



Internship Report

On

“Financial Performance Analysis of The ACME Laboratories Limited”

Prepared For

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Letter of Transmittal

April 30, 2019.

Mr. Imtiaz Alam Nayeem
Lecturer
BRAC Business School
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Sir,

With due respect, I would like to let you know that I have prepared an “Internship Report” for the fulfillment of the BBA program and submitting to you for your kind inspection.

This report consists of a summary and analysis of the two months internship experience I gathered in The ACME Laboratories Limited. The topic of my report is “*Financial Performance Analysis of The ACME Laboratories Limited.*” In order to complete my report, I have collected the annual audit reports, various papers and documents etc. from my office supervisors as well as from internet for the purpose of secondary data. Over the internship period, I have practically observed their working environment in the Finance and Accounts Department. Moreover, I have also gathered a little knowledge about other department’s activities. In the end, all the primary data, secondary data and everyday observation helped me to prepare the report.

Therefore, I hope you would be generous enough to accept this report for evaluation.

Sincerely yours,

Ahmed Parvez
14304055
BRAC Business School



Acknowledgement

From the start, I would like to express my thanks to the Almighty Allah for giving me the opportunity of doing internship in The ACME Laboratories Limited and patience to complete the final report “Financial Performance Analysis of The ACME Laboratories Limited”, which should be presented to the Faculty of Business Administration in partial fulfillment of the requirements for the degree Bachelor of Business Administration.

Then, I express my gratitude to my academic supervisor Mr. Imtiaz Alam Nayeem. Who was enough supportive and the suggestions given by him was really very important in the process of completing my report. Moreover, my supervisor was very helpful and liberal throughout my internship period.

I am really grateful to my office supervisor Mr. S.M.M Sayedul Arefin (Assistant Sales Manager, Institution Sales) who welcomed me into the beautiful working environment of The ACME Laboratories Limited. He also gave me the opportunity to have an excellent and enduring working experience. I am also very thankful to Md. Shafiul Alam Kabir (Deputy Manager, Institution Sales) for his guidance and support throughout my internship period in ACME.

I want to thank Md. Mizanur Rahman (Manager, Finance and Accounts) and the “Finance and Accounts” team who provided me with all the necessary information, guidance and support that I required to prepare this report. They also made sure that I have a great working experience in The ACME Laboratories Limited.

Last but not the least, I would like to convey my gratitude to my parents. Without their contribution and support, it would have been impossible for me to complete the three months internship as well as my BBA program.



Executive Summary

It is necessary for every graduate student from BRAC Business School to take part in internship program. Only by doing the internship students are able to relate the book knowledge with the practical understandings and observations.

The ACME Laboratories Limited is considered as one of the biggest pharmaceuticals company in Bangladesh. ACME wants to bring a good change in Bangladesh by providing the mass with life saving medicine for both human and animals.

It was a great honor to work with one of the best pharmaceuticals company of Bangladesh. The working environment was very friendly and I was provided with plentiful help to adapt into the workplace. The employees of the sales and distribution department and finance department was kind enough to provide me with enough care and support to collect information and point out how to do things in their busy schedule. My report mainly focuses on the financial analysis over the past five years. Also, the changes brought forth by the financial situation of the company.

The primary objective of this report is to evaluate the financial performance of The ACME Laboratories Limited based on the external auditor's report. And understand the outcome of the evaluation of financial performance of ACME. Also determine the effectiveness and weakness of ACME and lastly recommend the way of improvement where needed.



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Chapter One: Introduction

1.1 Background of the Study

The internship program is essential for every student of BRAC Business School. It is mandatory for every undergrad student to practice and experience the study of four years of university in the premise of corporate workplace. By going through the internship program we will be able to practice our theoretical knowledge in the practical use of business and administration and observe how to use them effectively and efficiently.

I got the opportunity to complete my internship in the “The ACME Laboratories Limited” .After consultation with my organizational supervisor Mr. S.M.M Sayedul Arefin, Assistant Sales Manager, and my institutional supervisor of BRAC University Mr. Imtiaz Alam Nayeem, I decided to prepare a report on “Financial Performance Analysis of The ACME Laboratories Limited.”

1.2 Origin of the Report

It is necessary for the students to have practical usage of their report in relation to their theoretical classes which they took during their four years of study in university. In order to graduate, BUS400 or Internship a 4 credit course should be completed by every BRAC Business School students. The report presented here is presented in summarized form of my practical experiences during my internship in The ACME Laboratories Limited. This report has been presented to the Faculty of BRAC Business School in partial fulfillment of the Requirements for the Degree of Bachelor of Business Administration (BBA).

1.3 Aim and Objectives of the Report

The main aim of the report is to identify how theories and concepts discussed in the BBA program which can be applied in the context of financial analysis at a Pharmaceuticals organization in Bangladesh.

Thus the objectives of the report are:

1. To know about the financial position of ACME Laboratories Ltd.
2. To know what kind of activities is done in pharmaceuticals sector.



3. To know the performance of this company

1.4 Methodology

The method of the data analysis was divided into two parts. First, I gather opinions from my supervisor and employees from finance department and then by personal interviewing from the ACME Laboratories Ltd. different levels personnel's and analyzed data in my suggested way. Then I have presented those data to my supervisor and he gave me the instruction of processing that information for making the report affordable.

The major secondary sources are-

- Financial reports
- Relevant books, Research papers, Newspapers and Journals
- Internet & various study selected reports

1.5 Scope of the Study

Based on the annual report of the company, my responsibility is to find out the efficiency and inefficiency of The ACME Laboratories Limited. By contacting Mr. Mizanur Rahman, Manager of the Finance and Accounts dept. personally, I had to collect the primary data. And to complete my report I have gathered some secondary data later.

1.6 Limitations of Study

The time allocated for our internship seemed very short, which is 3 months. It was very short time to experience the overall study of the corporate environment. But it was really a great opportunity for me to have a very friendly and helpful environment to work. Due to the company policy regarding disclosing internal information, it was not possible to collect more data necessary for the paper. In addition, a broader research was not possible due to time constraints and data limitations.



Chapter Two: Company Profile

2.1 Company Profile

ACME Laboratories Ltd. is a leading company for manufacturing world-class and top-quality pharmaceutical products in Bangladesh. This company is currently producing more than 500 products in different dosage forms. The success in local market prompted us to explore the international market and over the years company gained a firm presence in South East Asia, Africa and Central America and continuously discovering new horizons to improve the quality of life for patients, to further the success of customers and to help meet global challenges. Through the outstanding knowledge, professionalism and commitment of more than 7000 employees, company consistently building upon our facilities, capabilities and also portfolio to meet the growing health care needs.

Since our founding in 1954 by Mr. HamidurRahmanSinha, an entrepreneur and philanthropist in this region of then British divided Indian sub-continent, company have been committed to offering solutions to our most pressing health care needs. More than half a century later, we remain true to our founder's vision and values – to produce high quality medicines with integrity, customer focus, pro-activity, team spirit, excellence and desire to win and responding to social and environmental needs. Over the past few decades, we have seen an amazing growth and success in pharmaceutical sector.

This is ISO 9001:2015 certified company. “Perpetual Quest for Excellence” is company's quality slogan

2.2 Vision

The vision of this company is “To ensure Health, Vigor and Happiness for all.”

