

# Internship Report



**A Comprehensive Financial analysis of That's it Sportswear Ltd.**



**A Comprehensive Financial analysis of That's It  
Sportswear Ltd.**

**Submitted to**

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# Acknowledgement

At the inception of preparing this report, I would like to express gratitude to the Almighty Allah for special blessings in completing it. There is an English proverb “Two heads are better than one.” So, no one can obtain a noble objective alone. This internship report is an accumulation of many people’s endeavor. For this, I am indebted to a number of people who helped me to prepare this and for their kind advices, suggestions, directions, and cooperation and proper guidelines for this.

First of all, I would like to thank to our honorable Teacher Ms Samina Haque, Lecturer of Brac Business School of Brac University giving me such exposure to the practical business world.

My heartfelt thanks go to Mr. Saifuddin Parvez, Manager of Audit, Hameem Group. He has instructed and supervised me very much cordially. I also thank all employees of this company who helped me to perform my tasks properly.

# Executive Summary

That's it sportswear Ltd is one of the most important sister concern of Hameem Group . It is one of the major garments manufacturing organization in Bangladesh. This organization increasingly reducing its rejection and rework rate in-process and final garments in order to ensure product quality and delivery time as per buyer requirement and increase profitability. It will ensure sufficient training and suitable work to increase productivity and skills of the employee.

Now this Garment has a 100000 square feet area. Its production capacity is around 900000 Pcs per month, number of machines 7500 and number of employees at least 7000.

In my report I tried to cover a short profile of Hameem group and major customers of this group. It also includes the problems I faced and some recommendation.

Mainly my report is focusing the financial position of these garments for the last three year where the financial trend of the company has been cleared.

# Letter of Transmittal

18<sup>th</sup> Dec, 2012

Ms. Samina Haque  
Senior lecturer  
BRAC Business School  
BRAC University

**Subject:** Submission of the Internship report on “A Comprehensive Financial analysis of That’s It sportswear Ltd.”

Dear Madam,

With due respect, as student of BRAC Business School, I have prepared my internship report on “A Comprehensive Financial analysis of That’s it sportswear Ltd”

I have tried my level best to follow your guidelines in every aspect of planning of this report. I have also collected what I believe to be the most important information to make this report specific and coherent as possible. I enjoyed the challenge of preparing the report as it provided me with an opportunity to enlarge knowledge. I am honestly thankful for your guidance during the preparation of this report. I hope you will appreciate my effort. I have done the study in a complete form and I have tried my level best to conduct this in a professional manner. It is true that, it could have been done in a better way if there were not limitations. I hope you will asses my report considering the limitations of the study.

Yours sincerely,  
Md.Akter Hossain  
ID: 10364054



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# Chapter 1

## Introduction

### 1.1 Origin of the report

As a student of Business Administration, I had to complete a 90 days attachment with any organization. As I am working as an audit officer at Hameem Group, regarding my job purpose I have audited That's it sportswear financial position and from that experience I am trying to make the report with the help of my boss and other colleague .

### 1.2 Objectives

The objective of this report is specific:

The objective of my report is to make a comprehensive financial analysis of That's it sportswear ltd.

### 1.3 Scope

- To know about the financial position of That's it garments.
- To know what kind of activities is done in garments sector.
- To know the performance of this garments.

### 1.4 Methodology

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

The major secondary sources are-

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

# Chapter 2

## Organizational overview

### 2.0 ABOUT THAT'S ITS SPORTSWEAR LTD.

#### 2.1 Introduction of Company

That's it sportswear ltd. is a professionally managed company engaged in the field of manufacturing, and exporting of high quality garments in Bangladesh. We started with a zeal and determination to redefine fashion in the industry. Standing on the grounds of style and elegance, we offer garments that are abreast of the changing international trends. We assure our customers of timely delivery and quality not being compromised at any cost. Since from the day one of its founding, That's it sportswear ltd has progressively, consistently developing into one of the most competent and professionally well equipped organization in the RMG sector in Bangladesh. In a short span of time the company has amazed vast experience in the field of sourcing and manufacturing high quality apparels. The company can proudly boast of accomplishing the most challenging and demanding orders from various parts of the globe with precision and to the utmost satisfaction of its esteemed customers of great reputation and standards.

## 2.2 About That's It sportswear Ltd.

That's it sportswear limited has been setup by a group of highly educated, well-experienced entrepreneurs to run a garment factory who have excellent track record of Industrial Management, International Marketing as well as Local Business. It is managed by highly qualified and experienced personnel. Skilled workers are deployed for its manufacturing units. The company's success is because of its maintaining the standard of quality, time schedule and of its preference on buyer's desire. That's it sportswear ltd. employs 8,200 people and has an annual turnover \$50 million. Our work force consists of highly experienced Q.Cs (Quality Controllers) and the team's priority is "Quality comes first" basis, as well as engaged to pick up the best quality for our valued customers all over the world. The company has been maintaining the schedule time frame for each shipment and has been full filling customers with their every need. The company owned its own washing plant named "Express wash ltd" at Ashulia with highly qualified technicians to meet buyers' requirements. That's it sportswear Limited has achieved worldwide reputation for quality, price and committed delivery. Its main work includes woven garment making and selling to overseas buyers in USA, UK, Europe and African countries.

