

Report On
Financial Inclusion and Analysis of Shopfront Ltd.

By
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The internship report is being submitted to BRAC Business School to fulfill the criteria and to achieve the degree of Bachelor of Business Administration (BBA)

BRAC Business School
BRAC University
Fall 2020

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Declaration

To kindly make a declaration:

1. The report which is being submitted for the completion and grabbing my Undergraduate degree at the BRAC University premises is done by my own hard work.
2. Secondly, this report does not contain any data which was previously being submitted, except where the citation are appropriate through full and accurate references.
3. I/We have acknowledged all the sources of help to complete the report.

Student's Full Name & Signature:

Kazi Ayman Alam
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Supervisor's Full Name & Signature:

Dr. M. Mujibul Haque
Professor & Associate Dean, BRAC Business School
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Letter of Transmittal

Dr. M. Mujibul Haque
Professor & Associate Dean,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: The submission of internship report on “**Financial Inclusion & Analysis of Shopfront Ltd**”.

Dear Sir,

With your concern and support, I hereby submitting my internship report where I discussed and briefly mentioned how ShopUp have given opportunity to individuals and also analyzed the financial elements of how they are performing and will perform in the upcoming journey.

The report helped me to diversify my knowledge in Finance, and also helped me to understand how B2B platforms utilizes their financial ideas in the business. I have given my full effort to complete the report by using my proper knowledge and data's, to complete the report.

Best regards,

Kazi Ayman Alam

17104018

BRAC Business School

BRAC University

Date:

Non-Disclosure Agreement

The Contract or Agreement is being made and entered into by and between Shopfront Ltd. And undersigned student from BRAC University, BRAC Business School.

Kazi Ayman Alam.

Acknowledgement

Firstly, I would like to thank the Almighty who have given me the ability, the strength and the stoicism to carry on with my work and to complete it in a better way. And most importantly, I am very grateful to those people who guided me whatever data or research materials required for my report.

Moreover, I would like to thank my Intern Supervisor, Dr.M.Mujibul Haque, Professor & Associate Dean of BRAC Business School at BRAC University. Without his guidance and proper indication, it would be very difficult for me to complete my task. During his busy schedules, Sir still managed to give some time, where he provided proper recommendation to make my report much more valuable.

Lastly but not the least, I want to thank my line manager from Shopfront Ltd. Mr. Mohammad Zamshedul Islam, Assistant Manager, Financial Analysis and Reporting and my colleagues who have given me opportunity to work with them and also helped me to learn and diversified my idea regarding finance and accounting, which helped me to work in ease in the company and to complete my report.

Executive Summary

Doing Internship and writing a report is an integral and important part of the BBA Program. To complete the degree, I need to write this report by keeping in mind that both my academic knowledge that I achieved from the program's courses and practical experience, I gained while working at ShopFront Ltd. where I worked as an intern for almost 3.5 months.

I joined ShopFront Ltd (ShopUp) in October and since then I have been working with the Finance and Accounts team of one of the ShopUp site business Unicorn (a food distribution business, connecting with big distribution houses to resell their product at a reasonable price to the customer through apps or shopping stores). Working there has been an amazing journey for me since I got to learn a lot about the finance and accounts related work and also about the B2B platform how it works. Not only that, but it has also given me to understand about the micro entrepreneurs how they resell their products through online.

ShopUp is the only B2B platform F commerce in Bangladesh till now. It has been doing great with its site businesses like REDX which is a logistics business responsible for delivering products all around Bangladesh, BlueX is giving opportunity to micro entrepreneurs to come up and resell their products through shopUp apps so that they can earn something and start doing something of their own. Moreover, there is Unicorn who acts as a distribution channel by grabbing big distributors to sell their products to customers or other retailers or whole salers through the same app and lastly their ShopUp eLoan credit who gives eLoans to micro entrepreneurs to start their business to resell their products that is under BlueX. Furthermore, the management policy of hiring process and conducting an interview is being done under their career page or other social medias like linkedin, facebook, bdjobs etc. They do their branding through Instagram, Facebook or Youtube to make aware of their services especially REDX about delivering products. Moreover, the finance and accounts department play a vital role in the company, the balance sheet and income statement they create is basically the business profit what comes from the business, the assets they are financing, the debts they have been clearing and other investors who have been investing so that they can finance on their assets and cover up the debts. The ratios, trend analysis and common size analysis gives an idea about the company financial status of how they are doing in the market, till now they do not have competitors, so they are playing safe at the market. And lastly their operations team who are involved with day-to-day operations in the company and IT department gives or provides support through technology to run the operations smoothly.

The objective of the report is to forecast the company financial income statement and balance sheet to see what their status in their upcoming journey will be. For which a proforma income statement and balance sheet is being created by which sales forecasting is being created to look up the annual growth rate of the company from 2018-2022 (2020-2022, forecasted years), then AFN method (a simple financial approach to find out how much amount of fund is required to make the business runs smoothly), then forecasting financial ratios to see whether their assets, liabilities or equity is improving or not. Since I joined, I have seen the company improved a lot from 2019 as most of the time they financed their assets with debt but after getting a huge investment they started financing those on their assets, covering up the debts, and getting more return on assets and equities which shows they have been generating their income precisely and by forecasting they will do more. I have done forecasting and AFN and sales forecasting approaches to see the financial economic condition whether they will do better or not and bring changes in the statements.

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List of Acronyms

ShopUp – Shopfront Ltd.

NMV – Net Market Value

B2B – Business to Business

B2C – Business to Consumer

AFN – Additional Fund Needed method

Chapter 1:

Overview of Internship

1.1 Student Information

I, Kazi Ayman Alam, ID: 17104018, student of BRAC Business School, BRAC University. I started my undergraduate program from spring 2017 and basically will be graduating with two special concentrations, Finance and Operations Management.

1.2. Internship Information

1.2.1 Period, Company, Department & Address

It's a great opportunity for me that I have been working with the Finance & Accounts team of Shopfront Ltd. Sister concern company "Unicorn Distribution Ltd." And "MOKAM" for almost two and half months. At present ShopUp has given opportunity to many people to invest and start their business in ease during this pandemic situation. The company which I work for Unicorn is basically involved with sixty Distribution houses where they help the houses to sell their product through app or other shopping stores or other wholesale markets. And also they help them to keep their product in their respective warehouses which are being held all around Bangladesh like Sylhet, Rangpur, Tejgaon, Uttara, Gulshan, etc. However the main headquarters is at House#112, Road #06, Mohakhali DOHS, Dhaka.

1.2.2 Company Supervisor's Information.

The person under whose supervision I worked and basically to whom I report is Mr. Mohammad Zamshedul Islam, ACCA, who is basically the Assistant Manager and Head of Financial Analysis and Planning of Shopfront Ltd. (ShopUp).

1.2.3 Job Scope

I joined Shopfront Ltd. (ShopUp) as an Intern employee on 11th October 2020. During my journey I was completely treated as an executive after my first month. Basically, the first month of my

journey was all about how to adapt myself with their environment, the way of their working, how everything is financially handled. Meeting with my colleagues, knowing about their roles in the organization and what they do all day. When I joined my role was to make report to the upper heads of the company and attend the meetings and record the tracks of what they really want to update the report more precisely. Not only that I was being understood that how the finance and accounts team deals with the business which ShopUp handles with the distributors, resellers and source sellers. Moreover, I was introduced with the oracle netsuite or SAP software where they uses it to record and update daily journal entries of their day to day basis transactions and financial analysis reports. Lastly, I was given the opportunity to learn on how to do auditing and the opportunity was given by my line manager.

In the second phase, it was the beginning of my daily task what to do. I was trained by my two colleagues so that I can do my daily or monthly basis work with ease. More precisely my task to make the inventory turnover report of the distribution houses, then financial investment and income statement of their sister concern company MOKAM and help my colleagues to reconcile the bank statements of daily or monthly transactions and expenses. Though I was not allowed to use the software to input entries but still my colleagues taught me how to do so. During the meeting the CFO gave me the opportunity to prepare meeting minutes, so that in the upcoming meetings to what they asked for to make the report more precise. Lastly, the auditing phase where I had to visit various warehouses to keep track of the inventory whether they are giving us the perfect data or not based on that we ought to prepare Mushak 6.3 and finally submit them the TAX report as it was the month of TAX return and to the external auditors. And for this I have to review the work of staffs a lot and finance team to make the report and hand it over to the external auditors.

1.3 Internship Outcomes

1.3.1 My Contribution to the Company

My role was basically to play the executive role and senior executive role as they have been impressed with my report making task to the upper heads. And the role of taking a lead of few of their distribution houses, for which I tried to help my organization to communicate with the operation manager of the distribution houses all around Bangladesh. I also reviewed and make financial report and release payments of the expenses which was incurred by them. Other than that I also reviewed and took lead of their new project for 2 months and then it was hand over to other

people as I was promoted to look for more distribution houses. Furthermore, I also participated in auditing the warehouses as I mentioned before. And from the beginning I helped my line manager to make credit reports i.e. how much money is yet to receive from the markets, then to make the inventory turnover, sales report so that they can analyse whether to invest more or not and helped the auditors as well by providing them necessary information as well.

As an intern I played both the roles of executive and senior executive and helped my team at any cost, whatever report they needed, I provided them everything and tried to gain my knowledge from them as well regarding finance, accounts, leadership etc.

1.3.2 Benefits to the Students

Shopfront Ltd. (ShopUp) has not only given me the opportunity to grab and extend my knowledge more about finance and accounts, It also helped others to extend their knowledge as well. Firstly, they have taught me how to make reports regarding the monthly and weekly MIS meeting, then to reduce time they even taught me to convert the files into CSV format so that it will help me to get all the information regarding the report and to give posting of journal entries through oracle netsuite software. Moreover they also taught me how to use shortcut keys for Microsoft softwares, which basically improved my computer skills. And not only that, they also given me the opportunity to present myself in front of the financial controller and CFO to explain them how the distribution houses are running in the market, and how can we improve the NMV much better. So, the company gave me the support for which I was motivated to learn more about finance and accounting and I was dedicated to work and gain knowledge and experience. And lastly, they also taught me about ethics as well and time punctuality.

However, working in such companies, one thing I set on my mind that, it really helped me to lead my team and it will help me in future wherever I join next. And also taught that always try to approach by yourself whatever the designation is it doesn't matter, the only thing matters is the person behavior how we should approach and help them or guide them.

1.3.3 Difficulties Faced During Internship

Well, in short If I describe the only problems, I faced was the late-night exits, I usually use to work with my colleague's late hours till 11 pm or more and the printers whenever I went to print a document during the meeting days, It was not working properly, other than that I enjoyed my 3 months in ShopUp.

1.3.4 Recommendations

As I always said this B2B and B2C platforms are always fun to work, there will be pressure you will be given a lot of task, but this task will teach you a lot to grab in and it will really help in the upcoming journeys of professional life. However, one thing they should bring change is the time management and fix the electronic items, so that interns or other employees will be much more enthusiast to work in ShopUp.

Chapter 2:

Organization Part

2.1 Introduction

The company for which I am providing service now (ShopUp), I would like to share the objective, methodology, scope and the limitations and significance as well.

- **Objective:** The Objective of my report, is to financially forecast the income statement and balance sheet to prepare proforma financial income statement and balance sheet to see the future status of ShopUp how they will be performing, moreover using simple financial approach Additional Fund Needed method to find out how much amount of fund required to invest in the company business and lastly doing sales forecast to find out the annual growth rate.
- **Methodology:** The methodology used to understand my report, I basically collected my data from my colleagues, my line manager and from the internet for which I relied on primary and secondary resources. The entire report is being covered with qualitative and quantitative resources i.e., I did trend analysis and common size analysis of income statement and balance sheets and by using the income statements and balance, I calculated the financial ratios of the company as well. And they will get to know about the operations, marketing, management policies, finance, and accounts department and lastly the IT department.
- **Scope:** The scope of my report on ShopUp and its entire work frame, what they do and all. And will be knowing about the policies of operations, marketing i.e., the 7P's of ShopUp, management policies, finance, and accounts practices (Trend and common size analysis of balance sheets and income statements and the ratios) and lastly the IT department and rules being maintained in the company and how they are helping the distribution houses to make the business profitable. So, in other words my readers will get a clear idea about the operations being maintained and how it is being run in the company.
- **Limitation:** The only problem I faced while I went to collect the report as they do not disclose much data with their interns and they are just getting developed, but on the other

hand my colleagues helped me a lot to get data's. So, with that I tried my best to cover it up and most likely it's for the betterment of the company.

- **Significance:** The most important fact is that while collecting and making analysis for my report, it helped me to grab a clear view and picture of ShopUp, by which I can help them a lot as I know the strength and weakness the company is going through and if they need any suggestions, it will be easy for me to give feedback by which they can cover up the laggings and make improvements to make better decisions.

2.2 Overview of Organization

The Company Shopfront Ltd (ShopUp), is basically the one and only B2B F-commerce industry in Bangladesh till now. Till now I believe it is one of the largest Fintech Company in Bangladesh and basically gave a lot of hope to the entrepreneurs, so that they don't have to hunt for jobs and start their small business by the help of them. ShopUp main aim is to bring a drastic change in the F-commerce industry basically create a name so that maximum stakeholders in Bangladesh can get a thorough access to finance and accounts with variety of services which they do not get from other companies or industries. At the instant moment ShopUp is working as a third party or a channel for many big FMCG or Essential Industries like New Zealand Dairy, Unilever, Reckitt Beckinsler, Omega Distribution, Transcom Distribution Ltd, ACI Limited etc. Basically, ShopUp is helping them to sell their products through the online procedure so that the product which doesnot go to the customer due to its unavailability, they can get it through the app. It not only involved in big businesses but also helping individuals to resell their product through the app as well. It provides an easy access to B2B sourcing, market digital credit, Logistics etc to micro businesses. However just a few days back they got an investment of 190 crore TK (22 million USD) from the shareholders to invest more on other businesses. They are funded by Sequoia Capital and Omidyar Network.