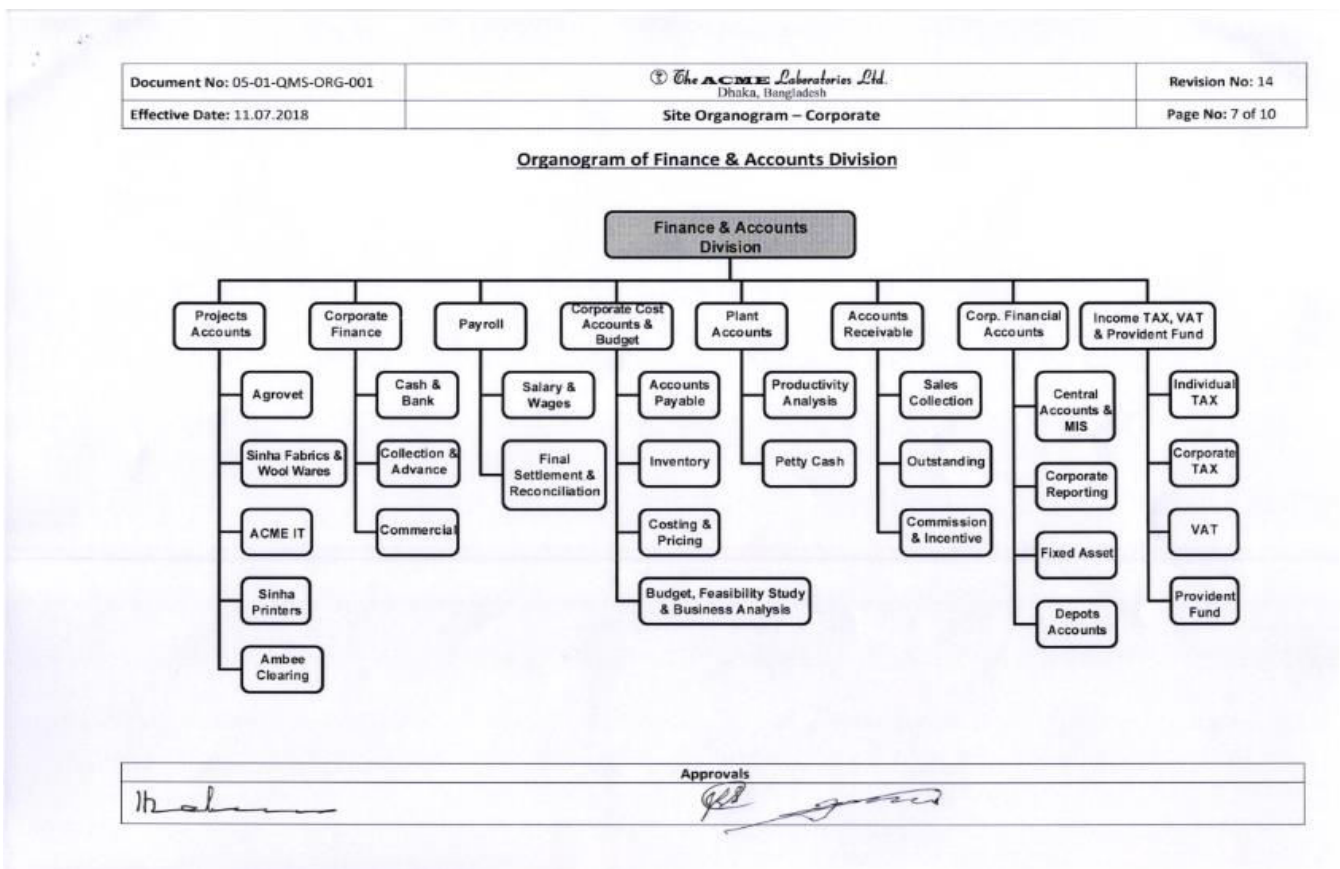
2.3 Corporate Mission



Company's holistic approach is to ensure Health, Vigor and Happiness for all by manufacturing ethical drugs and medicines of the highest quality at affordable price and expanding in the local and global market.

ACME views itself as partners with the doctors, healthcare professionals, all other customers, employees and harmonizes with environmental issues.

2.4 Company Organogram



2.5 Major Departments

- Marketing Management
- Procurement
- Human Resource
- International Business
- Finance and Accounts



- Information Technology
- Internal Audits

2.6 Major Products

Sl No.	Generic Name	Company Name
1	Montilucast 10 mg	Monas
2	Rabiprazole	Rabizole (tab.)
3	Tab. Vitamin B Complex	V-Plex
4	Tab. Esomaprazole 20 mg	Cap./Tab. Maxima
5	Omeprazole Cap./Tab.	Cap. PPI 20 mg
6	Cap. Azithromycin	Cap./Tab. Azin
7	Cap. Cefixine	Fix-A 20 mg
8	Tab. Aspirin 75 mg	Tab. Ecospirin
9	Tab. Ranitidine 150 mg	Tab Ranidin 150 mg
10	Tab. Atonolol 50 mg	Tab Teneloc 50 mg

2.7 SWOT Analysis

SWOT Analysis is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the Opportunities open to a company and the Threats a company faces. They are described below-

Strengths-

- Very good company image and wide recognition as the pioneer of the industry
- Loyal customer base
- Systematically trained and efficient marketing and sales team.

Weaknesses-

- High dependence on traditional distribution channel
- Relatively more costly manufacturing and distribution



- Highly centralized controlled on manufacturing plants

Opportunities-

- Increasing expectations from customers of ethical standards
- Growing demand in domestic market

- Globalization allowing entrance to global market

Threats-

- Aggressive promotional activity by the rivals
- Growing bargaining power of customers and suppliers
- Rapid change of modern technology making obsolete the existing technology.



Chapter Three: Job Responsibilities

3.1 Finance and Accounts Department

The Finance and Accounts Departments of The ACME Laboratories Limited has a sub division of 8, which process and monitor all financial aspects of the company. All the business transactions are dealt by these sub divisions and they are also accountable to maintain the company policy and practices. All the internal reports are prepared by this division of employees for the shareholders as per the requirement of the company and Bangladesh Financial Reporting Standards (BFRS) and also the internal audit department looks into the overall financial information for monitor and control.

They manage and control future cash collection and disbursements by utilizing the available resources effectively and efficiently. This generates more cash inflow. In addition, they collect necessary information and use software to collect data and prepare the necessary vouchers for further records.

Also, Microsoft Excel is commonly used by all the members for data processing. However, the members of this department have to be very alert and proactive to avoid any kind of wrong inputs. It might be seem like very easy job but the contribution of this department is considered essential. Few of major responsibilities of this department are:

- Monitor pay order
- Receiving the security checks, collecting and recording information related
- Maintaining petty cash outflows
- Posting audited bills into journals and ledgers
- Make payments to creditors



- Calculating tax, depreciation and other expenditures related to accounts
- Maintaining a good relation with different banks
- Transferring Funds from one account to another.
- Producing reports on daily, monthly and annual basis.
- Managing cash flows etc.

3.2 My Job Responsibilities

I worked in the sales and distribution department of ACME. Although it seems like there is no financial aspects to my job, I was responsible to record the institutions sales. Institution sales mainly refer to bulk product sell to large government, private and NGO organizations and hospitals.

I was responsible to record those sales data and security money deposits into computer and file them and other various works. I also attended some seminars held for filed medical representatives who gave the overview on how they operate on the field and their interactions with our company's customers which are doctors.

Moreover, I managed the conversation with the department when my supervisor was working on institution sales. Also, daily routine work was to input the sales data into computer using Microsoft Excel File.



Chapter Four: Financial Performance Analysis

4.1. Last Five Years Financial Data of ACME

At a Glance Operating Performance of ACME for last 5 years:

Operating Performance	2012	2013	2014	2015	2016
Net Revenue	10217931465	11496413631	12644913144	13576322298	14813914266
Cost of Goods Sold	6237792554	7194997972	7770610089	8039829556	8942398576
Gross Profit	3980138911	4301415659	4874303055	5536492742	5871515690
Financial Expense	776911190	982529496	1115687099	1014470803	1101287317
Profit before Taxes	1204844233	1349430061	1402101061	2035550457	954844067
Net profit After taxation	893890898	921917143	1101267794	1397849938	1426570996
EPS	5.65	5.70	6.55	6.61	6.74
Inventory	2223003434	2484869763	2749539322	2097608895	3143134830

At a Glance Financial Performance of ACME for last 5 years:

Operating Performance	2012	2013	2014	2015	2016
Total Non-Current Assets	15544508282	16060787303	17286351573	18275901469	21162036812
Total Current Assets	6635062802	7198984638	11603359057	11671330040	11462209428
Total Assets	22179571084	23259771941	28889710630	29947231509	32624246240
Total Shareholder's	10692163182	11372629592	16364471981	16956272126	17643034827



Total Non-	3057678428	4904881207	3958448269	3675912676	4615514545
Total Current Liabilities	8429729474	6982261142	8566790380	9315041707	10363696868
Total Equity & Liabilities	22176571084	23259771941	28889710630	29947231509	32624246240
Net Assets Value Per Share	66.16	70.37	77.34	80.13	83.39
Cash and cash equitant	413432359	432270398	1148110610	1382878590	1135069957

4.2. Financial Ratio Analysis of ACME

In order to get an understanding of the financial strength of the company, a careful evaluation of a company's financial statements is known as financial performance analysis. Hopefully this report will help the company make more effective financial decisions in the future as it aims to cover the financial well-being of ACME through a careful evaluation of the financial statements and the reason of such performance as well.