## 2.3 Company Profile

Company Name : That's it sportswear Limited

Legal Status : A Private Limited Company, Limited by shares

Factory Location : Ashulia ,Dhaka, Bangladesh

Chairman : Md. A K Azad

Managing Director : Md. Zahangir Alam, FCS

Directors : Ms.Kazi Mahjabeen Momtaz  
Ms.Rozina Akhter Uddin

Executive Director : A.K.M. Shahidur Rahman

Email : [www.thatsitsportswear.com](http://www.thatsitsportswear.com)

Fax : +880-02-8826090

Phone : +880-02-8879110, 8879121, 8877326

Bankers : PRIME BANK LTD,PUBALI BANK LTD,DHAKA BANK,ESTERN BANK LTD.

Main Products : Trousers, Shorts, Jeans, Jogging Sets, Skirts, Ladies Dress, Jackets, Fleece items polo shirts, T-shirts, sweat shirt.

## 2.4 Company Mission

**Our Mission:** To satisfy buyers with on time delivery and with best quality

**Our Spirit** : Professionalism is our spirit

**Our Energy** : Qualified manpower and good relationship with the factories

**Our Belief** : Good quality and commitment is the key of our survival

**Our Attitude** : Can do

## 2.5 Production Capacity

- ❖ Trousers/Shorts/Jeans/ Skirts : 1000000pcs/month
- ❖ Jogging Sets/Jackets : 1000000pcs/month
- ❖ Ladies Dress/Fleece Items : 600000pcs/month
- ❖ Polo shirts : 900000pcs/ Month
- ❖ T-shirts : 750,000pcs/ Month
- ❖ Sweat shirts : 100,000pcs/ Month
- ❖ Pajama sets : 750000Sets/Month
- ❖ Dress : 500,000Pcs/ Month

## 2.6 Garment Unit

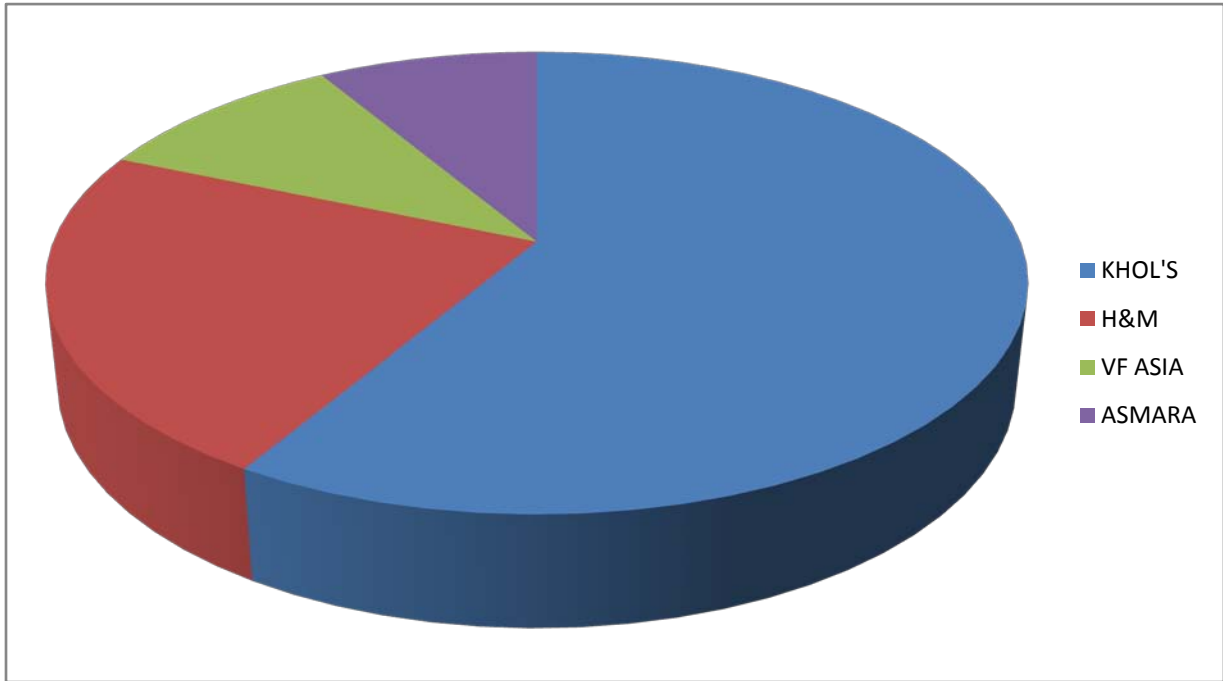
Details of machineries are as follows:

