tax | 10719251 |
| Security Deposit | 186404 |
| Cash and Bank Balances | 8634138 |
| Total Current Assets | 32109172 |

| Current Liabilities | |
|-----------------------------------|----------------|
| Loan Account | 747 |
| Advance Bills | 7018797 |
| Liabilities for Expenses | 55727 |
| Total Current Liabilities= | 7075271 |

Current Ratio = 32109172/7075271

Report on Financial Performance Analysis

= 4.53%

3. **Quick Ratio** (Current Assets – Inventories)/ Current Liabilities

= $(3209172-11909678)/7075271$

= **-1.22%**

4. **Return on Equity (ROE)** Net Income/Shareholder's Equity

Net Income Calculation

| | |
|--|-----------------|
| Net Profit | 17706731 |
| Less: Tax Deduction from Import | 212455 |
| <i>Net Income=</i> | <i>17494276</i> |

Shareholders' Equity= 3000000

Return on Equity= $17494276/3000000$

= **5.84Times**

5. Net Profit Margin **Net Profit / Net Sales**

= $17706731/53963530$

=**.3281**

6. Return on assets (ROA): **Net Income / Total Sales**

= $17494276/55518140$

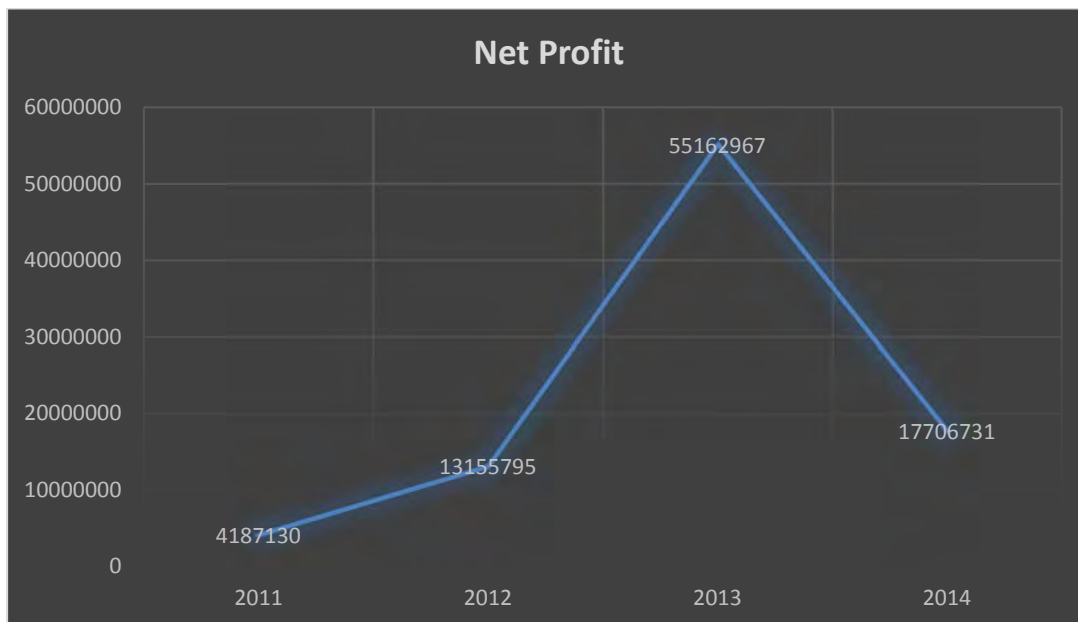
= **31.51 Times**

Report on Financial Performance Analysis

2.9 Ratio Interpretation with Graphical Presentation of key Ratio

Graphical Analysis of Key Performance of Saka International Since 2011, 2012, 2013 and 2014 financial periods.