The ACME Laboratories Limited follows the Bangladesh Financial Reporting Standards (BFRS) while preparing its financial statements. ACME prepares the following financial statements every year:

- Statement of Financial Position
- Statement of Profit, Loss and Other Comprehensive Income
- Statement of Change in Equity
- Statement of Cash Flow

The ACME Laboratories Limited publishes annual reports and discloses their financial statements publicly. They are available in the company website for the shareholders and the interested party to go through them.



A comprehensive ratio analysis will be done to evaluate the financial performance of The ACME Laboratories Limited by following ratios-

- Liquidity or Short-Term Solvency
 - Current Ratio
 - Cash Ratio
- Financial Leverage or Long-Term Solvency
 - Debt to Equity Ratio
 - Debt Ratio
- Turnover
 - Current Asset Turnover Ratio
 - Inventory Turnover Ratio
 - Asset Turnover Ratio
 - Equity Turnover Ratio
- Profitability
 - Gross Profit Margin
 - Net Profit Margin
 - Return on Assets (ROA)
 - Return on Equity (ROE)
- EPS
- Growth
 - Growth of Total Revenue
 - Growth of Profit after Tax
 - Growth of Assets



Growth of Equity

Growth of Liabilities

4.2.1. Liquidity or Short-Term Solvency Analysis

A company's liquidity measures the ability of the company to liquidate or convert its assets to cash and cash equivalents. It also determines the ability of meeting short-term liabilities through payment of cash and cash equivalents in case of bankruptcy.

Current ratio and Cash ratio, these two ratios will be used, to determine liquidity or short-term solvency of The ACME Laboratories Limited.

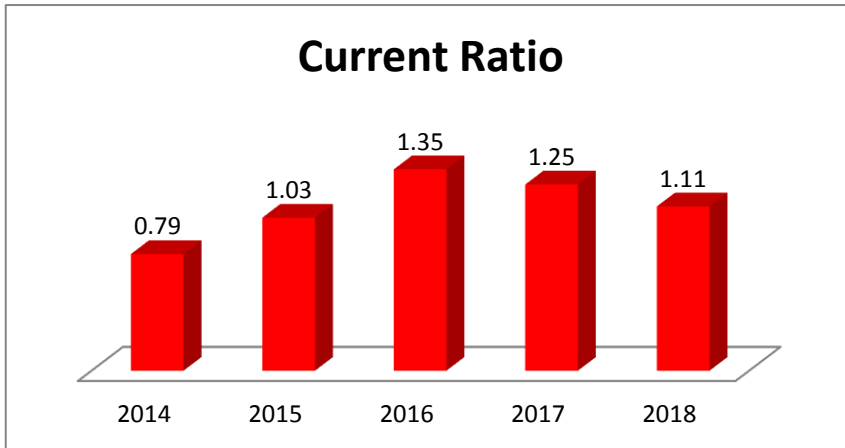
4.2.1.1. Current Ratio

Current ratio will help us to know the ability of the company to pay off its current or short-term liabilities in case they fall short with its current assets. It is considered that an ideal current ratio is 3:1. Which means, 300 taka of current assets should be kept for 100 taka of current liabilities. In addition, low current ratio indicates low liquidity and vice versa. To

Determine the current ratio of ACME, following formula will be used:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Year	2014	2015	2016	2017	2018	Average
Current Ratio	0.79	1.03	1.35	1.25	1.11	1.11



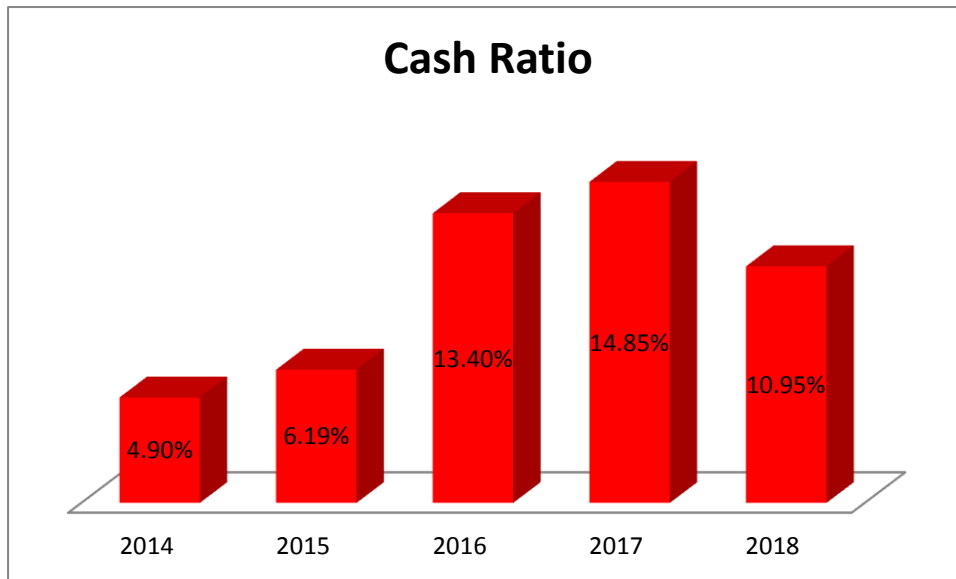
We can see from the graph that current ratio of the ACME had an average of 1.11 over the last five years which is not satisfactory for the company. Over the last five years, the current ratio of the ACME has gone upwards and then downwards in the 2018. So it can be said the overall for every 1 taka of current liabilities the company had 1.11 taka current liabilities

4.2.1.2. Cash Ratio

This ratio considered as the traditional interpretation of current ratio. It determines the available amount of cash a company holds to pay off the current liabilities in case of bankruptcy. The following formula will help to determine the cash ratio:

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalentents}}{\text{Current Liabilities}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	4.90%	6.19%	13.40%	14.85%	10.95%	10.06%



The observation shows that, for every Tk. 100 of current liabilities ACME had only Tk. 10.06 on average in cash and cash equivalents. In the year 2014 it had Tk. 4.90 but it went up gradually Tk. 14.85 in the year 2017 and went downwards in the year 2018. Through our observation, we can see ACME achieved its highest cash ratio in the year 2017.

So this evaluation of liquidity of Acme shows us that ACME's position was satisfactory but was slightly bad in 2018s. Although, ACME have downward trend in 2018, they can utilize their cash to generate more possible revenue.

4.2.2. Financial Leverage or Long-Term Solvency Analysis

To buy assets and operate how much debt a company uses can be determined by financial leverage analysis. In order to resolve the accurate blend of debt and equity necessary for investment, a company has to analyze its financial leverage or long-term solvency.

In order to determine the financial leverage of ACME, two ratios will be used: the debt to equity ratio and the debt ratio.