	Name of machine	Quantity
<b>01</b>	Plaine machine	5000sets
<b>02</b>	Over lock machine	750 sets
<b>03</b>	Two niddle machine	2500 sets
<b>04</b>	Bartack machine	1000 sets
<b>05</b>	Computrized b/t machine	100 sets
<b>06</b>	Button stitch machine	100sets
<b>07</b>	Computerized b/s machine	103 sets
<b>08</b>	Button hole machine	509 sets
<b>09</b>	K/s machine	206 sets
<b>10</b>	Flat lock machine	510 sets
<b>11</b>	Snap button machine	611 sets
<b>12</b>	Cutting machine	505 sets
<b>13</b>	Feed of the arm machine	109 sets
<b>14</b>	Collor turning machine	82 sets
<b>15</b>	Computerized eyelet hole machine	102 sets
<b>16</b>	Fusing machine	50 set
<b>17</b>	Chain stitch machine	60 set
<b>18</b>	Zigzag machine	45 sets
<b>19</b>	Velcro attachment machine	45 sets
<b>20</b>	Fabric checking machine	20 set
<b>21</b>	Thread sucker	15 set
<b>22</b>	Carton bairding machine	80 set
<b>23</b>	Hand stitch machine	30 sets
<b>24</b>	Smocking machine	01 set
	<b>Total</b>	<b>510 sets</b>

## 2.7 Buyers Names and Countries

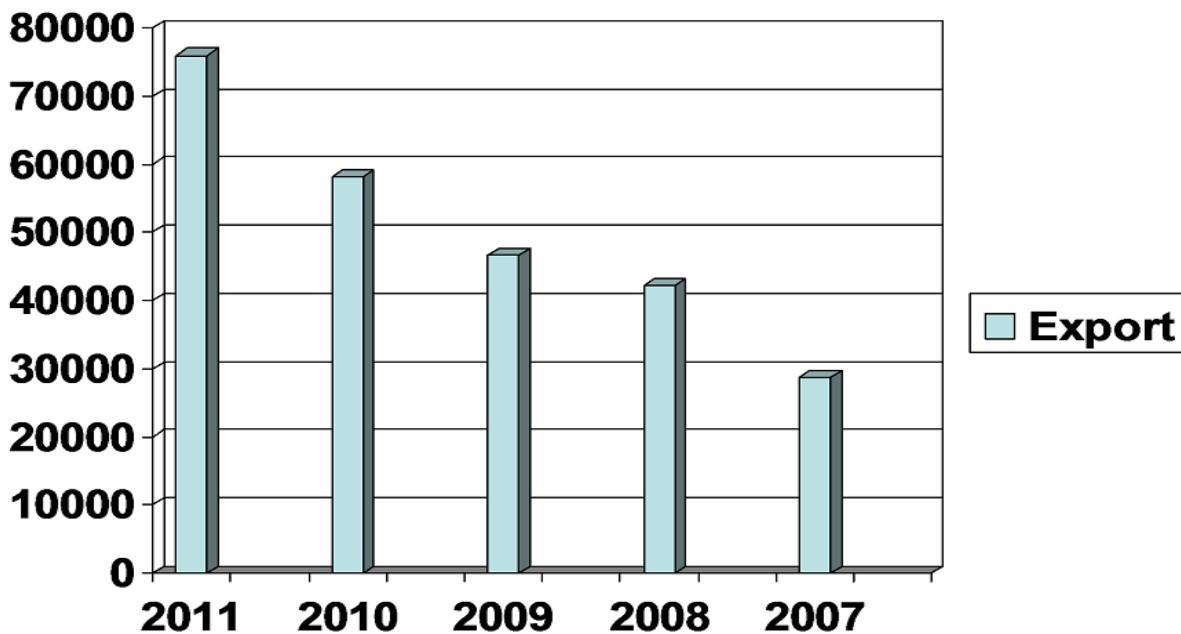
SL. No.	Buyer Name	Country
01	H&M	USA
02	KHOL'S	USA
03	VF ASIA	Germany
04	ASMARA	Italy
05	WALMART	Canada
06	PUMA	Canada
07	JESSYPANY	South Africa
08	AMERICAN EGALE	France
09	LINDEX	UK
10	OSHKOSK	Spain
11	NEXT	USA
12	LINDEX	France

## 2.8 Buyers position in graphically:



## 2.9 Export

The company's export has increased to 75982.06 million in 2011 from Tk 28771.36 million in 2007. The following graph shows the growth the export-



## 2.10 Management of Company

The ultimate objective of our organization is to render complete satisfaction to its customers by providing total quality assurance of the exported apparels and prompt correspondence. This has so far enables the company to add more prominent buyer to its prestigious list. Besides, our ability to interpret customer's requirement, complete quality management techniques and our passion for excellence empower us with the potential to serve our customers in much efficient manner. Moreover, we entertain client's feedback to enhance our products and services as per their expectation.