Fig: 1 Logo of Shopfront Ltd.

2.2.1 The Beginning

The Company started its journey from mid of 2017. The plan was executed by the three friends to start the journey, they were: Afeef Zubair Zaman (CEO), Siffat Sarwar (Chairman) and Aatur Rahim Chaudhary (CTO). Because of this people, many individuals now believe they can start something of their own as they proved that any sort of business is not a small business, there is a path to success and eventually they created a great platform for the individuals to resell their own products through social media which proves that ShopUp has brought a tremendous change in the E-commerce Industry.

2.2.2 Achievements

Till now due to its hard work, Afeef and his troops has achieved a lot in their journey. Basically, their big and main investor is Sequoia Capital, an American Venture capital firm. Moreover, ShopUp got the name of “The Best Start Up Business of the Year 2019” in Bangladesh. Not only that, but they also even started their business in Bengaluru, India and Singapore. Voonik one of the most popular online market site is being brought by Afeef Zubair Zaman, to bring ShopUp journey in India. And Lastly ShopUp has raised around \$22.5 million (190 Crore Taka) to digitalize millions of mom-and-pop shops in Bangladesh and it was led by Sequoia Capital and Flourish Ventures.

2.2.3 ShopUp Services

- Product delivery services for the merchants by REDX Logistics, as they are directly or indirectly involved with the F-commerce business.
- Online credit loan facilities
- Merchants can sell their products through social media or ShopUp app store.
- Branded and Unbranded product distribution facilities, this is basically for the one who does or even does not have the access to F-Commerce site or big industrial organization

2.2.4 Mission & Vision

Till now ShopUp has one dream to being known in Bangladesh and that is there giant project “UNICORN”, a business which has a value worth of almost one billion USD (Wikipedia 2020), the business is dealing with the distribution houses, playing as a third party to approach their

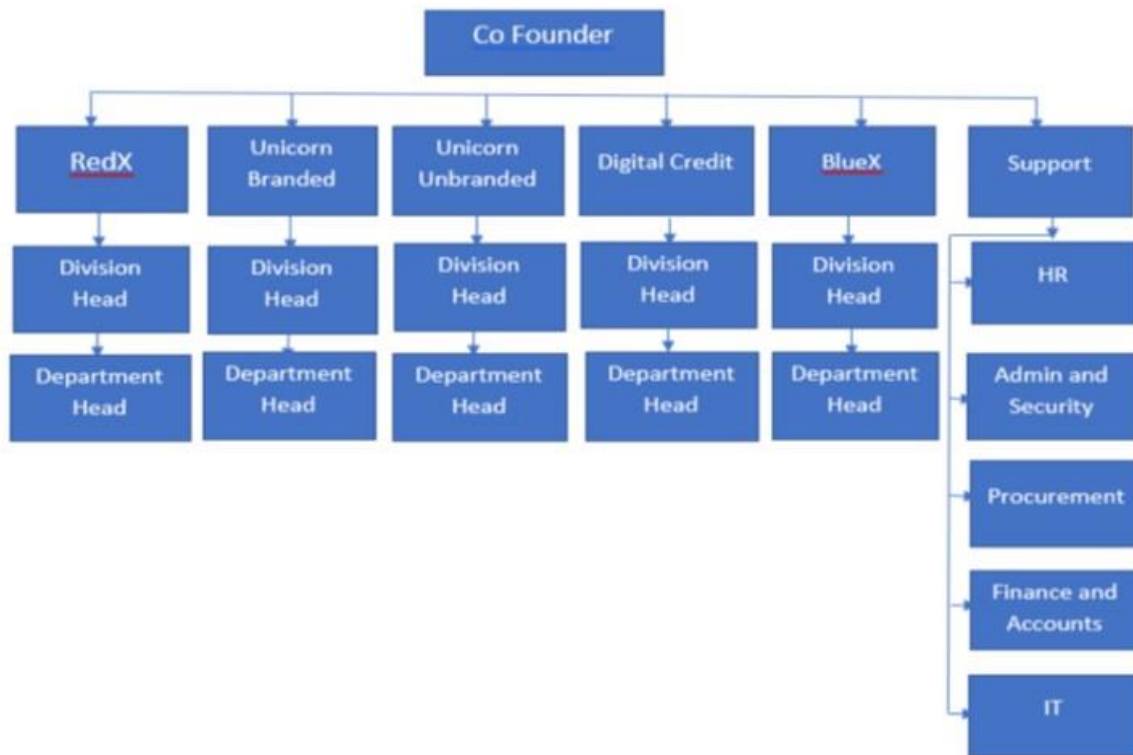
product through app or reach it to the big places and the small ones. The business also includes modern trades as well like Marico Ecommerce Badda, Transcom Modern Trade and Dabur Bangladesh and the products are being sold on credit. And they are all around Bangladesh till date.

Their main mission is to enable the individuals to stand on their own and create platform like ShopUps and get entry easily to the business world. Moreover, they want to be the biggest distribution sourcing channel in Bangladesh and get involved with all the big industrial businesses, to bring a great and better impact on the profit of the F-Commerce business in Bangladesh.

2.2.5 Organizational Culture and Structure

The working environment in ShopUp is very friendly, always ready to have each and every one is back, even the interns are relaxed to spent time with upper heads and they always happily approach to the lower ones. The startup gives a lot of opportunity to grap more and more learnings and it teaches how to work quickly and handle pressure in small period. There is no communication gap between anyone, a friendly atmosphere is being maintained in the company.

Fig: 02 Organizational Structure of Shopfront Ltd.



The Structure in ShopUp upholds 12 departments, they are: Procurement, Logistics, Retail Distributions, Commerce supply, Commerce Demand Online, Commerce Demand Offline, Credit Loan team, Finance & Accounts, Human Resource, IT and Admin.

2.2.6 ShopUp and its site business

- **ShopUp E-Loan:**

This team basically works for the financial opportunities of CMSME, as they provide them nano credit facilities by the digital platform. Their working strategy is all about to see how much money is yet to receive from the distribution houses as they are financing. They basically divided into three phases to finance in the market, firstly scorecard-based financing for the online merchant, then the embedded retailer financing for the FMCG retailers and lastly, for UNICORN Branded the retailer financing is based on supplier financing.



- **REDX Delivery:**



REDX delivery is a logistics business of ShopUp, where the products are delivered all around the Bangladesh by using a digital platform. The business is not about delivery the products, but they also involved in packaging, making a digital invoice and also tracking options where the product is going and where it is delivered. And Lastly, the payment can be done in many ways, through Bkash or bank or cash on hand during delivery time. And lastly, they came up with their new project by creating a team, Sales Team, where the members are being involved in approaching the merchant to use their services 24/7.

- **UNICORN Distribution Limited:**



This business main aim to create a good distribution channel bridge with the distribution houses or companies for FMCG retailers through technology. The business is all about to create channels with the distribution house and end retailers, so that the retailers can get the products which are not selling properly in the market, they can get it by ordering from the app. Their main purpose is bringing positive NMV or revenue for the company and also bringing profit for the distribution houses by helping them to sell their products in the correct place in the correct manner.

- **MOKAM:**



This business is completely new project, and they are main purpose to create link with the buyer and seller. The business is involved with grocery products in which there are branded products (Horlicks, Radhuni, Teer oil etc) and UN branded products (Rice, Lentils, Onions, Potatoes etc). And the channel is being created between wholesalers, small retailers, and other clients to reach them the product through MOKAM Store App in a reasonable price.

- **BLUEX:**



One of the smoothest and easy site business of ShopUp ltd, i.e., it's a reseller business where the resellers can select their own type of products from variety of wholesaler and then try to sell them at a reasonable price. And once it is being selected by the customer from the opposite end, the later process is being handled by logistics team A.K.A REDX Delivery

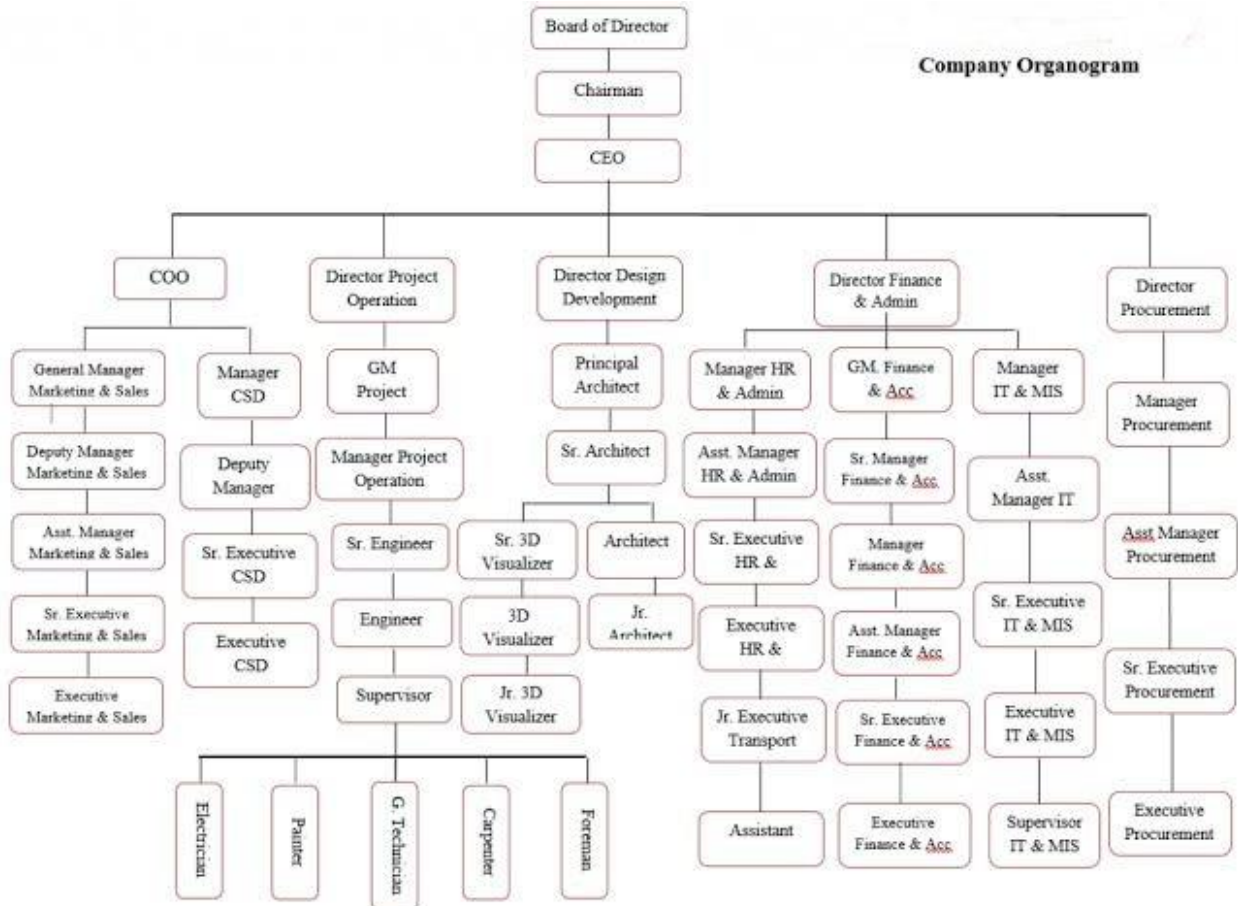
2.3 Management:

I am basically going to discuss about the ShopUp entire management by which my supervisors will get a clear picture about the Human resource Management department. I am going to start with:

- **Company's Organogram:** the organogram is all describes about the chart where a picture clearly helps to find out who is the head of the company and which employee does their report to whom. For ShopUp there are four people whom everyone reports, the managing director or CEO, Chairman or CTO, COO and CFO. Under them is the business development head and Chief of Staffs who basically guides the senior manager, deputy manager, manager, assistant manager to make reports and update them on daily basis, basically the process is smooth as the environment is friendly between everyone. Different Business development head tackles different businesses like MOKAM, UNICORN, REDX, BLUEX. And each department has a player who plays the role of executive or

senior executive who makes the report and keep updating to Assistant and Deputy Manager. And the process continues till the upper grades people.

Fig: 03 Organogram



- Rules and Policies:** An overall 100 employees are working for ShopUp Ltd. The company is very conscious and caring when it comes to its employees. They provide their employees the best they can, like they are giving the salary by 28-29th date of each month. They are maintaining a proper time routine so that their employees can live their own life as well, and even planning business tours or picnic for a recreation. Moreover, if anyone needs any sort of leave, the company doesnot bother on giving a leave but a time 3 day duration only. However, they are strict on working hours like 40hrs a week should be maintained and they make sure that there is no sort of stealing or discrimination is being occurred between the employees, if done severe action or penalty is being provided to the employee. And lastly,

the hiring process is a challenging one basically they take two interviews, in the first one the Assistant manager, Deputy Manager takes the interview and if they passed then the final one is being held by the board of directors and Business Development head team, so entering ShopUp is a bit challenging process for everyone as they depend and believe on quality not quantity.

- **Training and Development:** ShopUp is helpful even in training their employees and trying to bring development on daily basis, basically they organized two training sessions one for the human resource team of Unicorn and another for the operations team of MOKAM. Basically, for the HR team they conduct a training of 5days where they taught how to conduct an interview session, how to shortlist a cv, how to manage a payroll facility and how to get involved with SAP softwares and HRIS. Not only that they also train them in a way so that they get motivated to work with ease and peace and tries to help others in the same which will bring development to the company.

- **Job Description and Post Publication:** Firstly, about job description, the main purpose for this being created is for the job being needed, and for this a professional HR personnel is required who basically do a lot of research for the job position and to get an idea he/she has to make planning or do meetings with the superior of the same or different position of he/she works. The job description includes: KPI, Job responsibilities, Supervisor, Job Requirements.