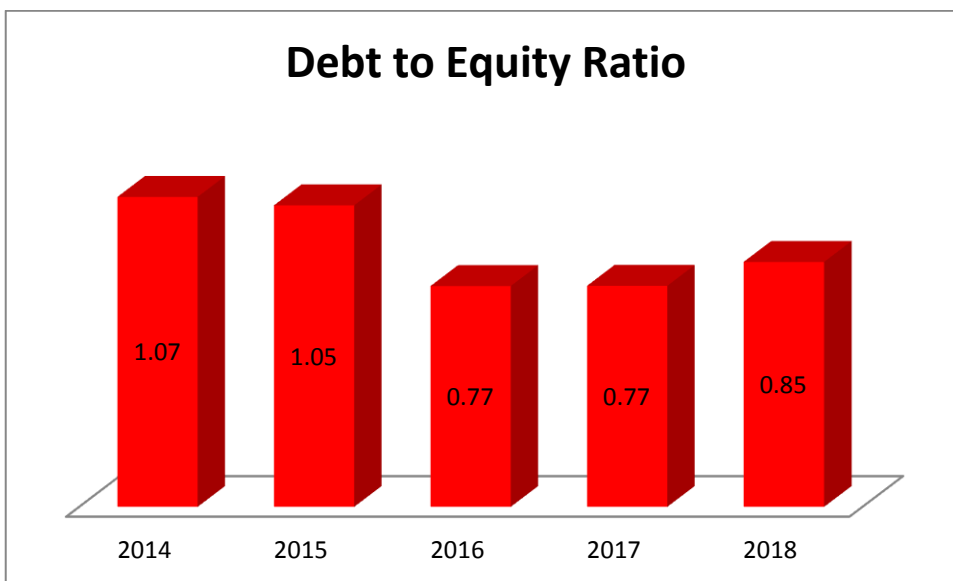
4.2.2.1. Debt to Equity Ratio

The measurement of a company's required debt to finance its assets proportionate to its equity is known as debt to equity ratio. If a company has a high debt to equity ratio, that might indicate the aggressive financing of the company in its growth by the help of debt. A high debt/equity ratio is often associated with high risk; it means that a company has been aggressive in financing its growth with debt

This suggests the high level of risk affiliated with it. The below mentioned formula determines the debt to equity ratio.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liability}}{\text{Total Shareholder's Equity}}$$

Year	2014	2015	2016	2017	2018	Average
Ratio	1.07	1.05	0.77	0.77	0.85	0.90



This illustration shows us that on average, ACME used 0.90 times more debt than equity to finance its operation. Moreover, ACME had a positive equity throughout the five years. Which can be derived as the book value of assets of ACME is satisfactory compare to the book value of its liabilities. It indicates that if the assets and liabilities are evaluated fairly,

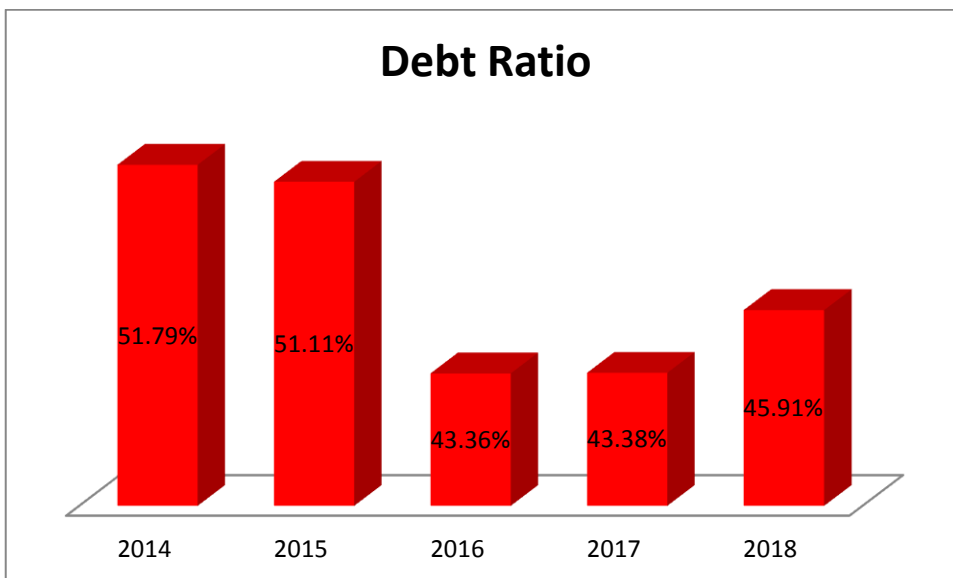
the equity will be sufficient to pay off the liabilities. In addition, from the year 2014 till 2018, the ratio kept fluctuating.

4.2.2.2. Debt Ratio

The debt ratio is a financial ratio that measures the extent of a company's leverage. The debt ratio is defined as the ratio of total debt to total assets, expressed as a decimal or percentage. It can be interpreted as the proportion of a company's assets that are financed by debt.

$$\text{Debt Ratio} = \frac{\text{Total Liability}}{\text{Total Asset}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	51.79%	51.11%	43.36%	43.38%	45.91%	47.11%



From the graph we can see that the average debt ratio of ACME is 47.11% or .47 times. Usually ratio greater than 1 indicates that a considerable portion of debt is funded by assets. In other words, the company has more liabilities than assets. A high ratio also indicates that a company may be putting itself at a risk of default on its loans if interest rates were to rise suddenly. A ratio below 1 translates to the fact that a greater portion of a company's assets is funded by equity.

Overall, both the ratios suggest that ACME maintained their assets mostly by equity. It is considered as a good practice normally if a company maintains minimum amount of debts. There is a high chance of bankruptcy if the company fails to pay off its debts. So, it can be said that ACME has maintained satisfactory debt ratio over the past five years.

4.2.3. Turnover Analysis

By this analysis, we will be able to determine the efficiency of ACME in generating revenue using the assets or equity it has. To analyze the turnover ratios of ACME, four ratios will be used. Which are described below-

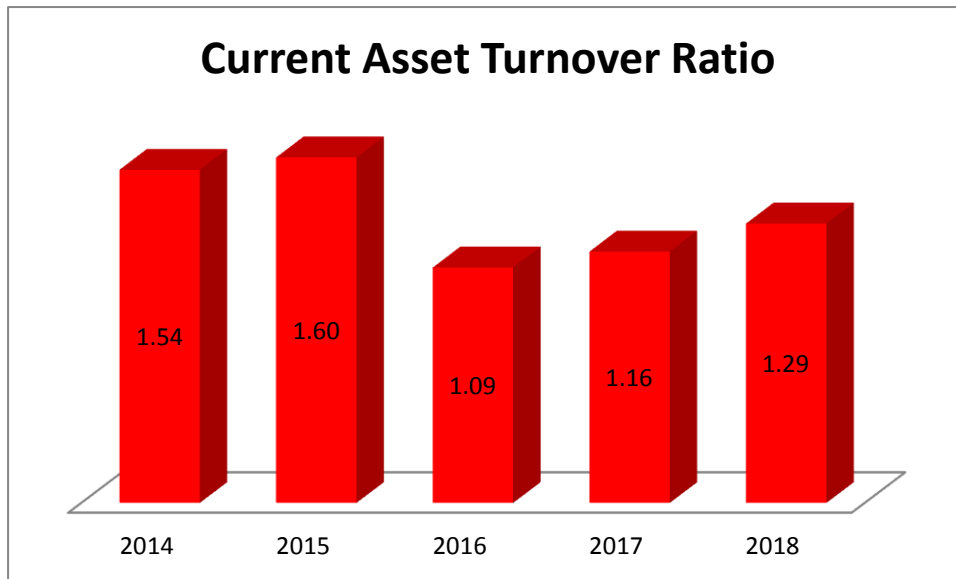
4.2.3.1. Current Asset Turnover Ratio

The asset turnover ratio measures the value of a company's sales relative to the value of its assets. The asset turnover ratio can be used as an indicator of the efficiency with which a company is using its assets to generate revenue.