## 2.11 Company Department

- Administrative department
- Accounts Department
- Merchandising Department
- Commercial Department
- Stores Department
- Quality Control Department
- HRM Department
- Production department

## 2.12 Company SOWT Analysis

The SWOT analysis having identified the company's internal strength and weakness as well as external opportunities and threats. We need to consider by previous marketing and other related analysis an overall picture has revealed of Design & Source Limited . It can develop new function business of corporate strategies to accomplish this change. A SWOT analysis is shown in the below:

## Strength of the company:

Strength is the power of a company by using it a company may achieve the competitive advantage “Design & Source Limited is a well reputed company in the Garments industries of the country”. It is an enormous activity in the Garments industry .Here the existing strength of the company is mentioned as below-

- No loan from any bank.
- A large amount of Assets.
- A well known reputed brand name.
- Good quality of product.
- Well environment.
- Management competence.
- Sound marketing skills.
- Good material management system.
- Availability of efficient and qualified human resources world latest.
- Appropriate organizational style.
- Appropriate control system.
- Good financial management

## Weakness of the company:

Weakness is the internal and existing limitation of a company for which it is unable to be many competitive advantages. Some weaknesses of the That’s it sportswear Ltd. are –

- Lack of proper promotional program.
- Top management always pressure on lower management.
- Too much labor turnover rate.
- Depends on fully foreign order.
- Developing people skill assessing process requirement text time.
- Integration of section output & input still need further co-ordination among the section.

- Poor security in store.
- Small capital
- Old model computer system that is very slow to work.
- No security in use of computer.
- So much Salary discrimination.

### **Opportunity of the company:**

An inventorying opportunity is an area of seller head in which a company can perform profitable. The opportunities identified for the That's it Sportswear Ltd. are as follows:

- Company can expand its product line by introducing differentiation or introducing new product.
- The good will and demand of these kinds of products are increasing data by day especially in the European market.
- Greater possibility to product diversification with quality.
- Supervisor and foreign technician live on site to provide 24-hour coverage.

### **Threats of the company:**

Threat is an external obstacle or a barrier for which a company can't achieve its pre determined goals. The major threats of this company are as follows:

- It is mainly depend on own capital. It does not get any tax advantages.
- Political unrest or instability is the threat of this company. Because of hartal and political violence. Production is hampered and it cannot supply the product at the right time.
- Increasing foreign company's domination.
- And most important threat war to one country to others.

2.13 Followings are some image of different sector of That's it sportswear ltd.



Picture 2.1: Store



Picture 2.2: Cutting Section



**Picture 2.3: Sewing Section**



**Picture 2.4: Finishing Section**

# Chapter 3

## Job part

### 3.1 Nature of the job

As I work as an audit officer so the nature of my job is auditing. Especially Auditing is the process of examining and evaluating records intended to show financial condition and results of operations in order to provide a basis for an opinion concerning the reliability of the records. The opinion is usually given in the form of a written report.

### 3.2 Specific responsibilities of the job

#### Performing performance audit

- Checking Receipt & payment.
- Checking ledger & cash book.
- Checking store ledger.
- Checking salary sheet.
- Checking store consumption.
- Checking personal file.
- Checking Voucher
- Checking closing summary.

#### Performing Financial audit

- Checking bank payment voucher.
- Checking JB posting, ledger posting & A/C code.
- Checking inter project fund transfer.

### 3.3 Monthly job Responsibility

- Preparing monthly income statement
- Preparing reward and penalty bill.
- Consult with factory ED on problem found during the month.
- Preparing monthly report

# Chapter 4

## Financial Analysis

### 4.0 STARTING

The three main financial statements are the profit and loss statement (the income statement), the balance sheet, and the cash flow statement. Each of the financial statements may show a different perspective of the company, but each financial statement is designed to show you the money: where the money came from, where the money went, and where the money is right now.

Applying financial ratios and accounting formulas to the financial statements can provide valuable insight into the company's profitability, financial strength, and efficiency of operations.

## 4.1 Income Statement

Below is the income statement from year 2009 to 2011 (3 Years) of THAT'S IT SPORTS WEAR LTD.

Details	2009
<b>Sales</b>	915,878,800
<b>Less: COGS</b>	121,565,000
<b>Gross Profit</b>	<b>794,313,800</b>
<b>Less: Operating Expenses</b>	
<b>Selling Expenses</b>	521,67,000
<b>General &amp; Administration Expenses</b>	80,00,000
<b>Depreciation</b>	415,250,000
<b>Total Operating Expense</b>	-475,417,000
<b>EBIT</b>	<b>318,896,800</b>
<b>Less: Interest</b>	-9301840
<b>EBT</b>	<b>309,594,960</b>
<b>Tax</b>	10200300
<b>Net Income</b>	<b>299394660</b>



<b>Details</b>		<b>2010</b>
<b>Sales</b>		959,206,560
<b>Less: COGS</b>		103,568,000
<b>Gross Profit</b>		<b>855,638,560</b>
<b>Less: Operating Expenses</b>		
<b>Selling Expenses</b>	209,950,000	
<b>General &amp; Administration Expenses</b>	66,955,000	
<b>Depreciation</b>	31,640,580	
<b>Total Operating Expense</b>		708,545,580
<b>EBIT</b>		<b>147,092,980</b>
<b>Less: Interest</b>		55093180
<b>EBT</b>		<b>91,999,800</b>
<b>Tax</b>		5400000
<b>Net Income</b>		<b>91459800</b>