Now comes the Job Post publication. Basically, the circular is provided to applicants through many processes, like through BDjobs, Careerjet, LinkedIn, Facebook etc. But the main platform to apply is through Smart recruiters, where all the necessary information regarding the job designation, responsibility and description is provided and the deadline is provided as well.

- **Entire Hiring Procedures:** The beginning of hiring an applicant's starts with the screening method where the Curriculum Vitae (CV) is being screened by the HR department personnel from there they select the ones who completely match their JD. They basically look out the Job Experience, Education Qualification and other extracurricular activities and skills. Then in the second process after selecting the qualified ones the first interview is being held by the Assistant Manager, Senior Manager and the Hr department Head. After its being successfully completed, then the company goes for Assessment

process where only for few positions a small test is being taken to check the applicant's skills. There might be a personality test, aptitude test or Leadership Growth Assessment etc. If the applicant is being passed in all the test, then the final interview will be conducted with the CEO's and Business Development Head team, where they will decide whether the applicant is suitable for the company or not.

After being hired by the company, the first thing they will get from the company an offer letter where a form will be given via mail, they have to fill the form up, then comes the Confirmation task where the candidate will confirm that he/she agreed to join the company which will be informed to IT and admin, so that they can make a computer record of the employee and gave his necessary items to use for office purpose. Not only that, a contract letter will be given to the hired employee which is basically like an agreement that the employee has accepted all the regulatory terms and compensation to join the company (on a short note the compensation is being done grade wise like each grade has a salary issue policy, rank wise, the salary is being compensated between the two parties) and then his or her data is being recorded by creating a file and finally an orientation program is being held up by the company to give a crystal clear idea about what ShopUp is and what they do. That is how the entire process is being followed in ShopUp.

- **Promotions and other incentives:** The process is being followed and monitored by the HR department. Their task is to observe and evaluate the employee's performance based on that a KPI is being fixed. And at the yearend that KPI will declare whether the employee will be promoted or not and it has some fixed initiatives. This is basically being done to motivate the employees so that they can complete the work and make better business decisions with ease.
- **Discrimination Rules Policy:** Recently ShopUp, came up with a good initiative to make the company a better one, i.e., they created a strict rule where there will be no gender discrimination, no violence and especially no harassment while working in the company, if anyone is being noticed he/she will not be allowed to work for a year or two.

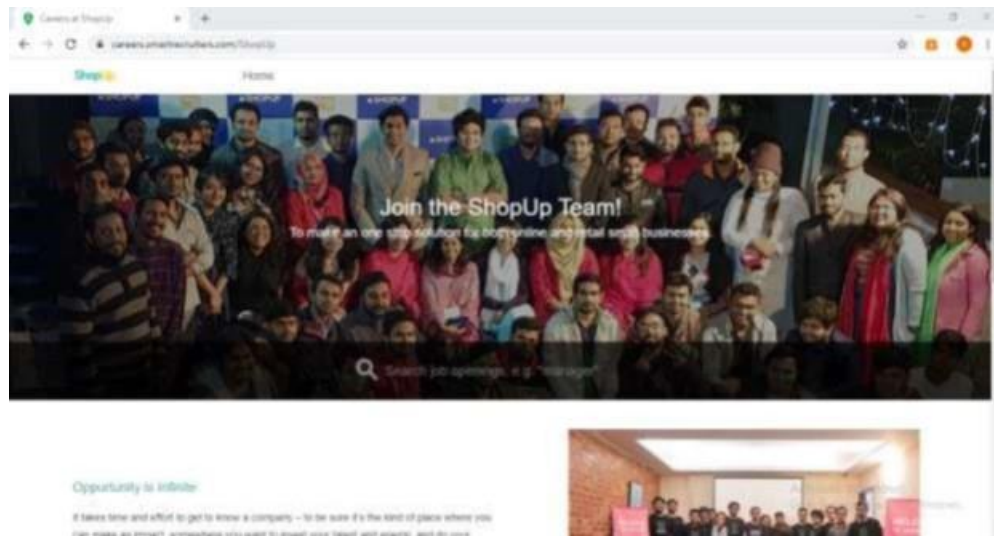


Fig: 04 ShopUp Career-Site (smartrecruiters)



Fig: 05 ShopUp Career Page (Facebook)

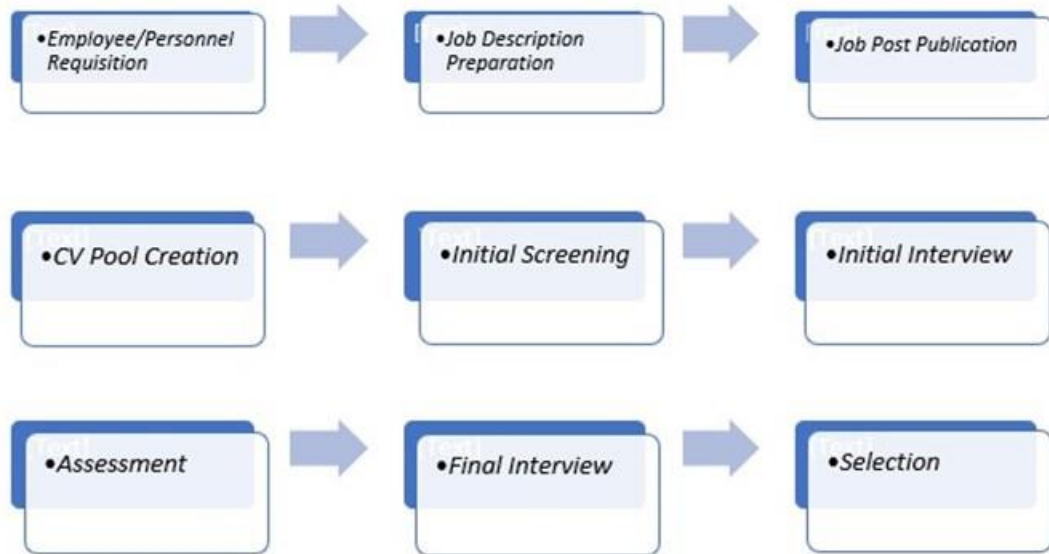


Fig: 06 Before Hiring Process



Fig: 07 After Hiring Process

2.4 Marketing Practices:

In this part I am going to explain the marketing strategies by explaining ShopUp with the marketing mix strategies, 7P's.



Fig: 08 7P's Marketing Mix

- **Product:** The first one of the 7P's I am going to discuss about the product, basically ShopUp is trying to satisfy their customer from the beginning of their business. As I said before they have a lot of businesses, if I discuss about the fashion outwears, if a customer orders a product through their app, they are getting their product in time with well packaging and the delivery is being delivered on time as they were properly trained for this. Their UNICORN and MOKAM business grocery products and other products is being properly distributed all around the city and town after it is being ordered through the MOKAM store App. Not only that the Credit loan team also providing finance in a proper manner to the retailers and other resellers or source sellers so that they can supply their products or sell their product and store on time to time. Basically, people are well satisfied

in the market with their product and time to time daily services. And the payment can be done in many ways either through nagad, bkash or any other banks.

- **Promotion:** ShopUp basically promote themselves through social media most of the time either through facebook as they have facebook page, then through youtube or through LinkedIn and sometimes they telecast their brands in news channels as well.
- **Price:** ShopUp basically acts as a distribution channel for which many of the large distribution houses gets into contract with them to sell their product through their app to large stores or small retail shops or wholesale shop in a reasonable price and till now whatever budget they created for the company they did not failed yet which is a positive sign for the company and also for the customers as well.
- **Place:** Due to its distribution channel, ShopUp has created their warehouse all around Bangladesh, each division has around 6-7 distribution house and especially the named ones, off which maximum product is being used by the customers. Most people faced problems to purchase product for their shops but ShopUp has made it easy through them the territory sales officer in each division introduced them how to use app and how to purchase product at a reasonable price and sell at TP rate. It also covers up the peoples profit where the sales margin is bit low so that they can purchase more product and cover up their loan.
- **Process:** The main aim and process of ShopUp is to help the customers and employees. Getting a lot of investments in short period of time and investing them to train the employees so that they can move to the places and make aware to the retailers, distributors and wholesalers to know about the app of ShopUp more. Till now they have been linked with 60 Distribution houses (UNICORN related) and MOKAM started 2 months and counting and managed to create operations around Sylhet, Rangpur and Dhaka.
- **People:** When it comes to the customer to motivate them to start something of their own through ShopUp, their slogan explains them everything which is “One Stop Platform for small business”. ShopUp basically gives an investment of 40 thousand taka so that the individual no need to invest from the beginning and so they contact some of the wholesalers, to get their product and resell them at a reasonable price. That is how the relationship is being created with the company and not only that they also approach their customer in a way so that they always use their app to get their necessary items on time.

- **Physical Evidence:** Till now in running 3 years ShopUp has written its name in top notch position by achieving success in every aspects of business.

2.5 Financial Performance and Accounting Practices

The finance and accounts department are almost like a heart of a company, like wise ShopUp has its own finance and accounts department which basically runs the entire business. However, each business of ShopUp has its own finance and accounts department who provides services to their respective businesses like preparing budget reports, annual reports, financial planning analysis, and the process is same for the respective businesses but during audits, each business deals with their own ones. Audit is done on yearly basis on everywhere, here the time duration is from 1st Jan to 31st Dec. Although ShopUp deals with lot of businesses and e loan credit policy as well they do follow the accrual basis of accounting even after getting huge amount of investment from the investors.

- **ShopUp Internal Finance:** the internal system is basically providing sensitive information on how to capture the goals of the company and basically satisfying other duties and responsibilities. It is on the other hand can be called or named as internal control system, it's basically can be defined as the successful incorporation of daily routine works, plannings or strategies, methodology and other framework to capture the company or business target. However, the CFO is responsible and answerable for controlling the entire framework. Nevertheless, the inside control framework is basically helping and guiding the entire organization by:
 - Its effectivity or efficiency of daily activity
 - Control of risk and its reliability
 - VAT/TAX return policy and other transactional details
 - Assets related with safeguards.
- **ShopUp other financial activities or daily work:** Well, the daily function of the finance team for all the business is to see what sort of payments are still on pending, for which they have to wait for approval once the upper heads give the approval, they have to clear the payments immediately and then go for journal posting immediately in ORACLE NET SUITE software and then list it or make a document of daily payment

transactions or track record. Moreover most important functions is the business revenue which comes from the distribution houses, the team mainly gets involved by recording the daily sales, cost of goods sold, purchase and stock report and then on last day of the week, a weekly meeting is conducted where the upper heads go through the report to check whether their business is on a good state or not whether the margin is generating properly or not but they gets happy on the month end as they are able to reach more than the target they expected. And lastly, they must clear the bills such as cleaning service from Sheba.xyz, then mobile bills and Internet bills from Grameen phone on month basis for which they make an advance payment and at the end they clear out. So basically, the department is being involved from salary basis to bill and payment clearance basis to budgeting basis to audit basis.

- **ShopUp MIS, Strategy Team:** One of the most important and crucial team of ShopUp MIS Strategic team, their main function is to create budget every year, then forecasting the upcoming sales and Contribution margins (month wise scenario). And also deals with the external audit team to help them to report of one-year financial analysis. They also act as an internal audit to see whether other finance team is properly making the report or not and lastly, they have the key to give approval for the journal posting entries which other finance team are posting after their daily work.
- **Accounting Manual:** It is being created to cover up the daily transactions of ShopUp and to make sure whether the process of transaction is being properly being handled or not. Every finance and accounting department should have a proper idea regarding this thing to run the system smoothly. However, there are 3 major parts under this manual. They are: Process, Risk and control, Documentation etc.
- **Financial Reporting and Planning:** This is like a daily work frame for each company's finance and account team. Their main perspective is all related with the budget activities, if the report is not done or submitted properly then budget cannot be created in a proper and accurate manner. And planning is being done by all the entire finance team and board of directors on how to run the operations smoothly, how to make decisions or give proper results while creating the budget and approving the budget.

- **Finance Credit Team:** The team main aim and purpose is to give e-loan to the ones who register for the online business. The e-loan team basically provides some capital so that the individuals can start running the business properly through the system. Then the system runs their data through the MLM (micro loan model) to estimate its loan ceiling. Then the request is being sent to the financial team after getting approval from the upper heads, the finance team disburses the loan to the individuals in 24 hrs to start their business. And lastly, they also have a proper look on the distribution house as they purchase many items on credit by which the finance team gets the report from the credit team where it is stated clearly for how many days they are holding the money or how much money is yet to receive from the distribution houses. That is how the credit team runs the operation of their team.

2.5.1 Financial Ratios of ShopUp:

Current Ratio: It is basically stating that in a company the current asset should be more compare to current liability. And to make it bigger, I calculated the ratio by subtracting the Long-term asset from the Total assets and other payables from the Total liability.

Year	2018	2019
Current Ratio	2.03 times	0.57 times

Table: 1 Current Ratio from 2018 - 2019

The reason behind the decrease from 2018 to 2019 is that the businesses were at a starting phase and the company liability was more than its asset for which they had few amounts of investments on their hand.