The higher asset turnover ratio indicates efficient company. Conversely, if a company has a low asset turnover ratio, it indicates it is not efficiently using its assets to generate sales.

$$\text{Current Asset Ratio} = \frac{\text{Net Revenue}}{\text{Average Current Asset}}$$

Year	2014	2015	2016	2017	2018	Average
Ratio	1.54	1.60	1.09	1.16	1.29	1.34



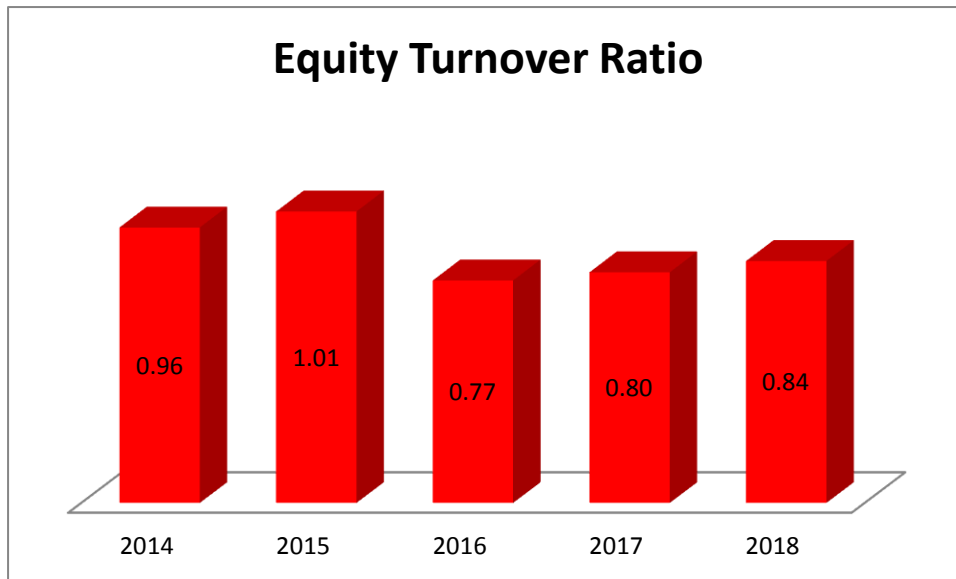
From the graphical presentation, it can be derived that, on average ACME generated Tk. 1.34 of revenue for each Tk. 100 of total current assets it had acquired. It had its highest current turnover in the year 2015. But, the ratio kept decreasing and then increasing for the following 3 years and had a rise in the year 2018 which is 1.29. The higher the asset turnover ratio, the better the company is performing, since higher ratios imply that the company is generating more revenue per taka of assets. So the Ratio is satisfactory for ACME.

4.2.3.2. Equity Turnover Ratio

The effectiveness of a company's equity usage to generate revenue is reflected in equity turnover ratio. The following formula is used to determine the equity turnover ratio of ACME

$$\text{Equity Turnover Ratio} = \frac{\text{Net Revenue}}{\text{Average Total Equity}}$$

Year	2014	2015	2016	2017	2018	Average
Ratio	0.96	1.01	0.77	0.80	0.84	0.88



This ratio reflects the efficiency of the firm’s equity management. High values of the equity turnover ratio indicate the efficient shareholders’ equity use. The value of this indicator measures how much goods and services were sold per each dollar of the equity

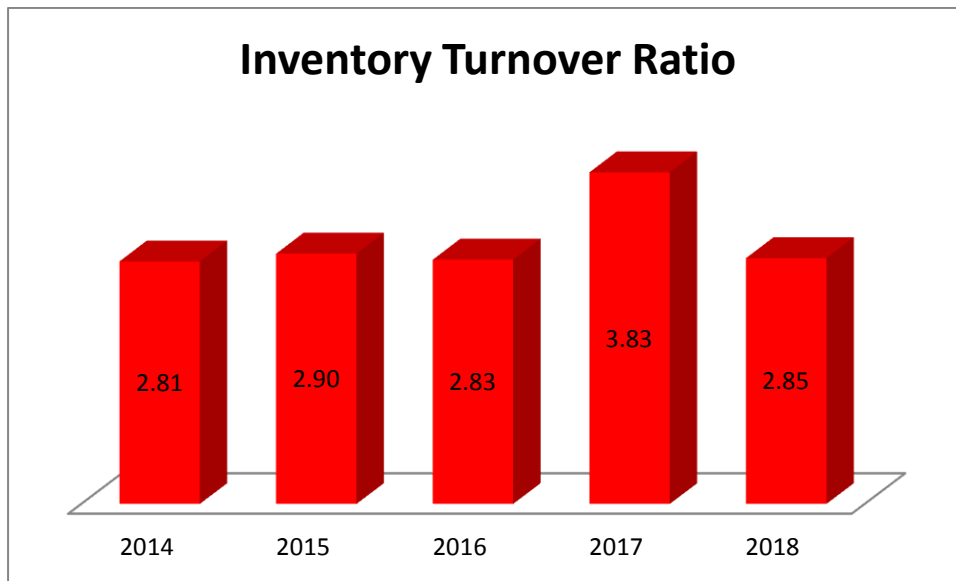
From the graph it reflects that on average ACME incurred Tk. 0.88 of profit for each of Tk. 1 invested by shareholders. Moreover, the ratio has been fluctuating constantly and reached its lowest position of 0.77 in the year 2016. But it increased to 0.84 in 2018 which indicates possible rising trend.

4.2.3.3. Inventory Turnover Ratio

Inventory turnover is the number of times a company sells and replaces its stock of goods during a period. Inventory turnover provides insight as to how the company manages costs and how effective their sales efforts have been. The higher the inventory turnover, the better since a high inventory turnover typically means a company is selling goods very quickly and that demand for their product exist. The following formula will help to determine the inventory turnover ratio:

$$\text{Inventory Turnover Ratio} = \frac{\text{Revenue}}{\text{Average Inventory}}$$

Year	2014	2015	2016	2017	2018	Average
Ratio	2.81	2.90	2.83	3.83	2.85	3.04



From the graph, it can be seen that, on average ACME had sold their inventory 3.04 over the last five years. It had its highest inventory turnover in the year 2017. But, the ratio kept decreasing following year 2018 which is 2.85. The higher the asset turnover ratio, the better the company is performing, since higher ratios imply that the company is generating more revenue per taka of assets. So the Ratio is not satisfactory for ACME.

Overall, from the three graphs it can be observed that the ratios had a decreasing trend line.. So, this can be suggested that the company needs to reassess its management policy in order to turn the situation in company's wellbeing as the current policy seems inefficient.

4.2.4. Profitability Analysis

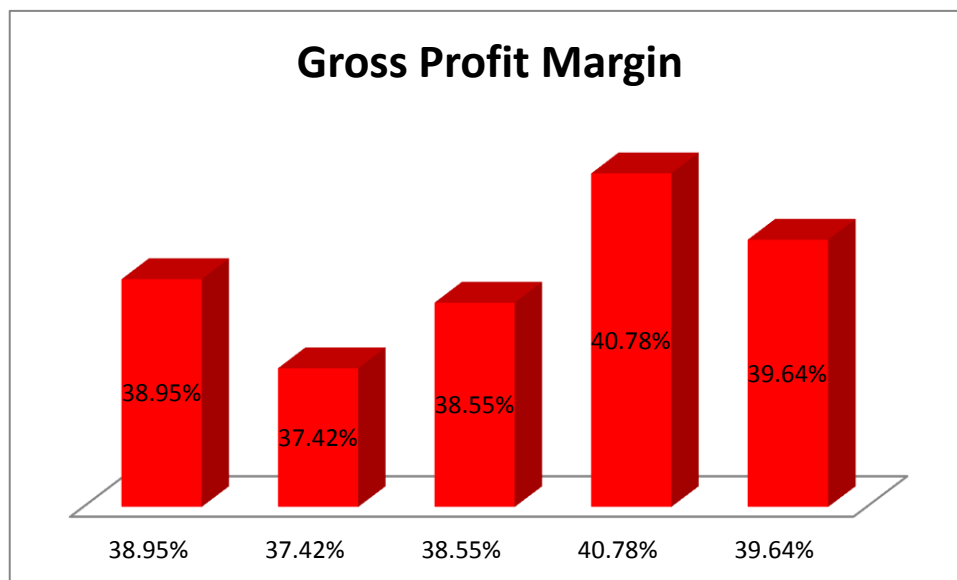
The ability of a company to make profit using the available resources comparing the size of its business is measured by profitability analysis. Five ratios will be used to analyze the profitability ratios of ACME.