Net Profit since last our years

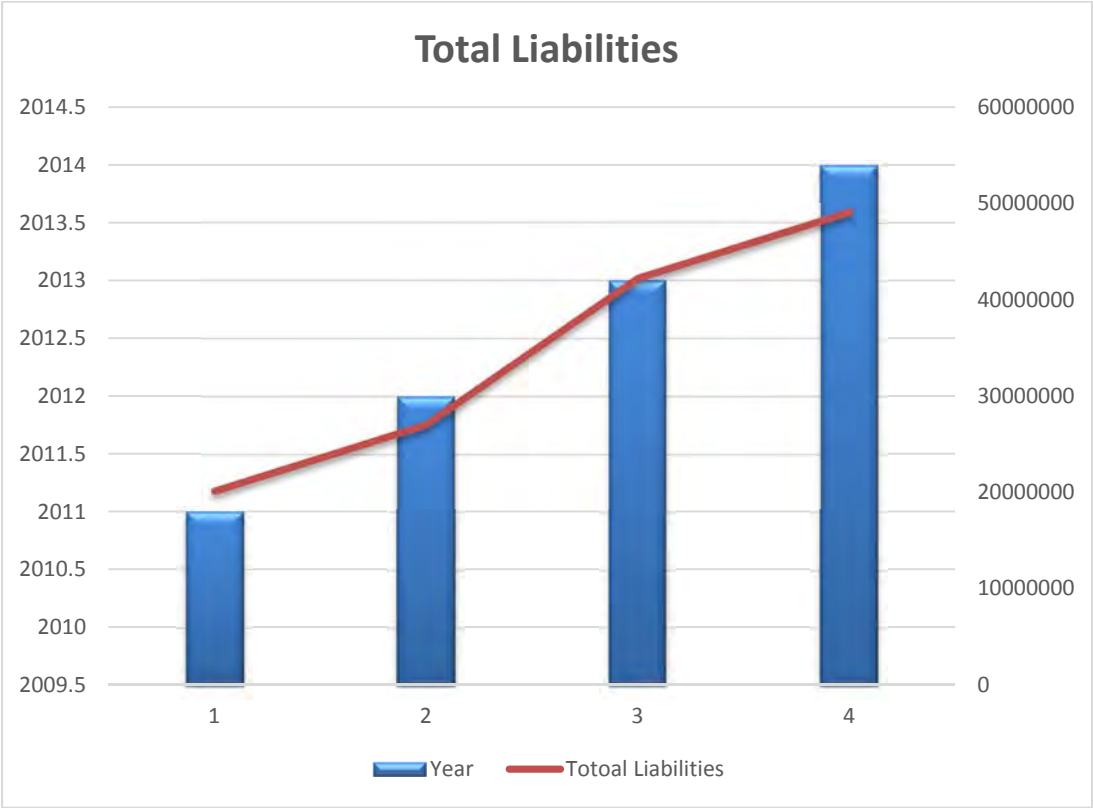


Comment: According to this representations of pas records of net profit it seems like that this company was growing at high level after a dramatic start in 2013 comparing with years 2011 and 2012. Suddenly their net profit came down in year of 2014. The main reason behind this is that in year of 2013 they received more payments from different projects and in 2014 they did not received more payments comparing year 2013.

Report on Financial Performance Analysis

2.10. Core Analysis with Bar Graph and Pie Chart

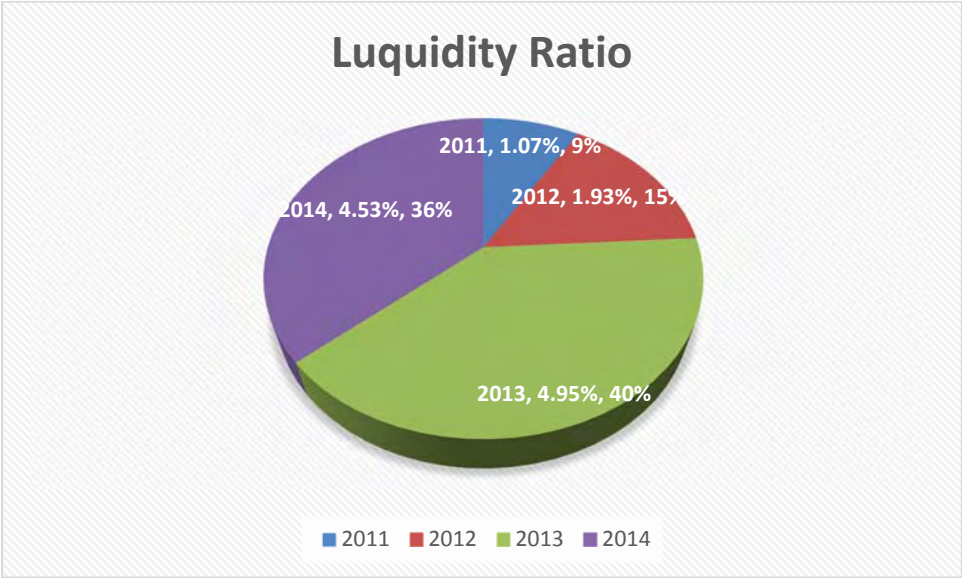
Total Liabilities throughout last four years