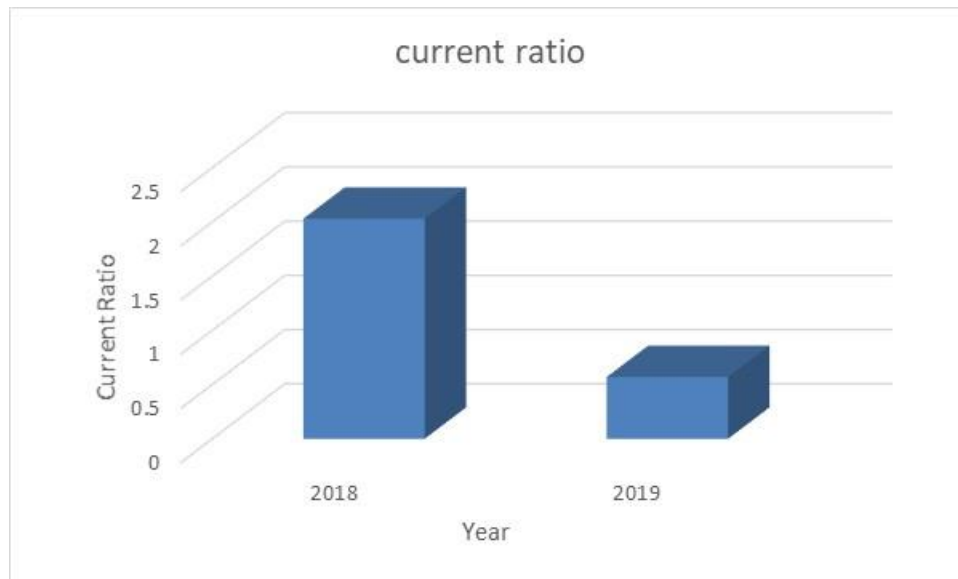


Chart: 1 Current Ratio from 2018 - 2019

Quick Ratio: Quick or acid test ratio is being calculated by deducing the inventory from the company's current asset and then dividing it by the current liability. And like current ratio, here also the current asset should be more than the current liability.

Year	2018	2019
Quick Ratio	1.16	0.87

Table: 2 Quick Ratio from 2018 – 2019

From the above table we can state that from 2018 – 2019 the value of the acid test ratio decreased almost by 50 percent which is not good for any company. The reason is company current liability was more than its current asset for which in 2019 it decreased gradually. However, if they invest more on their project, they might have a chance to increase their current asset more.

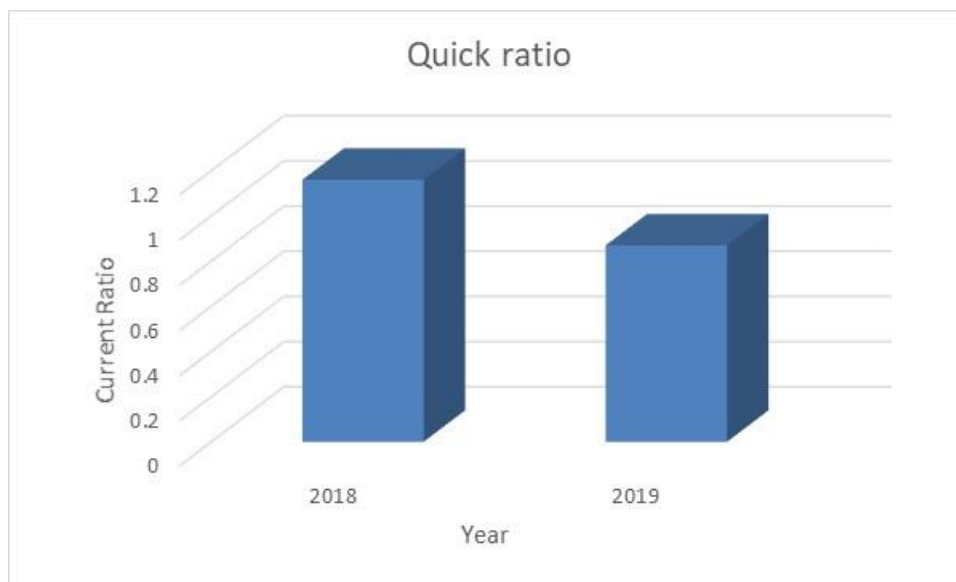


Chart: 2 Quick Ratio from 2018 - 2019

Total Asset Turnover: Here, I basically divided the beginning interest income from the income statement with the Total Asset for the company. The calculations below will give a proper explanation that how the company run for two years. This ratio indicates that for every 1Tk of total asset how much interest income the company have generated for the past few years.

Year	2018	2019
Total Asset Turnover	0.52 times	0.32 times

Table: 3 Total Asset Turnover from 2018 -2019

The above table indicates the total asset turnover of the company from 2018 to 2019, it is indicating that how much income is generated from the respective years and more clearly can

be understood from the table above, the total asset turnover is related with the income and the total asset and by seeing the table, it states one thing that the income generated by the company is less and not in a profitable state. Lastly, if we explain the 2019 value which is stating that the company generated 0.32 tk against every 1 tk worth of their invest total asset.



Chart: 3 Total Asset Turnover from 2018 – 2019

Debt to Asset Ratio: The ratio is being calculated by Total liabilities divided by the Total asset. It gives us a clear explanation that how much amount of total asset which was financed with the total debt.

Year	2018	2019
Debt to Asset ratio	35%	150%

Table: 4 Debt to Asset Ratio from 2018 -2019

From the above table we see that from 2018 to 2019 the company was financing their total asset by debt and for any organization or business or company, if its run by debt, it states that the company income and its profit is in a bad state. And if we compare the ratio's it almost 5 times more than the previous year, as they did not get any proper investment and they continued to run the company by financing from their asset for which the company is now being holding a lot of debt.

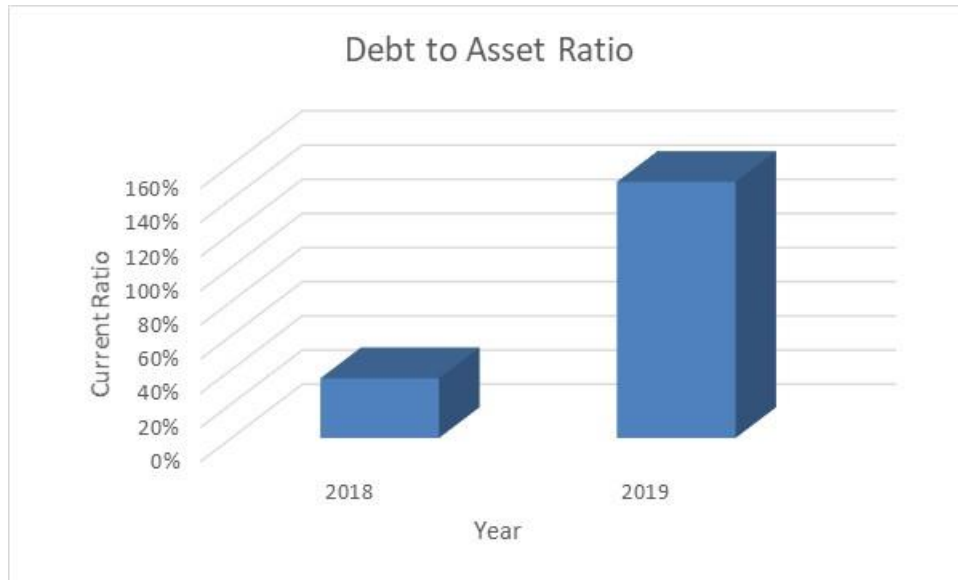


Chart: 4 Debt to Asset Ratio from 2018 – 2019

Operating Profit Margin: This explains us how much amount of operating income came or generated from the sales of the company's distribution houses or other logistics or reseller businesses.

Year	2018	2019
Operating Profit Margin	36%	30%

Table: 5 Operating Profit Margin from 2018 – 2019

From the above Table if we see when the distribution houses were around 10-12 then operating income was quite less this is because the company was mostly financing their assets with debt for which their profit margin was a bit low. However, they are planning to rise it till 100 within the next 3 years and if they get a huge amount of investment then there will be chance that the company will not be financing from their asset and operating profit margin will keep on rising.

Net Profit Margin: This ratio is being calculated by dividing net profit after tax from the income interest they achieved from the sales.

Year	2018	2019
Net Profit Margin	17%	11%

Table: 6 Net Profit Margin from 2018 – 2019

By seeing from the table above, we can say that from 2018-2019 the company had suffered a significant amount of loss since they were financing with debt, moreover they could not generate their interest income and if they keep on continuing to finance with debt then the company will not be able to generate their income properly anymore.



Chart: 5 Net profit Margin from 2018-2019

Return on Equity: The calculation is simple, here it is being done by dividing the net profit with the equity.

Year	2018	2019
Return on Equity	-3%	0.27%

Table: 7 Return on Equity from 2018 – 2019

If we see from 2018 – 2019, there was a negative return on equity when they started the business, since they did not get any return from their equity for which a negative output has shown, however as year passed by the return on equity increased gradually, although the ratio percentage is low, but it has improved and was not negative, but to increase it to double digit.



Chart: 6 Return on Equity from 2018-2019

Return on Asset: This ratio is calculated by dividing the net profit after tax with the total asset to get the return amount that the company got on their assets from the profit. Moreover, the ratio also calculates the percentage to get the actual result.

Year	2018	2019
Return on Asset	3%	0.34%

Table: 8 Return on Asset from 2018 – 2019

From the above table we can see that the company's return on asset performance is poor, as it decreased from 3 to 0.3 percent, In 2018 the company got 3 taka for every 100 taka worth of their asset, but in 2019 it decreased a lot which means the company failed to generate their income and keep on financing their asset with the debt for which they failed to generate any return from their asset.



Chart: 7 Return on Asset from 2018-2019

Trend Analysis

Shopfront LTD							
Income Statement							
Years Ended 31st December							
Year	2019		2018		Amount change		Percent
Net Sales	397,248		447,100		(49,852)		-11%
Total Cost of Goods Sold	330,162		400,000		(69,838)		-17%
Gross Profit (Loss)	67,086		47,100		19,986		42%
Total Selling and Administrative Expenses	49,875		32,975		16,900		51%
Other Operating Expenses	-		-		-		0%
Operating Income	17,211		14,125		3,086		-9%
Interest Expenses	8,650		9,650		(1,000)		-10%
Other Income (Expenses)	-		-		-		0%
Net Income Before Taxes-EBITDA	(382,650)		(241,166)		(141,484)		59%
Income tax on extraordinary gain	128,093		118,093		10,000		8%
NET INCOME (LOSS)	134,078		144,335		(10,257)		-7%

Table: 9 Trend Analysis of Shopfront Income Statement

A trend analysis is an analysis that evaluates the financial information for a company or an organization over a period and as the amount is being used here is taka instead of dollars amount change and a percentage change. Here, I calculated amount change by subtracting the current amount from the base amount and here the base amount is 2018.

If we see the above table, we can analyze that both net sales and total cost of goods sold is decreased in a negative amount, but the Gross Profit is increased and it is negative which is a good sign for the company, this is because they started their business from 2019 and most of the time, they tried to generate their income for which they tried to gain profit. Moreover, the total selling and administrative expenses that they financed their asset with debt and for which they failed to return their asset and they do not have other operating expenses. Furthermore, their operating income increased but interest income expenses decreased which is related to one time acquisition gain. And lastly, their net income before tax and income tax on extraordinary gain is positive as their selling and administrative expenses are positive but the net income is showing that the company is having a loss of 7% which means the company status is not going good at this stage, but they can improve once they start investing and stop financing with debt and getting more return from their asset and equity.

Common Size Analysis of Shopfront Ltd Income Statement

Shopfront LTD				
Income Statement				
Years Ended 31st December				
Year	2019		2018	
	Amount	Percent	Amount	Percent
Net Sales	397,248	100%	447,100	100%
Total Cost of Goods Sold	330,162	83%	400,000	89%
Gross Profit (Loss)	67,086	17%	47,100	11%
Total Selling and Administrative Expenses	49,875	13%	32,975	7%
Other Operating Expenses	-	-	-	-
Operating Income	17,211	4%	14,125	3%
Interest Expenses	8,650	2%	9,650	2%
Other Income (Expenses)	-	-	-	-
Net Income Before Taxes-EBITDA	(382,650)	-96%	(241,166)	-54%
Income tax on extraordinary gain	128,093	32%	118,093	26%
NET INCOME (LOSS)	134,078	34%	144,335	32%

Table: 10 Common Size Analysis of Shopfront Ltd. Income Statement

A common size analysis of financial statement is an analysis which displays the line items as a percentage of selected figures from the income statement. By the help of common size analysis, it makes it easier to analyze the company over time and compare it with its peers.

If we see the table, we can state that from 2018 to 2019 cost of goods sold from net sales decreased from 89 to 83 percent but the gross profit increased by a rate of 5 percent. Moreover, the total selling and administrative expenses and operating income increased from 2018-2019 which shows that the company is still on a good state if we analyze it with common size analysis. Lastly Income tax on extraordinary gain slightly increased and net income before taxes also increased in a negative manner. And the net income also slightly increased from 2018-2019 which indicates that the company is not incurring any loss till now if we analyze the data with common size analyze.

Common Size Analysis of Shopfront Ltd Balance Sheet

Shopfront LTD				
Balance Sheet				
Years Ended 31st December				
	2018		2019	
	TAKA		TAKA	
ASSETS	Amount	Percent	Amount	Percent
Non-current assets	1,587,052	14%	23,190,477	30%
Property, plant and equipment	1,587,052	14%	9,254,809	12%
Right-of-use of asset	-		1,837,192	2%
Intangible assets	-		12,098,476	16%
Current assets	9,444,716	86%	52,822,797	69%
Advances, deposits & prepayments	88,000	1%	26,188,644	34%
Accounts and other receivables	4,777,291	43%	1,008,567	1%
Cash and cash equivalents	4,579,425	42%	25,625,586	34%
TOTAL ASSETS	11,031,768	100%	76,013,274	100%
EQUITY AND LIABILITIES				
Equity	(5,483,564)	-50%	49,441,740	65%
Share capital	200,000	2%	29,436,143	39%
Share money deposit	11,548,282	105%	62,744,901	83%
Retained earnings	(17,231,846)	-156%	(42,739,304)	-56%
Liabilities				
Non-current liabilities				
Lease liabilities	-	0%	555,389	1%
Total non current liabilities	-	0%	555,389	1%
Current liabilities	16,515,332	150%	26,016,144	34%
Accounts payable	2,057,656	19%	3,602,307	5%
Short term loan	8,160,319	74%	7,511,229	10%
Other liabilities	6,297,357	57%	14,364,741	19%
Lease liabilities	-		537,867	1%
TOTAL EQUITY AND LIABILITIES	11,031,768	100%	76,013,274	100%

Table: 11 Common Size Analysis of Shopfront Ltd Balance Sheet

From table 11, we can see and analyze that from 2018-2019, the balance sheet of shopup showed a great change, like if we compare the assets, the non-current assets increased from 14% to 30% from 2018 to 2019 but the property, plant and equipment decreased by 2 percent from 2018 to 2019. Other than that, the current assets decreased from 2019, this is because they are yet to receive money from their distributors and other business channels. Furthermore, their equity, share capital from the investors increased as well from 2018 to 2019, this is because they got huge amount of funds from their investors so that they can improve their business more and they don't need to finance their assets with debt anymore and by which they can generate their capital as well. Lastly, their liabilities showed a great increase from 2018 to 2019 as before getting the fund they used to finance with debt, however they do have a chance to decrease the liability in future if they get more investment from their investors.