4.2.4.1. Gross Profit Margin

To evaluate ACME's ability to gain gross profits from its revenue, gross profit margin has been used.

$$\text{Gross Profit Margin Ratio} = \frac{\text{Gross Profit}}{\text{Net Revenue}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	38.95%	37.42%	38.55%	40.78%	39.64%	39.07%



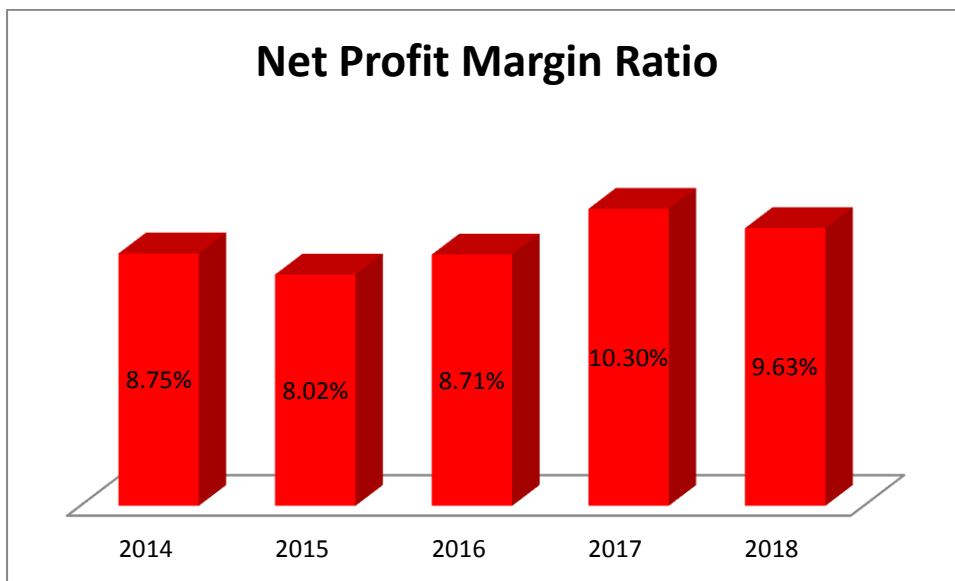
From the graph we can see that, ACME had a positive average of 39.07%. Which means for every Tk. 100 of sales it incurred a profit of Tk. 39.64. The trend line is positively upward and it reached its highest gross profit margin rate in the year 2017 which was 40.78%. But the next year's decrease indicate possible downward trend.

4.2.4.2. Net Profit Margin

Net profit margin measures the ability of ACME's efficiency to make possible profit after tax from its revenue.

$$\text{Net Profit Margin Ratio} = \frac{\text{Net Profit after tax}}{\text{Net Revenue}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	8.75%	8.02%	8.71%	10.30%	9.63%	9.08%



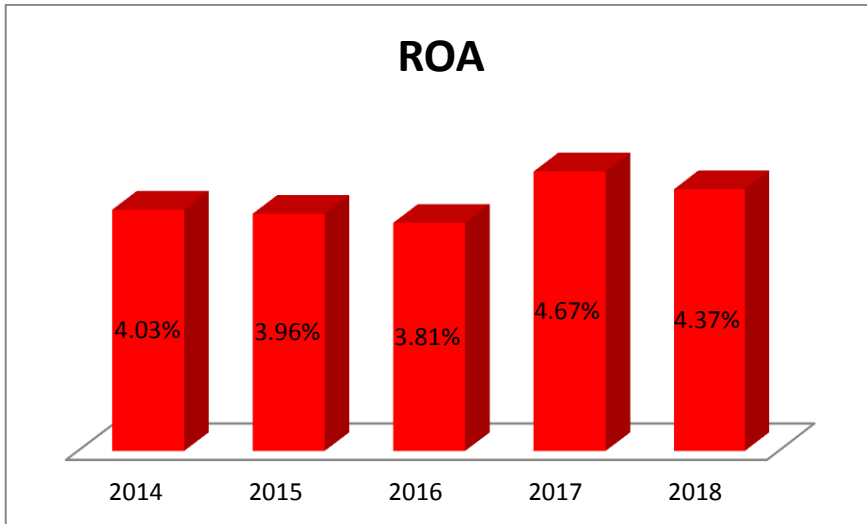
The graph shows on average, for each of Tk. 100 revenue ACME generated had profit of Tk. 9.08. Overall five years data was upward trending but in 2018 a slight decrease might indicate downward trend.

4.2.4.3. Return on Asset (ROA)

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. For ACME, following formula will be used.

$$\text{ROA} = \frac{\text{Net Profit after tax}}{\text{Total Asset}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	4.03%	3.96%	3.81%	4.67%	4.37%	4.17%



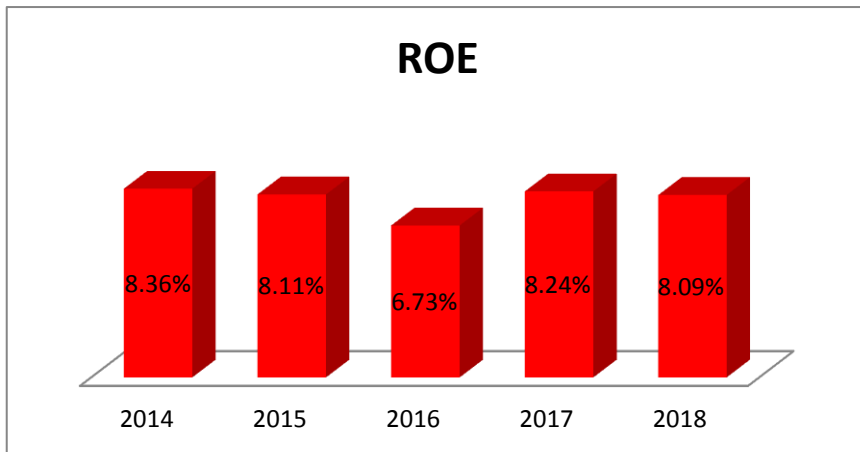
The graph shows that ACME’s ROA had a average of 4.17% positive result. This means, ACME made profit of Tk. 4.17 for every Tk. 100 of assets on average. It had an upward linear trend line which suggests that it will increase gradually. ROA had reached highest point of 4.67% in the 2017. However, ACME’s ROA decreased slightly in the year 2018.

4.2.4.4. Return on Equity (ROE)

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. It gives an idea as to how efficient a company's management is at using its assets to generate earnings.. To determine the ROE of ACME, following formula will be used.

$$\text{ROE} = \frac{\text{Net Profit after tax}}{\text{Total Shareholder's Equity}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	8.36%	8.11%	6.73%	8.24%	8.09%	7.91%



The graph shows us that on average, ACME made profit of Tk. 7.91 for every Tk. 100 of total equity injected by shareholders. This ratio had both rise and downfall over the years. It had an upward linear trend line which suggests that the improvement over the last five year.