<b>Details</b>		<b>2011</b>
<b>Sales</b>		1,261,27,3600
<b>Less: COGS</b>		-204,282,912
<b>Gross Profit</b>		<b>1,056,990,688</b>
<b>Less: Operating Expenses</b>		
<b>Selling Expenses</b>	169,129,000	
<b>General &amp; Administration Expenses</b>	65,836,000	
<b>Depreciation</b>	465,321,856	
<b>Total Operating Expense</b>		<b>700,286,856</b>
<b>EBIT</b>		<b>356,703,832</b>
<b>Less: Interest</b>		22597661
<b>EBT</b>		<b>334,106,171</b>
<b>Tax</b>		2000080
<b>Net Income</b>		<b>332106637</b>

## 4.2 Retained Earnings Calculation

Since there is no engagement with security market so the net income is retained as the ultimate income for the business. Hence, there is no dividend paid by the company.

<b>Details</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Opening retain earning</b>	386,814,000	696,408,960	788,408,760
<b>Net income</b>	<b>299394660</b>	<b>91,459800</b>	<b>332106637</b>
<b>Less dividends</b>	0	0	0
<b>Ending retain earning</b>	<b>696,408,960</b>	<b>788,408,760</b>	<b>1,122,514,931</b>

## 4.3 Balance Sheet

Details	2009	2010	2011
<b>Current asset:</b>			
Cash	22,290,600	32,316,000	38,526,500
Accounts Receivable	605,535,304	698,889,865	799,898,587
Inventory	735,889,556	898,863,475	985,983,800
Loan & Advance	678,756,500		
<b>Total current asset</b>	<b>2,042,471,960</b>	<b>1,630,069,340</b>	<b>1,824,408,887</b>
<b>Fixed asset:</b>			
Machinery & Equipment	508,680,000	622,580,000	668,357,000
Vehicle	155,970,000	253,950,000	256,943,000
Furniture	192,120,000	291,050,000	221,160,000
Other Fixed Asset	51,550,000	61,450,000	780,909,000
Less: Accumulate depreciation	-415,250,000	-431,640,580	-465,321,856
<b>Total fixed asset</b>	<b>493,070,000</b>	<b>797,389,420</b>	<b>759,229,044</b>
<b>Total Asset</b>	<b><u>2,535,541,960</u></b>	<b><u>2,427,458,760</u></b>	<b><u>2,583,637,931</u></b>
<b>Current liability:</b>			
Account Payable	959,020,000	856,516,000	751,050,000
Accruals	51,000,000	40,22,840	57,77,392
Short-term liability	83,565,000	85,658,000	75,487,000
<b>Total Current Liability</b>	<b>1,042,585,000</b>	<b>942,174,000</b>	<b>826,537,000</b>
Long-term debt	796,548,000	696,876,000	634,586,000
<b>Total Liabilities</b>	<b>1,839,133,000</b>	<b>1,639,050,000</b>	<b>1,461,123,000</b>
<b>Owners equity:</b>			
Retain Earnings	696,408,960	788,408,760	1,122,514,931
Total Owners Equity	<b>696,408,960</b>	<b>788,408,760</b>	<b>1,122,514,931</b>
<b>Total liability and Owner's equity</b>	<b><u>2,535,541,960</u></b>	<b><u>2,427,458,760</u></b>	<b><u>2,583,637,931</u></b>

## 4.4 Ratio Analysis

Below are the ratio Analysis of That's it sportswear Ltd:

### 4.4.1 Liquidity Ratio:

- Current Ratio
- Quick Ratio

$$\begin{aligned}\text{Current Ratio (2009)} &= \frac{\text{Current Asset}}{\text{Current Liability}} \\ &= \frac{2042471960}{1042585000} \\ &= 1.96\end{aligned}$$

$$\begin{aligned}\text{Current Ratio (2010)} &= \frac{\text{Current Asset}}{\text{Current Liability}} \\ &= \frac{1,630,069,340}{942,174,000} \\ &= 1.73\end{aligned}$$

$$\begin{aligned}\text{Current Ratio (2012)} &= \frac{\text{Current Asset}}{\text{Current Liability}} \\ &= \frac{1,824,408,887}{826,537,000} \\ &= 2.20\end{aligned}$$

The higher current ratio, the more liquid the firm is considered. Its current ratio is increasing year by year.

$$\text{Quick Ratio (2009)} = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liability}}$$

$$= \frac{2042471960 - 735889556}{1042585000}$$

$$= 1.25$$

$$\text{Quick Ratio (2010)} = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liability}}$$

$$= \frac{1,630,069,340 - 898,863,475}{942,174,000}$$

$$= 0.78$$

$$\text{Quick Ratio (2011)} = \frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liability}}$$

$$= \frac{1,824,408,887 - 985,983,800}{826,537,000}$$

$$= 1.012$$

A quick ratio of 1.0 or greater is occasionally recommended. That's it sportswear this ratio is above than the standard.