Du Pont Equation: The du Pont equation is an equation which brings together the firm's profitability, asset efficiency and the use of debt. It is calculated by multiplying three ratio's profit margins multiply with total asset turnover multiply with final leverage (equity multiplier). The equity multiplier is that a firm or a company that has a lot of liabilities, will have a high equity multiplier, as the assets are financed with small amount of equity.

	2018	2019
Net Profit Margin	17%	11%
Total Asset Turnover	0.52	0.32
Equity Multiplier	-0.3	0.075
ROE	-3%	0.27%

Table: 12 Du Pont Equation of ShopUp Ltd.

ROE= Profit Margin * Total Asset Turnover * Equity Multiplier

= (Net Income/Sales) * (Sales/Total Asset) * (Total Assets/Common equity)

From the above table we can say that as we calculated the ROE by using the Du Pont equation, it increased from 2018 gradually. The reason behind the increase in 2019 is that the company had a higher liability for which it had a higher equity multiplier as the assets are financed with small amount of equity. And the reason for doing the Du Pont Equation is to find out whether the Return on equity matches with ratios which is calculated above.

2.6 Operations Management and Information System Practices

Firstly, I am going to start talking about the operation sector by which ShopUp is tremendously rising at the peak. As I said from the beginning the apps have helped ShopUp a lot by which now they have connections all around Bangladesh. With the help of the apps, today many individuals started working and started earning. Basically, ShopUp have three individual apps for three businesses. For Redx they have their delivery app which involves a communication between the sales team to make the merchant understand to use their app to get the product delivery through themselves. Another one is the MOKAM app store where the retailers, wholesalers, distributors are ordering, purchasing their product through the app. Even they can find the selling price, Inventory count of daily basis and also keep a track on the record so that at the month end ShopUp business and finance team can find how much profit is being captured from the market and also gets a clear idea about the next month as well. And lastly the BlueX, ShopUp store app, this is basically for the individuals who wants to start something of their own by giving the idea of the product through the app or they do source selling that is through social media they are branding their product and grabbing the customer if the deal is set once then the product is being delivered RedX logistics will good quality packaging and can keep track of the product as well till its delivered.

Now I am gonna discuss about the Information System Practices of ShopUp, basically it's one of the most important key factors for ShopUp and other companies as well, And moreover it's an F-commerce Industry, everything is being handled technologically, Talking about the app, this three app creation took a lot of time to be created by the IT team as its have their own back end developer who worked every day to build the UI and UX better and easier and smoother. Not only that, app is not the main factor, the software what the finance and accounts team use the ORACLE NET SUITE software to input daily journal entries of day to day transactions which is a hassle but the IT team came with a solution i.e. converting the files into CSV form so that after attaching the CSV file it basically reduces the time from one hr to five minutes to input an entry as it is giving the entry all together automatically not individually, so the IT department plays a vital role in the company regarding the technology and other software related things and by this ShopUp is increasing its strength then other startup businesses.

2.7 Industry and Competitive Analysis:

Here I going to discuss about the journey of ShopUp what sort of challenges they faced while running the business, what are the new challenges and honestly speaking challenges will be faced by each company but there are several ways to over deal with it. And ShopUp till its running 3 years journey they have proven everyone wrong as they came up with new ideas to run the operation smoothly. And I going to explain it through SWOT analysis.

SWOT Analysis:

- **Strength:** ShopUp strength is their channel and services, they provided to the people in Bangladesh. In a very short period, they achieved the best startup business of the year in Banagladesh in 2019, which till now no other businesses achieved. Not only that, investors from india sequoia capital and flourish ventures invested around 190 crore takas to the company which is completely a huge amount of investment to invest and more over their strength is the giant distribution houses like Transcom Modern Trade, Dabur Bangladesh, Unilever, Marico Ecommerce, Coca-Cola etc which are giving a huge amount of profit margin and benefit to them. However not only in Bangladesh, Afeef Zaman and his troops also bought up the “Voonik” indian biggest market place based on online tech, and started hiring best tech engineers team from india , so that no other businesses get a chance to compete with them in the market.
- **Weakness:** According to me ShopUp biggest weakness is that it’s completely new in the market like 3 years is not a big running year, on the other hand they achieved a lot but still a lot to do and people are not aware of the business yet due to lack of branding in the market, and moreover employees need much further better training facilities to make better decisions and lastly their main weakness is that they cannot hold their employees for long due to less paycheck, for which many people don’t want to join.
- **Opportunities:** The biggest opportunity for the company is that till now in this F-commerce business, they do not have any competitor in the market for which this is their biggest scope and opportunity to reach to the peak and grab more and more distribution houses, so that the brand will be efficient and growing at a smooth rate.

And lastly, they need to open businesses more around the world, so that they can get more investments.

- **Threats:** As the business is running, there might be a chance or possibility that in future there will be more B2B businesses, which might have a chance to bring them down at any cost. Moreover, as we know if they get involved with politics, there might be a chance to lose some of the distribution houses which are outside Dhaka. Not only that, but this might also put an impact on the credit team as well as they have been financing for a longer period and during business many distribution houses purchase the product on credit and yet the company to receive a good amount of money, so there are risks. And lastly due to Covid-19, it has lost a lot of employees as the company was closed and some of the distribution houses cancel their contract with the company of not doing business for which their net margin decreased for a few months.

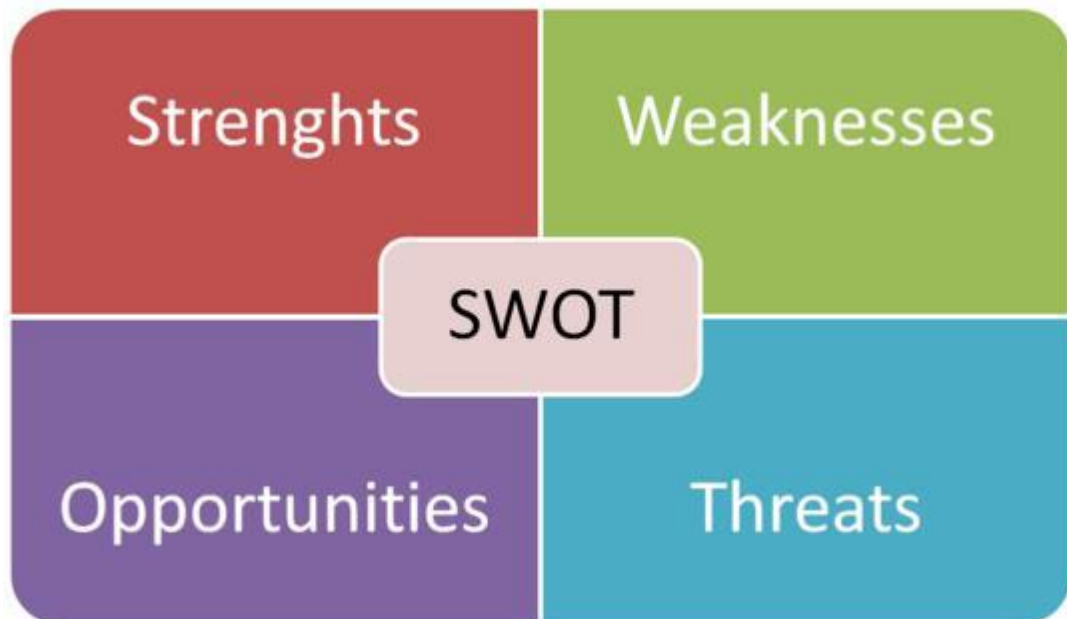


Fig: 08 SWOT Analysis

2.8 Summary and Conclusions

To make it short and crystal clear to my supervisors, ShopUp has taken the F-commerce business to a level which no other businesses can take at a short period of time. Afeef Zaman and his troops proved that no more stop for small business and yes starting a small business company, now they have an investment of around 200 crore takas in total and not only that, but they also gave hope to the individuals who are new to the market and had no clue on how to start a business, bringing them under ShopUp, giving them an opportunity to resell their product through this platform. Moreover, ShopUp gave hope to everyone only because of their apps which guided and helped them to grow their business in a proper manner. ShopUp has given a lot of tools to the individuals, distributors, retailers and wholesalers like:

- Shop Management tool: ShopUp Store
- Logistic and Delivery Support: REDX Delivery
- Micro Credit Loan: MOKAM
- Inventory Management tool: Unicorn Distribution Ltd.

However, everything is possible to bring proper success to the company, if the company employees work together and ShopUp biggest success to reach the top peak is none other than their employees who worked way too hard day and night to bring success and receive the achievements what they deserve and for this more and more giant distribution industries now to work with ShopUp, so that they can sell their product all around the country under their channel. Everything is being possible due to its employees and Co-founders.

2.9 Recommendation:

During my 3 months of internship period, I have seen one thing that is my colleagues of my team are really helpful and always taught me to get each other's back at any cost and they involved me in lot of work, for which I think, startup companies are the best thing to start or build up a career, as you will be involving in variety of works during the intern period and try to gain experience in a quick period of time which will be useful in future. However, they must bring some recovery in some stages, like the people they are hiring to

work in the distribution houses must be given a proper training, and the riders of REDX who are delivering the product, need to know how to make the packaging much better and arrive on time although they are improved but better quality, more rising to the top and proper recruitment with proper compensation is an important thing as well.

And lastly, in my very last opinion, the way they are moving with not making huge mistakes or getting slowed, they can bring a big change in the F-commerce industry and increase its economic and profitability state in Banagladesh.

Chapter 3

Project Part

3.1 Introduction:

In chapter 3 I am going to discuss about the total picture of my project work, which includes the background, objective, significance, and methodology. The topic that I have selected is completely matched with my project work and directly related with the site business of the company.

- **Background:** The Company Shopfront Ltd (ShopUp), is basically the one and only B2B F-commerce industry in Bangladesh till now. Till now I believe it is one of the largest Fintech Company in Bangladesh and basically gave a lot of hope to the entrepreneurs, so that they do not have to hunt for jobs and start their small business by the help of them. ShopUp main aim is to bring a drastic change in the F-commerce industry basically create a name so that maximum stakeholders in Bangladesh can get a thorough access to finance and accounts with variety of services which they don't get from other companies or industries. At the instant moment ShopUp is working as a third party or a channel for many big FMCG or Essential Industries like New Zealand Dairy, Unilever, Reckitt Beckinsler, Omega Distribution, Transcom Distribution Ltd, ACI Limited etc. Basically, ShopUp is helping them to sell their products through the online procedure so that the product which does not go to the customer due to its unavailability, they can get it through the app. It not only involved in big businesses but also helping individuals to resell their product through the app as well. It provides an easy access to B2B sourcing, market digital credit, Logistics etc to micro businesses. However just a few days back they got an investment of 190 crore TK (22 million USD) from the shareholders to invest more on other businesses. They are funded by Sequoia Capital and Omidyar Network
- **Objective:** The objective of my report is to forecast the financial income statements and balance sheet of ShopUp limited i.e by creating proforma financial income statements, sales forecast and by using AFN (Additional Fund Needed) method to find out the future outcomes of the company's financial status.

- **Significance:** The most important fact is that while collecting and making analysis for my report, it helped me to grab a clear view and picture of ShopUp, by which I can help them a lot as I know the strength and weakness the company is going through and if they need any suggestions, it will be easy for me to give feedback by which they can cover up the laggings and make improvements to make better decisions.

3.2 Methodology

The methodology of my report, I basically collected my data from my colleagues, my line manager and from the internet for which I relied on primary and secondary resources. The entire report is being covered with qualitative and quantitative resources. For this report making I have used 5 years as a time duration to explain the report, where last 3 years is being forecasted to see how much profit they will be earning in the future.

I have used Excel charts to explain my data's more precisely and used some of the important financial ratios to make the reliability of my data, to see the financial state of the company for 5 years by creating proforma financial income statements and created sales forecast where I collected data from proforma income statements and also calculated the annual growth rate for 5 years to do sales forecasting and lastly did the simple financial approach the Additional Fund Need method (AFN) to find out how much fund is needed. However, the data what I got was confidential for which they could not share all the data, what I got, I presented it to cover up my report.