Comment: Over here we can see a clear indication that this organization was being more liable to the other parties. This is not really a good indication regarding a company’s performance in present and in future as well. The do have to seriously work on to minimize the total liabilities.

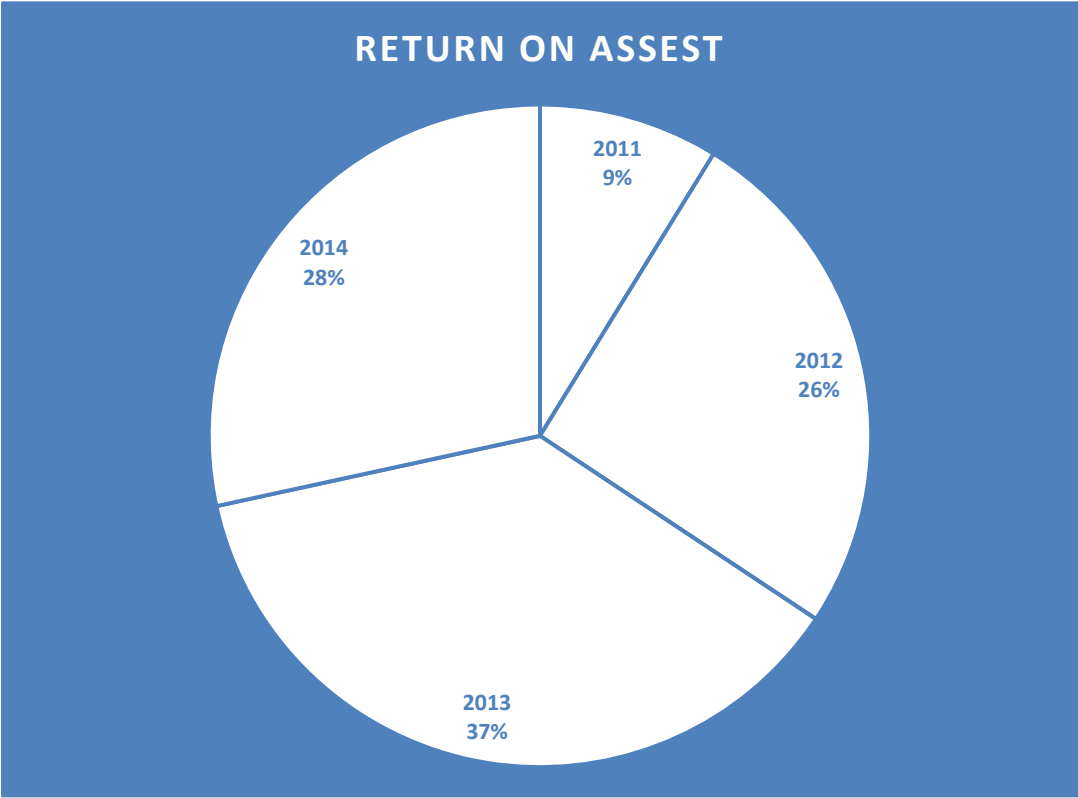
Report on Financial Performance Analysis

Liquidity Ration Analysis for last four years of Saka International Ltd.