## 4.4.2 Activity Ratio:

- Inventory Turnover/ Average Age of Inventory
- Average Collection Period
- Average Payment Period
- Total Asset Turnover

$$\text{Inventory Turnover (2009)} = \frac{\text{Cost of Goods Sold}}{\text{Inventory}}$$

$$= \frac{121565000}{7358895}$$

$$= 16.23$$

$$\text{Inventory Turnover (2010)} = \frac{\text{Cost of Goods Sold}}{\text{Inventory}}$$

$$= \frac{103568000}{9421749}$$

$$= 11$$

$$\text{Inventory Turnover (2011)} = \frac{\text{Cost of Goods Sold}}{\text{Inventory}}$$

$$= \frac{204,282,912}{985,983,8}$$

$$= 21$$

$$\text{Average Age of Inventory (2009)} = \frac{360}{\text{Inventory Turnover}}$$

$$= \frac{360}{16.23}$$

$$= 22$$

$$\text{Average Age of Inventory (2010)} = \frac{360}{\text{Inventory Turnover}}$$

$$= \frac{360}{11}$$

$$= 32$$

$$\text{Average Age of Inventory (2011)} = \frac{360}{\text{Inventory Turnover}}$$

$$= \frac{360}{21}$$

$$= 17$$

$$\text{Average Collection Period (2009)} = \frac{\text{Account Receivable}}{\text{Average Sales Per Day}} = \frac{\text{Account Receivable}}{\frac{\text{Annual Sales}}{360}}$$

$$= \frac{605,535,34}{\frac{915,878,800}{360}}$$

$$= 23.83 \text{ days}$$

$$\begin{aligned} \text{Average Collection Period (2010)} &= \frac{\text{Account Receivable}}{\text{Average Sales Per Day}} = \frac{\text{Account Receivable}}{\frac{\text{Annual Sales}}{360}} \\ &= \frac{69888985}{\frac{1,261,27,3600}{360}} \\ &= 19.94 \text{ days} \end{aligned}$$

$$\begin{aligned} \text{Average Collection Period (2011)} &= \frac{\text{Account Receivable}}{\text{Average Sales Per Day}} = \frac{\text{Account Receivable}}{\frac{\text{Annual Sales}}{360}} \\ &= \frac{79989887}{\frac{1,261,27,3600}{360}} \\ &= 23 \text{ days} \end{aligned}$$

**The firm needs to collect the receivables less than 30 days which is very good for the company.**

$$\begin{aligned} \text{Average Payment Period (2009)} &= \frac{\text{Account Payable}}{\text{Average Purchase Per Day}} = \frac{\text{Account Payable}}{\frac{\text{Annual Purchase}}{360}} \\ &= \frac{95902000}{\frac{600000000}{360}} \\ &= 58 \text{ days} \end{aligned}$$

$$\begin{aligned} \text{Average Payment Period (2010)} &= \frac{\text{Account Payable}}{\text{Average Purchase Per Day}} = \frac{\text{Account Payable}}{\frac{\text{Annual Purchase}}{360}} \\ &= \frac{856516000}{\frac{700000000}{360}} \\ &= 44 \text{ days} \end{aligned}$$



$$\begin{aligned}
 \text{Average Payment Period (2011)} &= \frac{\text{Account Payable}}{\text{Average Purchase Per Day}} = \frac{\text{Account Payable}}{\frac{\text{Annual Purchase}}{360}} \\
 &= \frac{751050000}{\frac{7500000000}{360}} \\
 &= 41 \text{ days}
 \end{aligned}$$

**The company has a average payment period is below 60 days which will lead a good relationship between the suppliers & others creditors.**

$$\begin{aligned}
 \text{Total Asset Turnover (2009)} &= \frac{\text{Sales}}{\text{Total Asset}} \\
 &= \frac{915878800}{2535541960} \\
 &= 0.36 \text{ times}
 \end{aligned}$$

$$\begin{aligned}
 \text{Total Asset Turnover (2010)} &= \frac{\text{Sales}}{\text{Total Asset}} \\
 &= \frac{959206560}{2427458760} \\
 &= 0.40 \text{ times}
 \end{aligned}$$

$$\begin{aligned}
 \text{Total Asset Turnover (2011)} &= \frac{\text{Sales}}{\text{Total Asset}} \\
 &= \frac{1,261,27,3600}{2583637931} \\
 &= 0.49 \text{ times}
 \end{aligned}$$

**Generally the higher the firm's total asset turnover the more efficiently its assets have been used. However it seems asset turnover ratio of That's it company increased day by day.**