3.3 Findings and Analysis

3.3.1 Forecasted Financial Income Statement and Balance Sheets

Shopfront Limited					
Statement of Financial Position					
As at the end of December					
	2,018	2,019	2020	2021	2022
	Taka	Taka	Taka	Taka	Taka
ASSETS					
Non-current assets	1,587,052	23,190,477	24,350,001	25,509,525	26,669,049
Property, plant and equipment	1,587,052	9,254,809	9,717,549	10,643,030	11,105,770
Right-of-use of asset	-	1,837,192	1,929,052	2,112,771	2,204,631
Intangible assets	-	12,098,476	13,308,324	14,518,171	15,728,019
Current assets	9,444,716	52,822,797	55,463,937	58,105,077	60,746,217
Advances, deposits & prepayments	88,000	26,188,644	27,498,076	28,807,508	30,116,941
Accounts and other receivables	4,777,291	1,008,567	1,038,824	1,069,081	1,099,338
Cash and cash equivalents	4,579,425	25,625,586	26,906,866	28,188,145	29,469,424
TOTAL ASSETS	11,031,768	76,013,274	79,813,938	83,614,602	87,415,265
EQUITY AND LIABILITIES					
Equity	(5,483,564)	49,441,740	51,913,827	54,385,914	56,858,002
Share capital	200,000	29,436,143	32,379,757	35,323,372	38,266,986
Share money deposit	11,548,282	62,744,901	67,137,044	71,529,187	75,921,330
Retained earnings	(17,231,846)	(42,739,304)	(44,876,269)	(47,013,234)	(49,150,199)
Liabilities					
Non-current liabilities					
Lease liabilities	-	555,389	555,389	555,389	555,389
Total non current liabilities	-	555,389	555,389	555,389	555,389
Current liabilities	16,515,332	26,016,144	26,536,467	27,056,790	27,577,113
Accounts payable	2,057,656	3,602,307	3,674,354	3,746,400	3,818,446
Short term loan	8,160,319	7,511,229	7,661,453	7,811,678	7,961,902
Other liabilities	6,297,357	14,364,741	14,652,036	14,939,331	15,226,626
Lease liabilities	-	537,867	537,867	537,867	537,867
TOTAL EQUITY AND LIABILITIES	11,031,768	76,013,274	79,813,938	83,614,602	87,415,265

Table: 13 Porforma Financial Balance Sheets from 2018 to 2022

	Sales Growth plan				Forecasted Values		
REVENUE		2018	2019		2020	2021	2022
Gross sales		400000	450000		480000	600000	950000
	Less sales returns and allowances	2752	2900		3000	5000	6000
Net Sales		397248	447100		477000	595000	944000
COST OF SALES							
Beginning Inventory		50000	50000		55000	59000	75000
	Plus goods purchased / manufactured	110162	500000		700000	800000	1000000
	Production Labor	420000	3000000		250000	220000	490000
Total Goods Available		580162	850000		1005000	1079000	665000
	Less ending inventory	250000	450000		600000	650000	70890
Total Cost of Goods Sold		330162	400000		405000	429000	594110
Gross Profit (Loss)		67086	47100		72000	166000	349890
OPERATING EXPENSES							
Selling							
2054000	Salaries and wages	2000000	95000		100000	125000	200000
	Commissions	54000	30000		35000	40000	50000
	Marketing	50000	30000		30000	30000	30000
	Depreciation	0	0		0	0	0
	Other	0	0		0	0	0
Total Selling Expenses		2104000	155000		165000	195000	280000
General/Administrative							
	Salaries and wages	225000	225000		225000	225000	225000
	Payroll taxes	65000	65000		65000	65000	65000
	Benefits	27000	27000		27000	27000	27000
	Office Supplies	500	500		500	500	500
	Postage	250	250		250	250	250
	Professional Fees	5000	5000		5000	5000	5000
	Telephone	6000	6000		6000	6000	6000
	Utilities	32000	32000		32000	32000	32000
	Training & Education	12000	12000		12000	12000	12000
	Utilities	2000	2000		2000	2000	2000
	Account 01	0	0		0	0	0
	Account 02	0	0		0	0	0
	Account 03	0	0		0	0	0
Total General/Administrative Expenses		374750	374750		374750	374750	374750
Total Operating Expenses		2478750	529750		539750	569750	654750
Net Income Before Taxes-EBITDA		-2411664	-482650		-467750	-403750	-304860
	Taxes on income	0	0		0	0	0
Net Income After Taxes		286578	254700		491150	882749	1234540
Interest Expense		9650	8650		8450	8250	7590
Depreciation		12000	12000		12000	40500	75000
Amortization		2500	2500		2500	2500	2500
Income tax on extraordinary gain		118093	128093		138093	148093	158093
		142243	142243		142243	170743	205243
NET INCOME (LOSS)		144335	134078		172436	789313	1441766

Table 14: Proforma Financial Income Statements from 2018 to 2022

Lastly, I am inserting an Proforma Financial Forecasting Income Statement and Balance sheet, where the company's entire sales, expenses and net income is provided from 2018 to 2022 out of which year 2020 to 2022 is forecasted for the company's future update.

From the below table 13: Forecasted Balance sheets, we can see that the balance sheet is showing that the company will be running in a profitable state, as we can see that the values of the total assets will be increasing gradually which means the amount of fund what the investors invested, they will be financing it in the assets to generate income and the debt will be reduced overtime, so that they do not have to worry repay their debt. Moreover, the amount of liabilities did not increase compare to past events. Due to this their debt ratio will be lower, and they will be getting more return from their assets as well and they can generate their income more efficiently.

Therefore, we can assume that if the company keeps on moving with their proposed planning or forecasting values, then the company will not be facing any problems in the future and moreover if they continue in this form, more investment will come by which they can further invest more to generate their income by utilizing it on their assets and other businesses.

If we see the income statement from table 14 the company is not incurring loss till 2022 since they are investing more to bring profit from their business and planning to extend more businesses and since they have no competitors yet, it will be safe for them to invest more and more and hold the market. And Moreover, their ratio's gradually increase till 2022 so they do not have to worry if they move with this plan. Comparing the previous years when they started their business and when they started financing their assets with debt, they faced a huge problem to generate income and few of their businesses were in huge loss.

However, in my opinion the years which I forecasted, external factors can deviate the forecasts, especially by the potential entrance of Amazon, can result in increased competition. The growth of ShopUp is contingent on how it expands during the current economic climate and how it can influence the long-term business of inter-related brands.

3.3.2 Sales forecast of ShopUp:

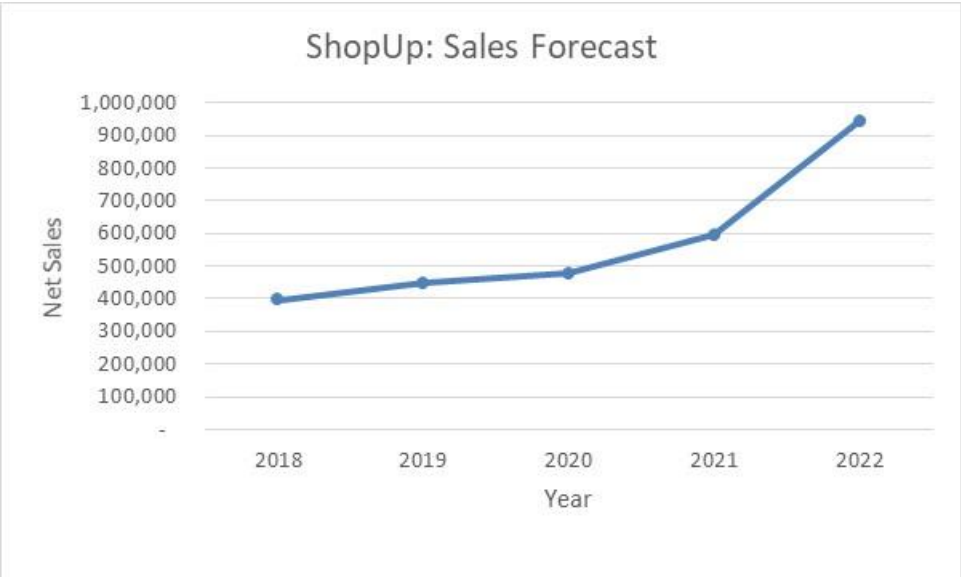


Chart 8: Sales Forecast of ShopUp

Year	Sales	Annual Growth Rate
2018	397,248	
2019	447,100	12.55%
2020	477,000	6.69%
2021	595,000	33.11%
2022	944,000	58.60%
Average		27.74%

Table 15: Sales Forecast and the Annual Growth Rate

The Sales forecast starts with the review of sales from 5 to 10 years, however I forecasted for 2 years from 2020-2021 and it is expressed in the form of graph. The graph could have been forecasted for more 5 years but ShopUp focused for 2 years since its future growth is more closely related to recent events than to the past events.

ShopUp's average annual growth rate is 27.74% and so it will continue to grow with 27.74% rate. However actual sales could not be higher or lower, which depends on some factors, which cannot be forecasted at this instant moment.

Like if the forecasting were not done than the company would have no idea what they will be facing in the future, like if the company expands its business, it might not meet its demand properly, there will be less wholesalers or distribution houses or wholesalers who don't want to use the app and sell through them their product for which they will be losing customer. And they will start losing their market share and bring a huge effect in the profit and cash flows. Not only that, if the company keep on financing their asset with debt, they will not be able to repay the debt and at one point their interest rate will be high which could create a big problem. Therefore, ShopUp Manager thought that 27.7% increase of annual growth rate was the most appropriate forecasted sales as the business the company runs is a big project and if they plan to expand it, this growth rate might be appropriate one.

3.3.3 Additional Fund Need methods (taka in thousands):

Part-I Inputs and Definations									
From 2019-2020									
S2019	Last Year Sales (2019)	447,100							
g	Forecasted Growth rate in sales	7%							
S2020	Coming Year's Sales (2020), S2019 * (1+g)	477,000							
Delta S	Change in Sales = S2020 - S2019	29,900							
A0	Assets that must increase to support increase sales	350,000							
A0/S2019	Required Assets per Taka of sales	78%							
L0	Last year spontaneous assets	35,000							
L0/S2019	Spontaneous Liabilities per Taka of sales	7.8%							
Profit Margin (M)	2019 Profit Margin	11%							
Payout Ratio (POR)	Last Year's Dividend/Net Income	62%							
Part-II Additional Funds Needed to Support Growth									
AFN	Required Increase in Assets	-	Spontaneous Increase	-	Addition to retained				
	(A0/S2019) * Delta S	-	(L0/S2019) * Delta S	-	S2020 * M * (1-POR)				
	0.78 * 29900	-	0.078 * 29900	-	477000 * 0.11 * (1-0.62)				
	23322 TK	-	2332.2 TK	-	19938.6 TK				
AFN			1051.2 Tk (10^4)						
			10512000 Tk						

Table: 16 AFN method of ShopFront Ltd from 2019 to 2020

ShopUp is one of the most typical company, which is expected to bring growth in sales, which means that its assets must grow, but for that additional fund is required. So due to this the firm may have to raise external additional capital if it has insufficient internal funds, if we assume that none of the ratios of the company changes, then we can simply use a simple approach, The Additional Funds Need (AFN) method, to forecast financial requirements.

The terms which are used in this method, required increase in assets, is that the firm must have additional increase in assets like more plant and equipment, more inventories and so forth to increase its sales, which will lead to more account receivables and those receivables must be financed from the time of sale until they are collected. Therefore, the total assets must increase to increase the sales and also the liabilities and equities must also increase to make the balance sheet balance. Then the spontaneous liabilities,

the first source of expanding the fund is spontaneous increases which will occur in ShopUp accounts payable and accrued wages and tax. The Company suppliers will give an approximate of 15 days to pay for inventory purchase and since purchase increases with sales, accounts payable will rise as well. Therefore, higher expected income will mean more income taxes and its higher wage bill means more accrued withholding taxes. However, no interest is paid on these spontaneous funds, but the amount is limited by credit terms.

The Second source comes from the net income where the profit of the company will be paid out from dividends, but the remaining will be reinvested for operating the assets. As shown in the balance sheets in asset section, where additional retained earnings in the liability and equity section of the balance sheet. There is some flexibility in the amount of funds that will be generated from new reinvested earnings because dividends can be increased or decreased, but if the firm plans to hold its dividend steady or to increase it at a target rate, as most do, then flexibility is limited.

If we see the table 14 on how we calculated by using the AFN method, we can see that sales must increase by 29,900 tk, ShopUp must increase assets by 35,000 tk. Therefore, Liabilities and capital must also increase by 35,000 tk. Of this, total 2332.2 tk (in thousands) will come from spontaneous liabilities and another 19938.6 tk (in thousands) will come from retained earnings. The remaining 1051.2 tk (in thousands) must be raised from external sources probably a combination of short term and long-term bank loans or if any investors make a big investment.

3.4 Financial Status of Income, Assets, Liability and Equity

Income: Income is basically the money or like that, by which an individual or a business receives, in exchange providing goods and services to stakeholders or others in the market. However, for any sort of organization, net income basically defines the entire structure. Therefore, I am going to explain the full hypothesis by providing the company's income for five years out of which last two years is being forecasted. The table below shows the net income of 5 years.

Year	2018	2019	2020	2021	2022
NET INCOME	144335	134078	172436	789313	1441766

Table:17 Income for 5 consecutive years.

From the figure above we can clearly state the company's income over the five years out of which 2020 to 2022 is forecasted value, basically indicating how it will go in the future.