Comment: The most common liquidity ratio is the current ratio, which is the ratio of current assets to current liabilities. This ratio indicates a company's ability to pay its short-term bills. A ratio of greater than one is usually a minimum because anything less than one means the company has more liabilities than assets. A high ratio indicates more of a safety cushion, which increases flexibility because some of the inventory items and receivable balances may not be easily convertible to cash. Companies can improve the current ratio by paying down debt, converting short-term debt into long-term debt, collecting its receivables faster and buying inventory only when necessary. In case of this company they do have pity good control over

Return on Assets as per percentage



Comment: This is really one of the key performance indicator for any particular organization. If we look towards this organization they are surely doing a great job here. Total investment from the business owner and from the other sources for fund collections is totally paid off by this return on assets. Comparing with year 2013 they have received less return on assets but it is up to the mark as per the expected return. Liquidity ratio indeed but recently they are actually way above the moderate level that is more than 4 percent for last two years.

CHAPTERV03

FINDINGS OF THE REPORT

3.1 Company Overview

Basic Information

- Name of the Company: SAKA International Limited
- Service: Provides Turnkey solution for the Pharmaceutical & Chemical Industry.
- Slogan: "Technologies for Tomorrow".
- Current Permanent Staff: 52.
- Country of Operation: Bangladesh.

Division

They do have different divisions for accomplishing all activities related to their process of getting the total job done.

- Process & Packaging Machineries Division.
- Laboratory Instrument Division.
- Raw Material Division.
- Packaging Materials Division.
- Industrial Flooring Division.

Sister Companies

Saka International also have some other sister concerns. As they are actually working on project basis so they do need to maintain some sister concerns to make the job easier for them.

- Azbil Telstar Bangladesh Ltd.
- OW Maskin Service.
- Morgan Chemilink.

Report on Financial Performance Analysis

3.2 Affiliation with NORDEN



NordenMachinery provides innovative tube filling system for all segment speed range 25tpm to 1000tpm. With decades of expertise and experience Norden is able to design and build tube filling system with a multitude of features, benefits and innovations dedicated to particular market segment. Some of the key commitment that Norden providing to their customers are followings:

- ✓ Solid
- ✓ Reliable
- ✓ Innovative
- ✓ Innovate get more out of tubes
- ✓ Innovators are focused
- ✓ Leaders are focused
- ✓ Focused get results
- ✓ We exclusively focus on one particular

The ultimate findings for this whole report is written in brief format for the convenience of the reader. Initially without working out it was not easy to may any points of outcomes from this project oriented organization. After completing the whole report now this is pity simple to wite ever important aspects as a findings.

In this stage we will take a sharp look towards the whole ratio and horizontal analysis of Saka International Ltd. Take a look to the following box that actually representing all key financial performance analyzing ratios for getting the real financial activities performed by this company in last four years.

Report on Financial Performance Analysis

- Quick ratio and liquide money is not really at satisfactory level. In 2011 it was really at satisfactory level but after that this is not really at acceptable level. According to this indept analysis I found the basic logic behind this problematic issue. This company mainly working as a third party and most of the project s are lenghty project. So, whie they are contracting with other organizatinos they are actually not getting bills at a time from the all projects. So, based on the project deadine their quick ration varies a lot.
- But according to the recent performace of the current ration their progress is pity impressive. Their current assest divided by current liabilities are really going better and better that is a quite good aspect of this company as a finding.

Report on Financial Performance Analysis

All Ratio throughout year 2011 to 2014

**Year
2011**

| | | |
|---|-------------------------|--------|
| 1 | Debt-to-Equity Ratio | 6.73% |
| 2 | Current Ratio | 1.07% |
| 3 | Quick Ratio | 16.67% |
| 4 | Return on Equity (ROE) | 1.02% |
| 5 | Net Profit Margin | 1.39% |
| 6 | Return on assets (ROA): | 9.75 T |