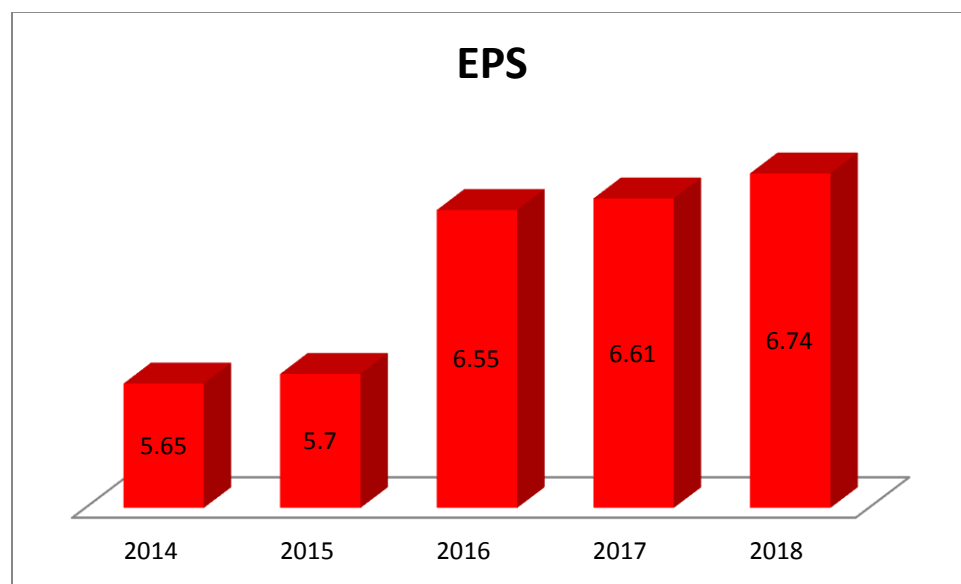


4.2.5. Earnings per Share (EPS)

EPS is the portion of a company's profit allocated to each share of common stock. Earnings per share serve as an indicator of a company's profitability. The formula of calculating EPS is:

$$\text{EPS} = \frac{\text{Net Profit after tax}}{\text{Outstanding Shares}} \times 100$$

Year	2014	2015	2016	2017	2018	Average
Ratio	5.65	5.7	6.55	6.61	6.74	6.25



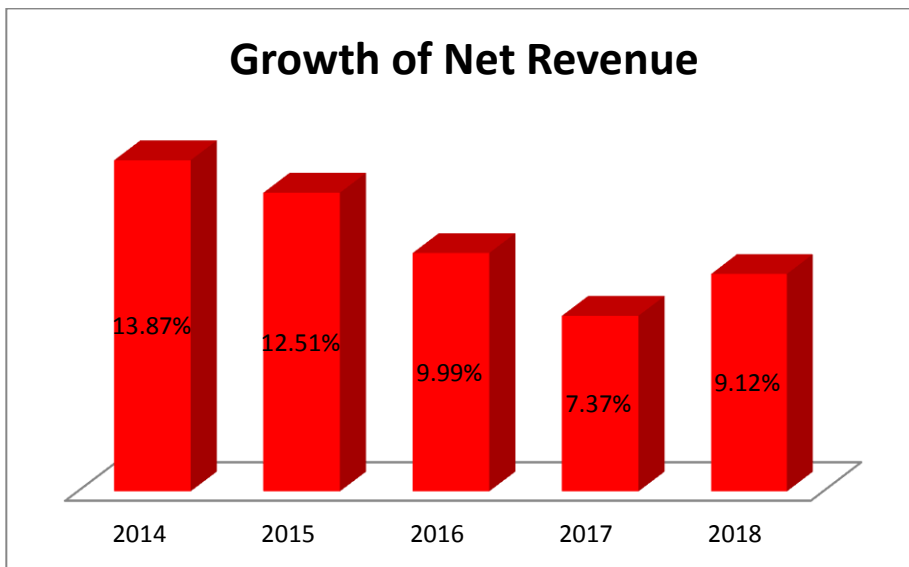
The graph shows us that on average, ACME had profit of Tk. 6.25 for each share outstanding. The linear trend line is upwards. Over the last five years it had been rising and reached Tk. 6.74 in the year 2018. This indicates the gradual increase of EPS for the following years.

4.2.6. Growth Rate

We will calculate some of the elements growth in order to determine the growth of that particular element.

4.2.6.1. Growth of Net Revenue

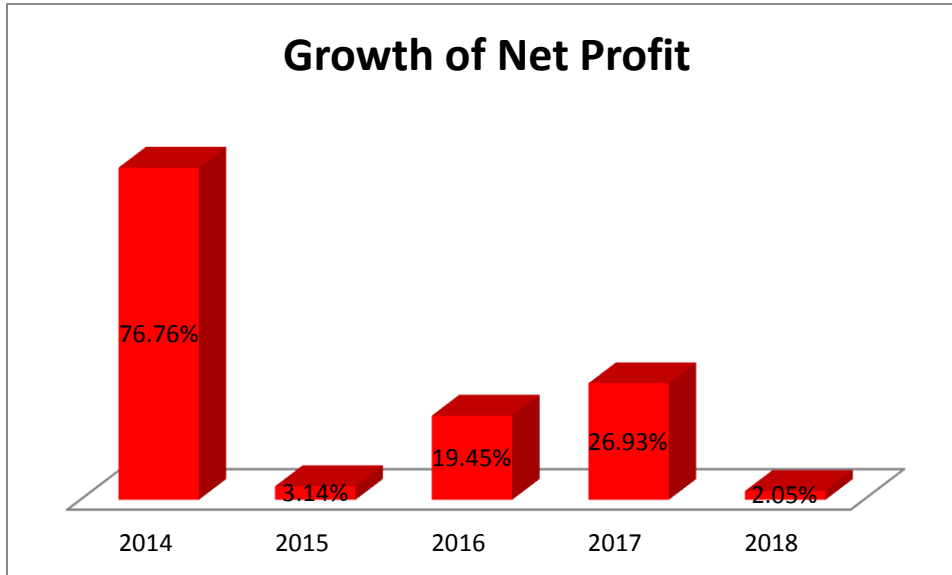
Year	2014	2015	2016	2017	2018	Average
Growth	13.87%	12.51%	9.99%	7.37%	9.12%	10.57%



The graph shows an average increase of 10.57% growth in revenue over the last five years. From the year 2014 to 2017, the downward trend line had occurred. But it increased to 9.12% in the year 2018.

4.2.6.2. Growth of Net Profit

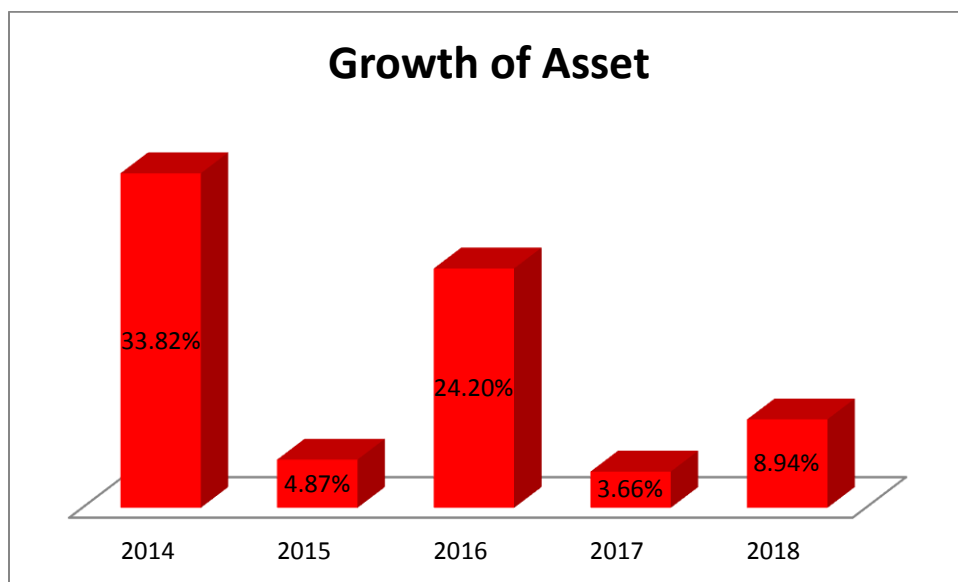
Year	2014	2015	2016	2017	2018	Average
Growth	76.76%	3.14%	19.45%	26.93%	2.05%	25.67%



The graph shows an average increase of 25.67% growth in net profit over the last five years. The rate had fluctuated every year since 2014. It reached its peak in 2014 and had a downfall in the year 2015. The trend had fluctuating values, which resulted in 2.05% growth rate of net profit in year 2018 which is not satisfactory.