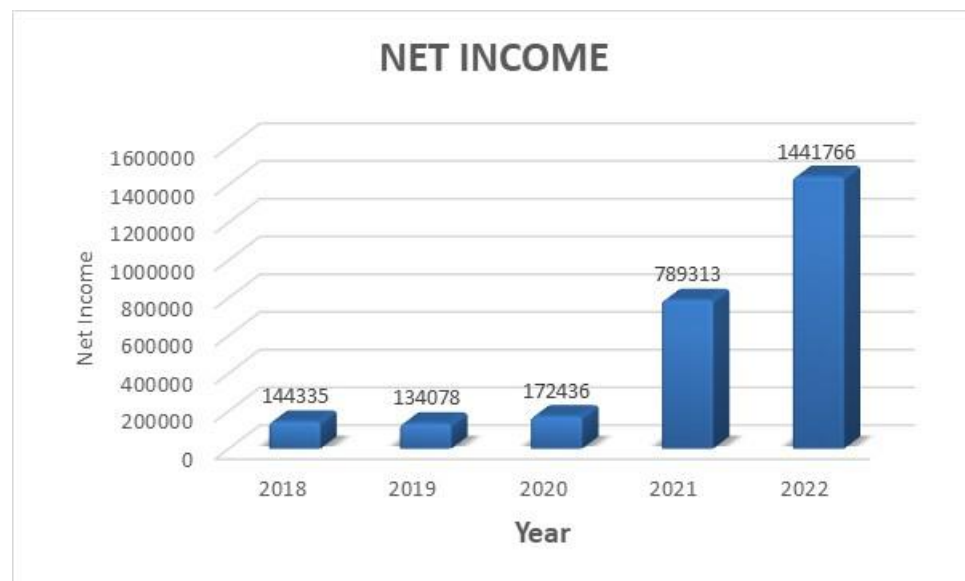


Chart 9: Income from 2018-2022

From the above chart we can say that from 2018 to 2019 the income drops as the distribution houses business was started at that very instant for which they had a lot of expenses but unfortunately the income was low, however when the businesses started showing some profit their income showed a great change which increased a lot.

The next two years is being forecasted as per my topic, I did some analysis from the income statement and found out that till now ShopUp, Unicorn Distribution houses have 55 distribution houses, from inner information they are planning to go 100 till the next two years or more. If more distribution houses open, then there will be more profit for which the income will rise more in the future which will prove that it will consistently rise.

Asset: Asset is nothing but a valuable item, which helps the company or organization to gain valuable effect or add value to the portfolio. In order to have asset for the company, there should be sufficient amount of capital to save it for the company. More importantly it should be in the medium range, it cannot be more or less, it should be a mixture of both or else it might affect the portfolio of the organization.

Year	2018	2019	2020	2021	2022
Current Asset	52822797	9444716	10861423.4	11805895	12750367

Table 18: Asset for consecutive 5 years

From the above table we can clearly state the assets over the last 5 years again out of which two years is being forecasted. However, things can be clearly sort out after inserting a bar chart.



Chart 10: Asset from 2018 to 2022

From the above chart we can clearly say that there was a drastic decrease from 2018 to 2019, as I said the businesses started from the end of 2018 for which the income and profit was less but at 2020 it should a great increase and in future the year which I forecasted, the company will be benefited more if they invest more on their businesses since the company had a great potential to reach to the top.

Liability: The term liability is basically the company has to give something to others, it's more like to repay back either services or capital. It has the same scenario as asset, it should be moderate as well for the company because if the debt ratio increases, the company will have to face a lot of problem and to recover from that, they might have to close the company as well.

Year	2018	2019	2020	2021	2022
Liability	16515332	26016144	22113722	19512108	16910494

Table 19: Liability from 2020 to 2022

From the above table, I have evaluated the liability for two years from the company's statement and the last two years I did forecasted to see whether the company will be liable to any other organization or distribution houses.



Chart 11: Liability from 2018 to 2022

From chart 3 we can clearly see that for the first two years the company liability increased way too high as the business were started at that moment for which they were liable a lot but in 2020 when things were on their hand it showed a good decrease and as per my calculation if they keep on generating profit from their site businesses of distribution houses, logistics and reselling business, there might be a great chance that they won't be liable on any other sources to run their businesses.

Equity: It basically indicates how much ShopUp has invested in its business throughout their journey. It is basically found at the balance sheet. Equity is one of the major important factors for running the entire organization as they are involved in running the entire company and keeping track record is important because getting a lot of investment and then investing it to

increase the business, if the track is not recorded, this might create a negative impact on the company.

Year	2018	2019	2020	2021	2022
Equity	-5483564	49441740	51913827	54385914	56858001

Table 20: Equity from 2018-2022

The above table shows how much the company has invested on its business from 2018 to 2020 and last two years is the forecasted value and there might be a chance since the number of distribution houses and micro entrepreneurs are increasing day by day.

However, a chart diagram would help to understand more precisely, and the chart is being done by inputting the values from the company's statement. It is shown below:



Chart 12: Equity from 2018 – 2022

From the above chart, we can clearly say that the rise occurred only because the company made a huge amount of investment or else it would continuously start decreasing and who knows due to incurring more loss, they might go to debt and they won't be able to repay, however due to huge amount of investment after getting fund from their Indian Investors, they invested a lot for which the business has been well developed and if they invest more, it would increase more precisely as per my forecasting it would keep on increasing.

3.5 Ratios:

Current Ratio: It is basically stating that in a company the current asset should be more compare to current liability. And to make it bigger, I calculated the ratio by subtracting the Long-term asset from the Total assets and other payables from the Total liability.

Year	2018	2019	2020	2021	2022
Current Ratio	2.03 times	0.57 times	0.86 times	0.95 times	1.00 times

Table 21: Current ratio from 2018 – 2022

The above table shows the current ratio of the company from 2018 – 2022 and year 2021 and 2022 is forecasted to see the future update of the company which might tell us the future aspects of ShopUp.

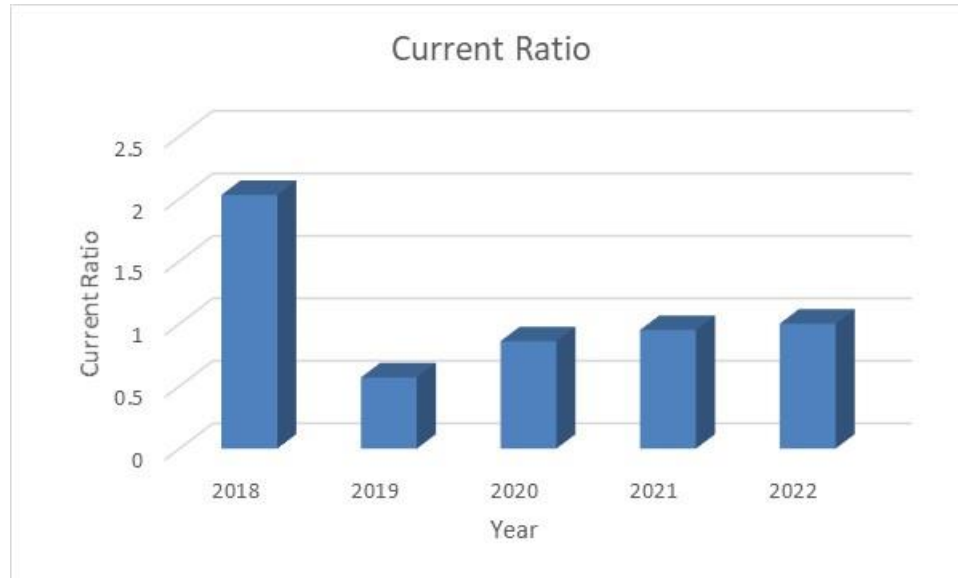


Chart 13: Current Ratio of ShopUp from 2018 to 2022

The reason behind the decrease from 2018 to 2019 is that the businesses were at a starting phase and the company liability was more than its asset for which they had few amount of investments on their hand but once their businesses started their profit, and the investors started investing immediately it showed a great a change and as per source which is the number of distribution houses are increased for which the asset property will be more than liability, and as per calculation it showed a consistent increase for the company.

Total Asset Turnover: Here, I basically divided the beginning interest income from the income statement with the Total Asset for the company. The calculations below will give a proper explanation that how the company run for two years and how it will run in the future. This ratio indicates that for every 1Tk of total asset how much interest income the company have generated for the past few years.

Year	2018	2019	2020	2021	2022
Total Asset Turnover	0.52 times	0.32 times	0.47 times	0.53 times	0.55 times

Table 22: Total Asset Turnover from 2018-2022

The above table indicates the total asset turnover of the company from 2018 to 2022, it is indicating that how much income is generated from the respective years and more clearly can be understood after the chart is being provided below, the total asset turnover is related with the income and the total asset and by seeing the table, it states one thing that the income generated by the company is much more in a highly profitable state. Lastly, if we explain the final forecasted year which is stating that the company generated 0.55 tk against every 1 tk worth of their invest total asset.

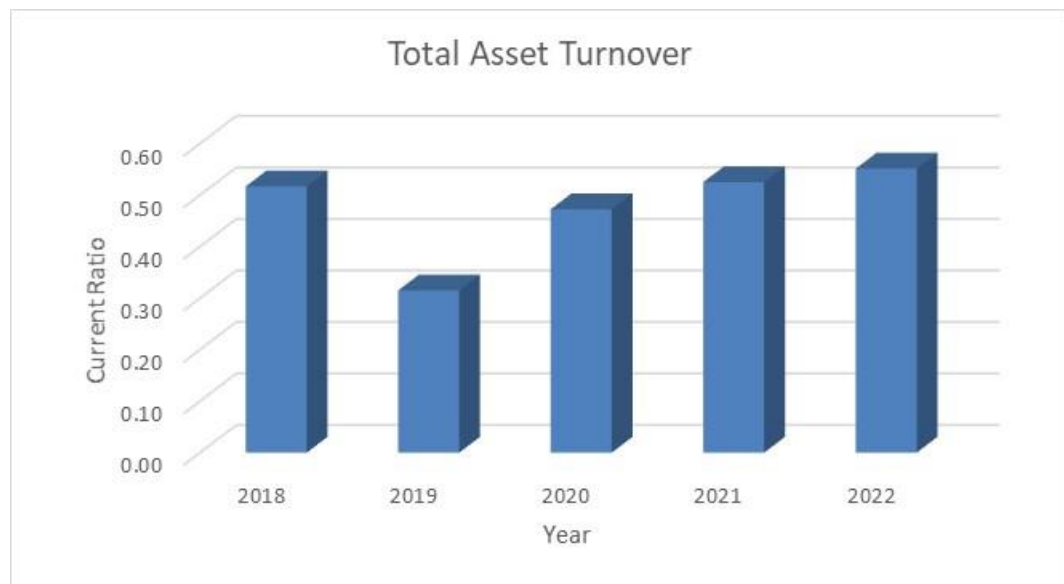


Chart 14: Total Asset Turnover from 2018 – 2022

If we see the chart the company never went below 0 or 0.3, which proves that after 2019 when they got well settled and brought stability in the market it showed a massive increase and my calculations also showed a consistent increase since they have been generating profit from the distribution houses, delivery business and from their entrepreneurs.

Debt to Asset Ratio: The ratio is being calculated by Total liabilities divided by the Total asset. It gives us a clear explanation that how much amount of total asset which was financed with the total debt.

Year	2018	2019	2020	2021	2022
Debt to Asset ratio	35%	150%	50%	30%	25%

Table 23: Debt to Asset ratio from 2018 to 2022

From the above table we see that from 2018 to 2019 the company was financing their total asset by debt and for any organization or business or company, if its run by debt, it states that the company income and its profit is in a bad state, however they brought to 50 percent which is great decrease and as they have been generating from their business, I got an idea and help from my superiors that the company might not have to finance their asset with debt as per my calculation which I have forecasted at the top, which will prove that their financial status are quite in a good state.

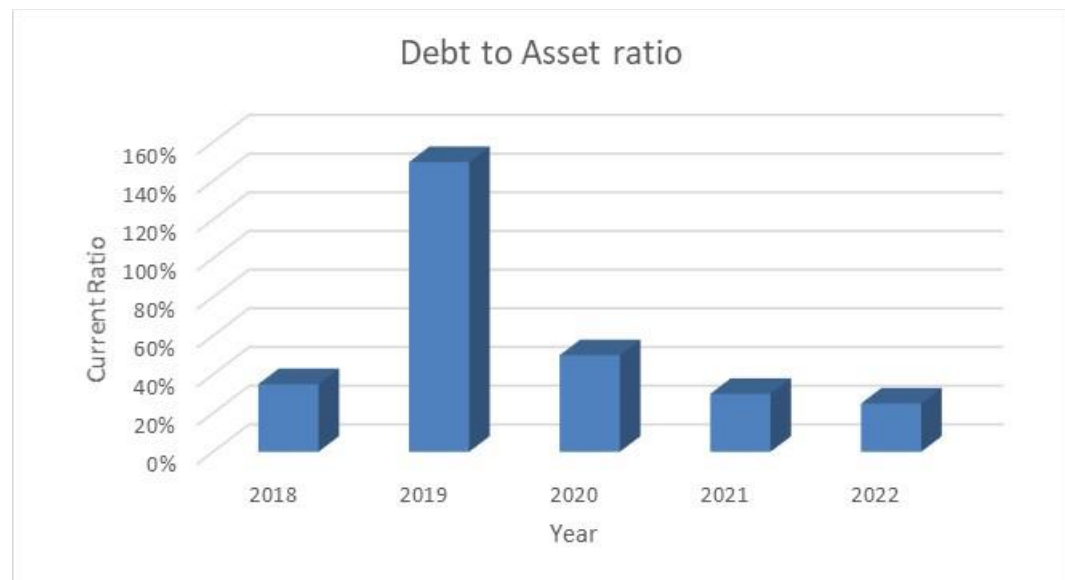


Chart 15: Debt to Asset ratio 2018-2022

From the chart we can see that once the company entire business asset was financed with debt when they start of their business but now when they are stable and able to generate income and profit both, their total assets which were financed with debt decreases.

Operating Profit Margin: This explains us how much amount of operating income came or generated from the sales of the company’s distribution houses.

Year	2018	2019	2020	2021	2022
Operating Profit Margin	36%	30%	36%	132%	152%

Table 24: Operating Profit Margin from 2018-2022

From the above table we can state that, ShopUp have generated an acceptable amount of operating income from their interest income. Moreover, if the distribution houses which they planned till the next two years to grow around 100, if they decide to increase more than the amount of profit will be quite similar to my forecasting amount.



Chart 16: Operating Profit Margin from 2018-2022

From the above chart if we see when the distribution houses were around 10-12 then operating income was quite less this is because the company was mostly financing their assets with debt for which their profit margin was quite low but after that they started growing up, i.e., ShopUp have earned more operating profit against every 100 tk of their interest income and in future the number of distribution houses will be more since they got more big big distribution houses around Bangladesh and from India as well, so the values of forecasting have a chance to grow near around.