**Year
2013**

| | | |
|---|------------------------|----------|
| 1 | Debt-to-Equity Ratio | 14.07% |
| 2 | Current Ratio | 4.95% |
| 3 | Quick Ratio | 3.01% |
| 4 | Return on Equity (ROE) | 0.21% |
| 5 | Net Profit Margin | 0.44% |
| 6 | Return on assets (ROA) | 0.4173 T |

**Year
2012**

| | | |
|---|------------------------|---------|
| 1 | Debt-to-Equity Ratio | 9.02% |
| 2 | Current Ratio | 1.93% |
| 3 | Quick Ratio | -4.57% |
| 4 | Return on Equity (ROE) | 4.01% |
| 5 | Net Profit Margin | 0.31% |
| 6 | Return on Assets (ROA) | .2833 T |

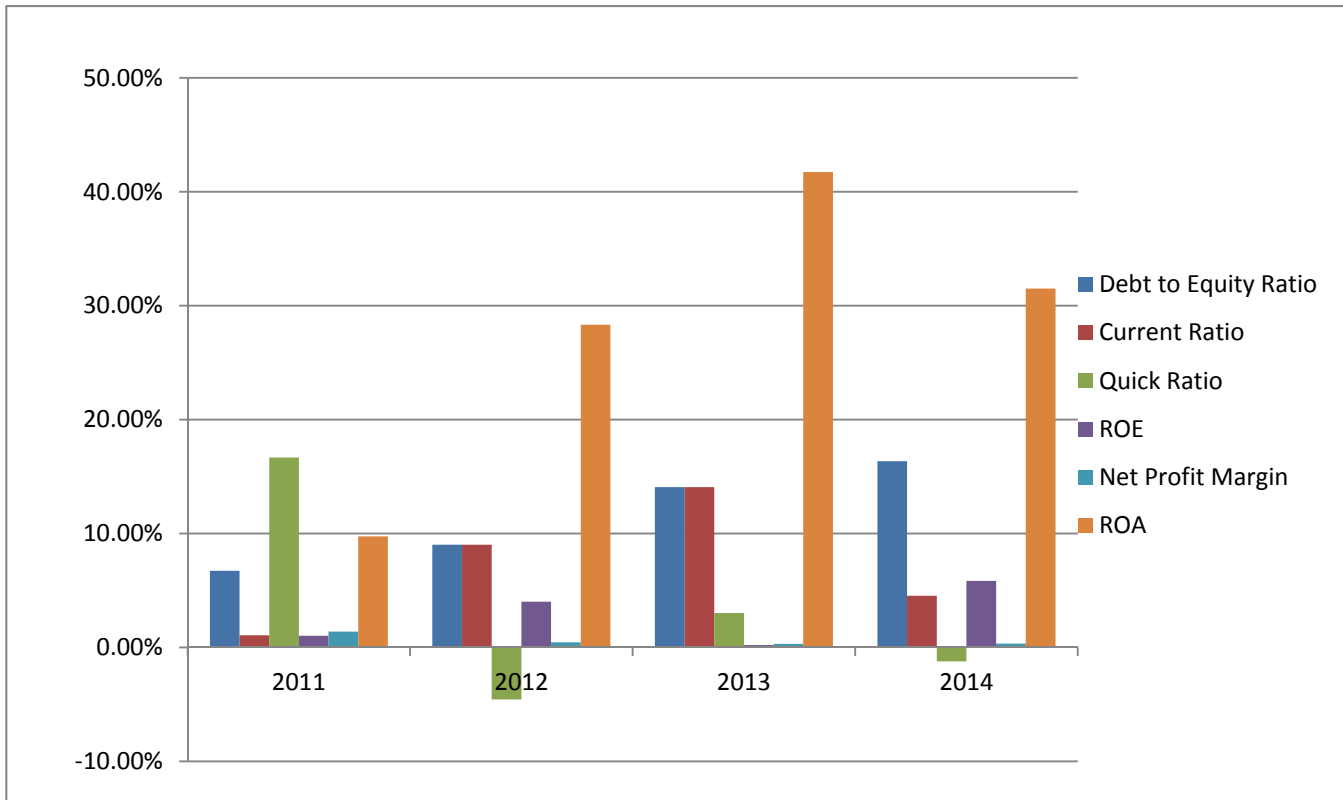
**Year
2014**

| | | |
|---|------------------------|---------|
| 1 | Debt-to-Equity Ratio: | 16.35% |
| 2 | Current Ratio | 4.53% |
| 3 | Quick Ratio | -1.22% |
| 4 | Return on Equity (ROE) | 5.84% |
| 5 | Net Profit Margin | 0.33% |
| 6 | Return on assets (ROA) | .3151 T |