### 4.4.3 Debt Ratio:

- Debt Ratio
- Times Interest Earn Ratio

$$\begin{aligned}\text{Debt Ratio (2009)} &= \frac{\text{Total Liabilities}}{\text{Total Asset}} \\ &= \frac{183913300}{2535541960} \\ &= 0.0725 \text{ Or } 7.3\%\end{aligned}$$

$$\begin{aligned}\text{Debt Ratio (2010)} &= \frac{\text{Total Liabilities}}{\text{Total Asset}} \\ &= \frac{163905000}{2427458760} \\ &= 0.068 \text{ Or } 6.9\%\end{aligned}$$

$$\begin{aligned}\text{Debt Ratio (2011)} &= \frac{\text{Total Liabilities}}{\text{Total Asset}} \\ &= \frac{1461123000}{2583637931} \\ &= 0.057 \text{ Or } 5.65\%\end{aligned}$$

**The debt ratio the Company is around 5 to 10 %, this indicates that the company can financed close to 10% of its asset with debt.**

$$\begin{aligned}\text{Gross Profit Margin (2009)} &= \frac{\text{Gross Profit}}{\text{Sales}} \\ &= \frac{794313800}{915878800} \\ &= 0.88\end{aligned}$$

$$\text{Gross Profit Margin (2010)} = \frac{\text{Gross Profit}}{\text{Sales}}$$

$$= \frac{855638560}{959206,560}$$

$$= 0.91$$

$$\text{Gross Profit Margin (2011)} = \frac{\text{Gross Profit}}{\text{Sales}}$$

$$= \frac{1056990688}{1261273600}$$

$$= 0.83$$

$$\text{Times Interest Earned Ratio (2009)} = \frac{\text{Earning Before Interest \& Tax}}{\text{Interest}}$$

$$= \frac{318896800}{93018400}$$

$$= 3.42$$

$$\text{Times Interest Earned Ratio (2010)} = \frac{\text{Earning Before Interest \& Tax}}{\text{Interest}}$$

$$= \frac{147092980}{55093180}$$

$$= 2.7$$

$$\text{Times Interest Earned Ratio (2011)} = \frac{\text{Earning Before Interest \& Tax}}{\text{Interest}}$$

$$= \frac{356703832}{225976610}$$

$$= 1.58$$

**Times interest earned ratio of the Company is not acceptable. A value of 3.0 or closer to 5.0 often suggested. The firm 's earnings before interest & tax below 3.0.**

#### 4.4.4 Profitability Ratio:

- Net Profit Margin
- Return on Total Asset
- Return on Common Equity

$$\begin{aligned}\text{Net Profit Margin (2009)} &= \frac{\text{Net Income}}{\text{Sales}} \\ &= \frac{\mathbf{309594960}}{915878800} \\ &= 0.338 \text{ Or } 33\%\end{aligned}$$

$$\begin{aligned}\text{Net Profit Margin (2010)} &= \frac{\text{Net Income}}{\text{Sales}} \\ &= \frac{\mathbf{91999800}}{959206560} \\ &= 0.095 \text{ Or } 9.6\%\end{aligned}$$

$$\begin{aligned}\text{Net Profit Margin (2011)} &= \frac{\text{Net Income}}{\text{Sales}} \\ &= \frac{\mathbf{334106171}}{1261273600} \\ &= 0.26 \text{ Or } 26.4\%\end{aligned}$$

The net profit margin is a commonly cited measure of the company success with the respect to earning on sales. This company's profit margin is good.

$$\begin{aligned}\text{Return on Total Asset (2009)} &= \frac{\text{Net Income}}{\text{Total Asset}} \\ &= \frac{\mathbf{91999800}}{\mathbf{2535541960}} \\ &= .036 \text{ or } 3.6\%\end{aligned}$$

$$\begin{aligned} \text{Return on Total Asset (2010)} &= \frac{\text{Net Income}}{\text{Total Asset}} \\ &= \frac{\mathbf{91999800}}{2424458760} \\ &= 0.037 \text{ Or } 3.7\% \end{aligned}$$

$$\begin{aligned} \text{Return on Total Asset (2011)} &= \frac{\text{Net Income}}{\text{Total Asset}} \\ &= \frac{\mathbf{334106171}}{2583637931} \\ &= 0.12 \text{ Or } 12\% \end{aligned}$$

The value indicates that the firm earned 3.6% on each taka of asset investment in the 2009 and 3.7% on each taka of asset in the year 2010 and in last year it achieved 12% on each taka of asset.

$$\begin{aligned} \text{Return on Common Equity (2009)} &= \frac{\text{Net Income}}{\text{Owners Equity}} \\ &= \frac{\mathbf{91999800}}{696408960} \\ &= 0.132 \text{ Or } 13.2\% \end{aligned}$$

$$\begin{aligned} \text{Return on Common Equity (2010)} &= \frac{\text{Net Income}}{\text{Owners Equity}} \\ &= \frac{\mathbf{91999800}}{788408760} \\ &= 0.116 \text{ Or } 11.6\% \end{aligned}$$

$$\begin{aligned} \text{Return on Common Equity (2011)} &= \frac{\text{Net Income}}{\text{Owners Equity}} \\ &= \frac{\mathbf{334106171}}{1122544931} \\ &= 0.297 \text{ Or } 29.7\% \end{aligned}$$

The calculated ROE of 100% indicate that this Company Earned 100% on each Taka of owners' equity.