Net Profit Margin: This ratio is being calculated by dividing net profit after tax from the income interest they achieved from the sales.

Year	2018	2019	2020	2021	2022
Net Profit Margin	17%	11%	15%	28%	37%

Table 25: Net Profit Margin from 2018-2022

From the above table we can state that the company financially not stable. If they cannot generate enough interest income, then they will not be able to survive in the market. But the ratios are close enough, the only difference came from 2018-2019 when they started their business but after that it started increasing since they started generating their interest income and in future if the distribution houses there will be more income and by following the forecasting values it's a good sign to plan the issues.

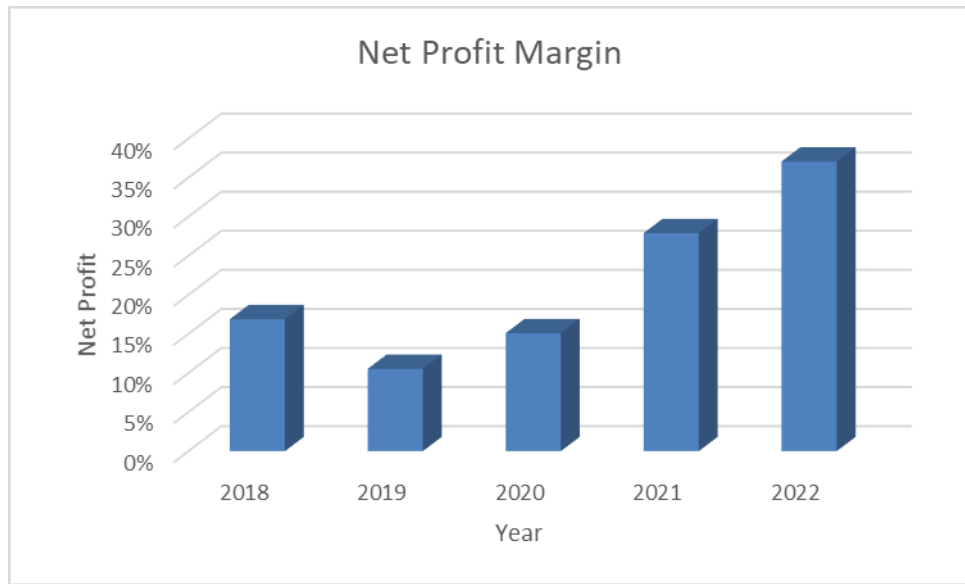


Chart 17: Net profit margin from 2018-2022

By seeing from the chart, we can say that from 2018-2019 the company had suffered a significant amount of loss since they were financing with debt, moreover they could not generate their interest income but after that they moved around with new strategies, started investing more to generate their income. And in future if they move the forecasted values, they will not be incurring a loss anymore, since they are planning to increase their business.

Return on Equity: The calculation is simple, here it is being done by dividing the net profit with the equity.

Year	2018	2019	2020	2021	2022
Return on Equity	-3%	0.27%	0.33%	1.5%	3%

Table 26: Return on Equity from 2018-2022

If we see from the beginning, there was a negative return on equity when they started the business, since they didn't get any return from their equity for which a negative output has shown, however as year passed by the return on equity

increased gradually, although the ratio percentage is low, but it has improved and was not negative, but to increase it to double digit.



Chart 18: Return on Equity from 2018-2022

If we see the results from the above the figure it shows the company is improving their business slowly, as they started with negative value but now, they went onto positive figure basically getting a positive return but if they want to improve and move ahead more then they must invest more.

Return on Asset: This ratio is calculated by dividing the net profit after tax with the total asset to get the return amount that the company got on their assets from the profit. Moreover, the ratio also calculates the percentage to get the actual result.

Year	2018	2019	2020	2021	2022
Return on Asset	3%	0.34%	1%	2%	3%

Table: 27 Return on Asset from 2018 - 2022

If we see from the above table, here I forecasted the values from 2020 to 2022 and the results are quite good enough as the values are increasing gradually, this is because they got huge amount of investment from the investors for which they started investing on their business more and due to this they are not

financing their assets with debt. And therefore, they are getting more return of their assets. By seeing the chart below, it will give more clear indication how the company is getting return from their assets.



Chart: 19 Return on Asset from 2018 – 2022

Quick Ratio: Quick or acid test ratio is being calculated by deducing the inventory from the company’s current asset and then dividing it by the current liability. And like current ratio, here also the current asset should be more than the current liability.

Year	2018	2019	2020	2021	2022
Quick Ratio	1.16	0.87	1.73	2.60	3.47

Table: 28 Quick Ratio from 2018 – 2022

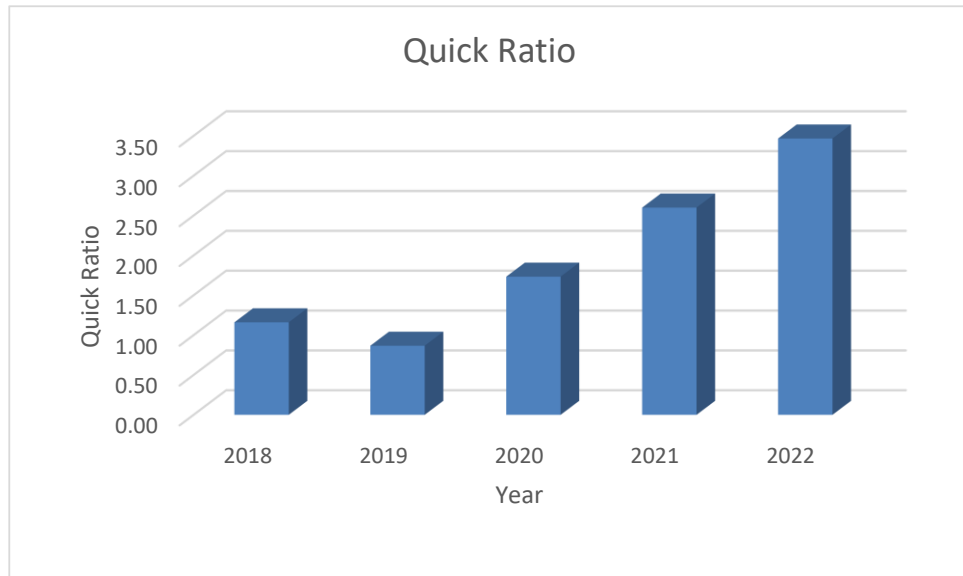


Chart 20: Quick Ratio from 2018-2022

From the above table we can state that as we can see that I forecasted from 2020 to 2022, the ratios are gradually increasing which means the current liability of the company is less than the current asset of the company, as they are not financing their asset anymore with debt for which they are able to generate their income more and due to this investment of what they achieved, the company is running at a good state.

3.6 Impact of COVID-19 on the entire business of ShopUp:

As we all know that the modern covid-19 has a put a great negative impact on entire country. The company has seen a lot of loss from their businesses, as the distribution houses were closed for almost 5 months and each month, they were unable to deliver their product to the customer, not only that they have losen up many big distributors who have given them a huge amount of margin in the market. Furthermore, due to this, their logistics business was unable to deliver the product to the merchant or distributors or retailers or wholesalers as they were not getting proper delivery orders for which they have incurred significant amount of loss for the company. Moreover, the micro-entrepreneurs who were doing great with their reselling business under the BlueX, it was also shut down

due to Covid-19 purpose, due to which they have lost almost half of their micro-entrepreneurs from the market and the e-loan team was not able to take back the capital which they have given them as a loan to start their business and Lastly, most of the employees were unemployed. So due to Covid issues, the company incurred a huge amount of loss. But they have alternatives to recover from the situations.

3.7 Summary and Conclusions:

Shopfront Ltd. has now 5-6 businesses in all over Bangladesh and most of them are thriving at this moment. All the distribution houses workers or company's individuals are working way too hard, so that they can bring something better for the company and, they can live a happy life. And more changes will be available as the company are investing more on their company and individuals. Coming to the scenario, ShopUp gradually investing more on their asset without using the debt financing, so that they can generate more and more of their income.

Most of their businesses according to their statements are in a positive state, they overcame with their liabilities which will be lower in future as well. Other than that, if more no. of distribution houses entered in their territory, then more number micro entrepreneur joins them to start off their businesses, then they will be able to generate more and more income by which they can get more return from their asset and equity as well. So, in my opinion after analyzing the overall performance of the company's statement and balance sheet, ShopUp will be generating more and more profit and generate income and will be the leading the F-commerce industry in Bangladesh.

3.8 Recommendations

ShopUp's main business model is driven by the concept of B2B services, i.e., business-to-business services. Businesses transition from being B2C and C2C to B2B. However, most businesses struggle to benefit from the transition. Primarily due to the needs of each mother company.

For ShopUp to survive, sustain and to thrive,

- expansion into the online market, to increase consumer awareness about the brand
- technological enhancement, using state of the art warehouse management systems to keep better count of inventory
- building relations with international brands and to introduce the market to brands that were unavailable previously

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Appendix

Financial Ratios of ShopUp:

Current Ratio:

Current Ratio = *Current Assets/Current Liabilities*

2018	2019
$52822797/26016144 = 2.03$	$9444716/16515332 = 0.57$

Quick Ratio:

Quick Ratio = *(Cash + Cash Equivalents + ST Investments + Current Receivables)/Current Liabilities*

2018	2019
$(363676+25625586+860530+98037+1008567+228000)/26016144$ $= 1.16$	$(177691+4579425+4751206+26085+4777291)/16515332$ $= 0.87$

Total Asset Turnover:

Total Asset turnover = *Interest Income/Total Assets*

2018	2019
$5701866/11031768 = 0.52$	$23945498/76013274 = 0.32$

Debt to Asset Ratio

$$\text{Debt Ratio} = (\text{Total Debt}/\text{Total Assets})$$

2018	2019
$(555389+26016144)/76013274 = 0.35$	$16515332/11031768 = 1.50$

Operating Profit Margin

$$\text{Operating Profit Margin} = (\text{EBIT}/\text{Interest Income}) * 100$$

2018	2019
$(286578/803180) * 100 = 36\%$	$(254700/860132) * 100 = 30\%$

Net Profit Margin:

$$\text{Net Profit Margin} = (\text{Net Profit After Tax}/\text{Interest Income}) * 100$$

2018	2019
$(286578/1643385) * 100 = 17\%$	$(254700/2243380) * 100 = 11\%$

Return on Equity:

$$\text{Return on Equity} = (\text{Net Income}/\text{Shareholder's Equity}) * 100$$

2018	2019
$(144335/ -5483564.5) * 100 = -3\%$	$(134078/49441740) * 100 = 0.27\%$

Return on Asset:

Return on Asset = $(\text{Net Profit After Tax} / \text{Total Assets}) * 100$

2018	2019
$(286578/11031768) * 100 = 3\%$	$(254700/76013274) * 100 = 0.34\%$

Annual Growth Rate for Sales forecast:

$$\text{Annual Growth Rate} = \left(\frac{\text{Future Value}}{\text{Beginning Value}} \right)^{\text{Number of periods}} - 1$$

From 2018 – 2019

$$\text{Annual Growth Rate} = \left(\frac{447100}{397248} \right)^1 - 1 = 12.55\%$$

From 2019 – 2020

$$\text{Annual Growth Rate} = \left(\frac{477000}{447100} \right)^1 - 1 = 6.69\%$$

From 2020 – 2021

$$\text{Annual Growth Rate} = \left(\frac{595000}{477000} \right)^1 - 1 = 33.11\%$$

From 2021 – 2022

$$\text{Annual Growth Rate} = \left(\frac{944000}{595000} \right)^1 - 1 = 58.60\%$$

Forecasted Financial Ratios:

Current Ratio

2020	2021	2022
$(9444716 * 15\%) / (16515332 * 10\%) = 0.86$	$(9444716 * 25\%) / (16515332 * 15\%) = 0.95$	$(9444716 * 35\%) / (16515332 * 20\%) = 1.00$

Quick Ratio

2020

$$= (177691 + 4579425 + 4751206 + 26085 + 4777291) * 10\% / (16515332 * 5\%) = 1.73$$

2021

$$= (177691 + 4579425 + 4751206 + 26085 + 4777291) * 15\% / (16515332 * 5\%) = 2.60$$

2022

$$= (177691 + 4579425 + 4751206 + 26085 + 4777291) * 20\% / (16515332 * 5\%) = 3.47$$

Debt to Asset Ratio

2020	2021	2022
$(16515332 * 5\%) / (11031768 * 15\%) = 0.50$	$(16515332 * 4\%) / (11031768 * 20\%) = 0.30$	$(16515332 * 5\%) / (11031768 * 30\%) = 0.25$

Total Asset Turnover

2020	2021	2022
$(23945498 * 15\%) / (76013274 * 10\%)$ = 0.47	$(23945498 * 25\%) / (76013274 * 15\%)$ = 0.53	$(23945498 * 35\%) / (76013274 * 20\%)$ = 0.55

Return on Assets

2020	2021	2022
$(254700 * 20\%) / (76013274 * 5\%)$ = 1.34%	$(254700 * 30\%) / (76013274 * 6\%)$ = 1.68%	$(254700 * 50\%) / (76013274 * 5\%)$ = 3.35%

Return on Equity

2020	2021	2022
$(164078 / 49441740) = 0.33\%$	$(740780 / 49441740) = 1.5\%$	$(1540780 / 49441740) = 3\%$

Net Profit Margin

2020	2021	2022
$(491150/3243380) = 15\%$	$(882749/3143380) = 28\%$	$(1234540/3343380) = 37\%$

Operating Profit Margin

2020	2021	2022
$(491150/1360132) = 36\%$	$(882749/675100) = 131\%$	$(1234540/810132) = 152\%$