Here I am going to show all these ratio analysis by using bar graph from year 2011 to year 2014. We can see lot of variations in this graph.

Report on Financial Performance Analysis

3.4 Graphical Representation of all Records



- **Debt to Equity Ratio:** This particular indicator actually indicates the percentage of investment in combination of investment taken from the owners and from the financial organization as a lone. If the take a clear look we can easily figure it out that, their progress pity impressive throughout the whole year and they being so strong in case of debt to equity ratio.

Report on Financial Performance Analysis

- **Current Ratio:** Current ratio also indicating a real progress. In 2011 it was over 1 that indicates that from the very beginning this organization was solvent enough to mitigate all liabilities easily. Normally if the acid test ratio is 1 or over 1 that indicate they are capable to pay all liabilities that they have in whole business operation. Year 2012 to year 2014 they are going even high and high this is really noticeable performance by Saka International Ltd.
- **Quick Ration:** This ratio actually indicates how fast is a organization to pay short term liabilities. As per this analysis Saka International Ltd is not really performing up to the mark. In 2011 they were so good to pay short term liabilities but in 2012 in actually went reverse as we can see it went down in the graph. Year 2013 they just came back and again in year 2014 it went negatively down as per the analysis. The only reason is that as they are working mainly with long term project so they are not really good at short period of time to pay liabilities.
- **Return on Equity:** Return on equity is performing almost in a continuous improvement process. Except year 2013 return on equity it was not so good comparing with other years. In 2014 they have the higher return on equity and that is actually remarkable in case of other years.
- **Return on Assets:** This is the most impressive in case of this whole analysis. They are still continuing a high profile of return on assets. Year 2011, 2012 and 2013 they did increase gradually but in 2014 return on assets decrease comparing with last year. But this is still impressive for this organization.

CHAPTERV04

4.00 Recommendation

RECOMMENDATION

After analyzing all the possible financial report of this organization I can recommend them few steps of suggestions to improve its financial performance.

Core Recommendations for Cash Flow

- Extend AP Payment Terms (Purchasing)
- Reduce AR Collection Terms (Credit)
- Support Customers with Credit facilities like as discount to pay earlier and pay less. This is help a lot to recover uncollected money smoothly.
- Maximum utilization of company's resources for better financial performance.
- Invest our own money as this will actually help to mitigate liquidity issue and other financial transactions smooth and even better for this organization.
- Be less focused on borrowing as this actually have a great negative effect towards the long term business.

Considering other consequences of this business all operational activities are up to the mark like financial reporting time, budget calculation and all systems and process seems to me absolutely perfect. That's all that I would like to recommend this organization.

CHAPTER 05

5.00 Conclusion

CONCLUSION

At the edge point I would like to conclude in this way that I was a great experience to work with financial report of Saka International Ltd. I want to say that seriously this organization has immense potentiality to show its performance as day by day they are expanding their opportunities. Honestly speaking their industry is too dynamic and more possibilities are there but they do have to conform some issue that has discussed recommendation part. It's my understating from the financial report that some issue need to be prioritized more for improving overall financial activities. May be every organization want to like to do window dressing but this is actually is not the real performance by the particular organization. So, they are already know about their financial conditions so they have to be on focused to correct these unethical activities as they are intended to run business for longer periods of time as per going concern principle of business.