4.2.6.3. Growth of Assets

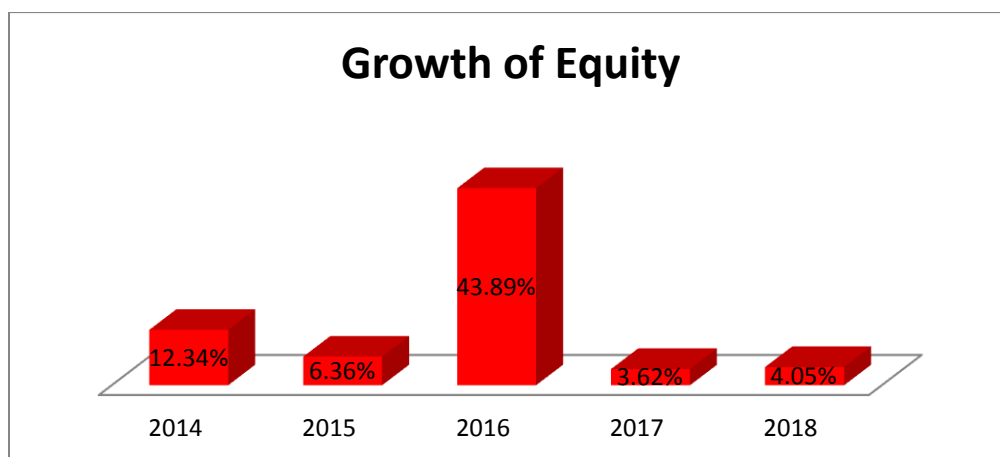
Year	2014	2015	2016	2017	2018	Average
Growth	33.82%	4.87%	24.20%	3.66%	8.94%	15.10%



The graph shows an average increase of 15.10% growth in assets over the last five years. The rate had fluctuated every year since 2014. It reached its peak in 2014 and again had a downfall. For having such fluctuating values, the linear trend line is heading upwards. Moreover, ACME had a rising asset growth of 8.94% in the year 2018.

4.2.6.4. Growth of Equity

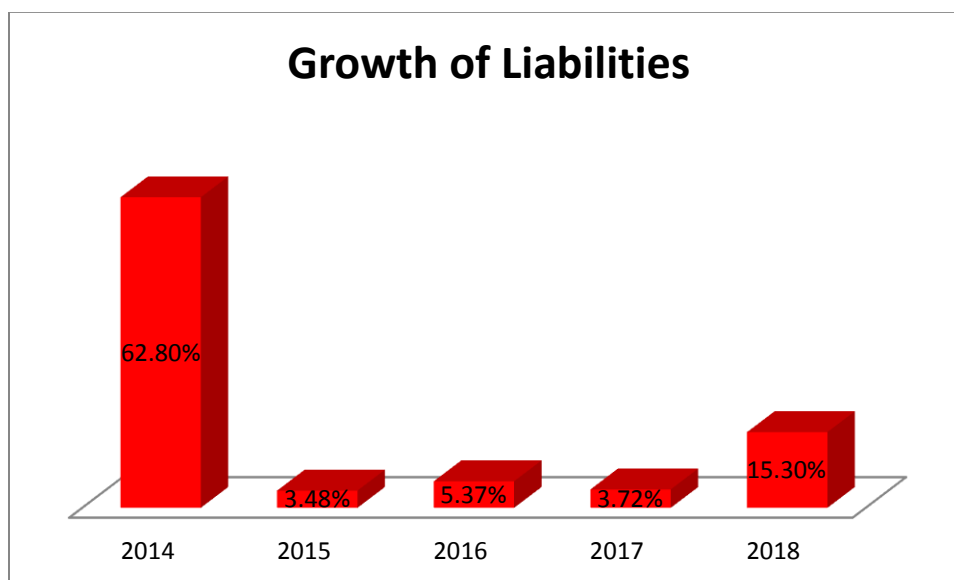
Year	2014	2015	2016	2017	2018	Average
Growth	12.34%	6.36%	43.89%	3.62%	4.05%	14.05%



This graph shows an average of 14.05% increase in equity over the last five years. It reached its highest position in 2018 and never increased to that point afterwards. But, the linear trend line is upwards and seems to reach a better position in the future.

4.2.6.5. Growth of Liabilities

Year	2014	2015	2016	2017	2018	Average
Growth	62.80%	3.48%	5.37%	3.72%	15.30%	18.13%



The graph shows an average of 18.13% increase in liabilities over the last five years. The rate had been decreasing gradually since 2014. It is considered as a positive effect to have a downwards linear trend line of growth in liabilities.

Overall, each of the growth rates tends to get better with time except the growth rate of assets

Chapter Five: Findings

One of the two specific objectives was to understand the outcome of the evaluation of financial performance of ACME. And the second one was to determine the effectiveness and weakness of ACME.

Current Ratio, Debt to Equity Ratio and Return on Assets are the key ratios which affect a company's liquidity and profitability. In Addition, for determining a company's performance the other ratios are also necessary.

Liquidity

The evaluation of liquidity of ACME shows us that ACME was in a good position except from the slight downfall of both ratios in the year 2018. But, ACME can utilize their excess cash to generate more possible revenue.

Financial Leverage

Both the ratios suggest that The ACME Laboratories Limited maintained liabilities to assets and equity at satisfactory level. It is considered as a good practice normally if a company maintains minimum debts. There is high chance of bankruptcy if a company fails to pay off its debts. So, it can be said that The ACME Laboratories Limited is financially in a suitable position.

Turnover

All the three graphs suggest that all the ratios had a possible decreasing trend line. Therefore, this can be suggested that the company needs to reassess its management policy in order to turn the situation in company's wellbeing as the current policy seems inefficient to generate positive turnover.

Profitability

All the graphs of profitability ratios reflect that each of the average of the ratios are slightly in downward trend. However, from the previous year's profitability ratio there is possible upward trend line. This means, The ACME Laboratories Limited will be able to achieve good profitability in financing in the following years.

EPS

The graph of EPS shows us that on average, ACME had a profit of Tk. 6.25 for each share outstanding. The linear trend line is also upwards. This is a good sign and will take time to reach its peak as ACME had its inception in the year 2018.

Growth

Overall growth rate is not satisfactory for the ACME. The growth ratios of revenue, assets and net profit have not reached its peak ever since 2014. But the liabilities and equity have been at a stable position

Chapter Six: Recommendations

- First of all, The ACME Laboratories Limited should utilize its excess amount of current assets efficiently to generate more possible revenue.
- The ACME Laboratories Limited should take loans from suitable places to use this generate more profit. This can be observed from calculations that in 2014 the revenue was more as there was relatively more liabilities in that period.
- The ACME Laboratories Limited needs to reassess its management policy in order to turn the situation in company's wellbeing as the current policy seems inefficient to generate positive turnovers.
- The growth rate of assets has a downward linear trend, which should also be reassessed.
- Lastly, The ACME Laboratories Limited have a good profitably trend, they can improve this position even further if the negative trend in 2018 can be turned into positive.



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Appendix

Operating Performance	2012	2013	2014	2015	2016
Net Revenue	10217931465	11496413631	12644913144	13576322298	14813914266
Cost of Goods Sold	6237792554	7194997972	7770610089	8039829556	8942398576
Gross Profit	3980138911	4301415659	4874303055	5536492742	5871515690
Financial Expense	776911190	982529496	1115687099	1014470803	1101287317
Profit before Taxes	1204844233	1349430061	1402101061	2035550457	954844067
Net profit After taxation	893890898	921917143	1101267794	1397849938	1426570996
EPS	5.65	5.70	6.55	6.61	6.74
Inventory	2223003434	2484869763	2749539322	2097608895	3143134830

Operating Performance	2012	2013	2014	2015	2016
Total Non-Current Assets	15544508282	16060787303	17286351573	18275901469	21162036812
Total Current Assets	6635062802	7198984638	11603359057	11671330040	11462209428
Total Assets	22179571084	23259771941	28889710630	29947231509	32624246240
Total Shareholder's	10692163182	11372629592	16364471981	16956272126	17643034827
Total Non-	3057678428	4904881207	3958448269	3675912676	4615514545
Total Current Liabilities	8429729474	6982261142	8566790380	9315041707	10363696868
Total Equity & Liabilities	22176571084	23259771941	28889710630	29947231509	32624246240



Net Assets Value Per Share	66.16	70.37	77.34	80.13	83.39
Cash and cash equitant	413432359	432270398	1148110610	1382878590	1135069957

END of Report