CHAPTER 06

REFERANCE

- <https://www.b2bcfo.com/article/five-tips-to-improve-your-companys-financial-performance.html>
- Firm Business Management for the 21st Century
- Writers: Alan Miller, Michael Boehlje and Craig Dobbins. Department of Agricultural Economics. (Purde University)
- URL: <https://www.extension.purdue.edu/extmedia/id/id-243.pdf>
- <http://www.sakaint.com/#>
- www.google.com

APPENDIX

Some formula of ration analysis for measuring financial performance of a particular organization.

1. Current Ratio: **Current Assets/ Current Liabilities**
2. Quick Ratio: **Quick Assets/ Current Liabilities**
3. Inventory Turnover: **COGS/ Inventory**
4. Account Receivables Turnover: **Credit Sales/A/R**
5. Gross Profit Margin: **Gross Profit/ Sales**
6. Gross Profit= Sales revenue –C OGS
7. Operating Profit Margin: **Operating Profit/ Sales**
8. Return on Assets: **Net Profit/ Total Sales**
9. Date Equity Ratio: **Total Date/ Total Equity**

Workings related data with graphs

| Year | Total Liabilities |
|------|-------------------|
| 2011 | 20212251 |
| 2012 | 27070964 |
| 2013 | 42231061 |
| 2014 | 49076806 |

| Year | Return on Assets |
|------|------------------|
| 2011 | 9.75% |
| 2012 | 28.33% |
| 2013 | 41.33% |
| 2014 | 31.51% |

| Year | Net Profit |
|------|------------|
| 2011 | 4187130 |
| 2012 | 13155795 |
| 2013 | 55162967 |
| 2014 | 17706731 |

Profit and loss account that actually not given in main report it's added here as an appendix for the convenience of understanding.

Report on Financial Performance Analysis

SHAFIQ MIZAN RAHMAN & AUGUSTINE
CHARTERED ACCOUNTANTS

SAKA INTERNATIONAL LTD.
SUIT # A-4 & B-4, (4TH FLOOR), 80,
SATMASJID ROAD, DHANMONDI,
DHAKA - 1209

BUSINESS: IMPORT/
CONTRACT

TRADING ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

| <u>PARTICULARS</u> | <u>TAKA</u> | <u>PARTICULARS</u> | <u>TAKA</u> |
|--|---------------------------|----------------------------------|---------------------------|
| To Opening Stock | 97,93,600 | By Bill | 5,55,18,140 |
| | | Less VAT | <u>15,54,610</u> |
| Purchase, wages & other exp. | 4,49,67,438 | | 5,39,63,530 |
| Gross profit (transferred to Profit & loss A/C) | <u>1,11,12,170</u> | Closing Stock & work in progress | <u>1,19,09,678</u> |
| Total | <u>6,58,73,208</u> | Total | <u>6,58,73,208</u> |

BUSINESS: IMPORT/
CONTRACT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

| | | | |
|--|------------------|---|-------------|
| To Directors Remuneration | 8,91,000 | By Gross profit (transferred from trading A/C) of: | 1,11,12,170 |
| Directors House rent allowance | 3,16,800 | | |
| Staff salary & allowance | 26,30,000 | | |
| Phone bill | 7,511 | | |
| Electric bill | 2,90,290 | | |
| Internet bill | 1,15,170 | | |
| Wasa bill | 10,454 | | |
| Fees & Renewals | 42,973 | | |
| Bank charges | 83,717 | | |
| Fuel & Lubricants | 1,22,826 | | |
| Spare Parts of Vehicles | 74,200 | | |
| Vehicle Maintenance | 18,300 | | |
| Vehicle route tax, Insurance | 5,835 | | |
| Travelling & conveyance | 1,89,400 | | |
| Municipal Tax | 2,42,126 | | |
| Stationery | 31,490 | | |
| Entertainment | 1,64,370 | | |
| Stamp & Postage | 6,200 | | |
| Newspaper & Periodicals | 12,748 | | |
| Miscellaneous expenses | 1,23,200 | | |
| Audit fee | 2,250 | | |
| Legal fee | 1,500 | | |
| Depreciation | 1,02,380 | | |
| Net Profit (transferred to Profit & Loss Appr. A/C) | <u>56,27,430</u> | | |