## 4.5 Weighted Average Cost of Capital

In calculating WACC we will consider the weights based investment of the operation of this plant. We assumed our cost of equity will be 12%. And as said cost of debt is 15%. Moreover, our weight for debt and equity will be 40% and 60%. In total the WACC will be 13.2%.

WACC = % of equity \* cost of equity + % of debt \* cost of debt

$$(40\% * 0.12) + (60\% * 0.15)$$

$$= 4.2 + 9$$

$$= \mathbf{13.2\%}$$

## 4.6 Cash Flow Statement

The table below shows the calculation of free cash flow and firm value. To find the firm value we need to discount all the free cash flows to present value at the rate of WACC of 13.2%.

	2009	2010	2011
<b>Net Income Before</b>	<b>309594960</b>	<b>91999800</b>	<b>334106171</b>
<b>Interest &amp; Tax</b>			
<b>Less: Taxes</b>	<b>(7800450)</b>	<b>(8098770)</b>	<b>(70665400)</b>
<b>Net Income After Tax</b>	<b>4890600</b>	<b>6888560</b>	<b>6879448</b>
<b>Plus: Depreciation</b>	<b>42078000</b>	<b>36005400</b>	<b>27000088</b>
<b>Less: Investment</b>			
<b>In net working capital</b>	<b>5,00,6000</b>	<b>876,0000</b>	<b>95,00,000</b>
<b>Total Net investment for the period</b>	<b>75,00,000</b>	<b>65,00,000</b>	<b>95,00,000</b>
<b>Free Cash Flow</b>	<b>48,10,6809</b>	<b>67048560</b>	<b>86649448</b>
<b>WACC</b>			
<b>(13.2%)</b>			

# Chapter 5

## Findings and Recommendation

### 5.1 Findings

After completing my internship program in That's IT Sportswear Limited, I have gathered some positive and negative ideas of financial practice and position in this company, alongside the financial analysis I had a good knowledge about other sectors of this company, which are as follows:

- In keeping documents, That's IT Sportswear Limited didn't follow the international standard. This company used its own standard operating procedure to maintain document for that its make me puzzle to do the financial analysis.
- Another major problem is inter project fund transfer. For that actual financial position is not clear.
- Times interest earned ratio of the Company is not acceptable.
- Standard Inventory system is not followed.
- In some sections the company is not using modern facilities and equipments.
- The company is not so aggressive in making new buyer to increase its sales.
- That's IT Sportswear Limited has foreign reputation in exporting garments.
- The company knows how to make customer satisfaction.
- It has relatively low labor turnover.



- The employees are paid an average range of wages and salaries which are market standard.
- The welfare department is now trying to provide all type of facilities for the employees.
- Now the infrastructure of the company is well furnished.
- The factory is now built with naturally enriched and the different buildings are built well for different serving purposes.
- As the labors or staffs are experienced they are doing better relatively to other company.
- That's IT Sportswear Limited is operating its business by facing tough competition with the others developers company.
- Most of the buyers and suppliers are satisfied because of the company's fair transaction.
- Sales & marketing, Land and other all departments activities are satisfactory, have the effective & efficient management team.
- The combination of different departments act is relatively low.

## 5.2 Recommendation

Garments sector plays a very important role to earn foreign exchange to our country. A large number of foreign money comes Garments sector plays a very important role to earn foreign exchange to our country. A large amount of foreign money comes from the exporting of Garments. However a large number of workers maintain their live on this sector. Specially the women. So, government should take special nursing in garments sector. That's IT sportswear Ltd is one of the leading export oriented garment in the country though its overall performance is well Some extra points are given to accelerate the present position :

- The authority should be positive about audit. They have to realize that audit gives them the opportunity to justify their work.
- That's It sportswear Ltd. should follow international standard to making financial position and also analyzing the balance sheet through various ratios for determining efficiency, profit-earning capacity, financial solvency etc.
- Cost control system must be implemented at every stage in the organization.
- They should determine yearly inventory cost like ordering cost, carrying cost acquisition cost separately.
- They should determine optimum level of inventory.
- They should computerize their every level of inventory.  
For purchasing raw materials, the company should follow acquisition procedure strictly.
- Inter project fund transfer should be kept by using proper accounting standard.
- Adequate training facilities provided for personnel for development .Should follow a specific inventory costing method, in the context of rising trend in raw materials price.

- Sound communication should be established between managing directors to Head office auditors. Steps to be taken to provide proper data & information.
- Most of the officer has to motive to teach every employees and researcher of their own inspiration.
- A specific department for training and research, which will provide adequate training and research facilities for personnel for development.
- Every department will communicate their problem with other department of the company
- Medical facilities should be improved.
- Effective personnel management should be set up.
- Proper steps should be taken to stop power failure.
- Various motivations will be provided to workers for sound production.

# Conclusion

After we do all the analysis and strategic plan from various aspects we can believe that That's It sportswear ltd. will go and sustain competitively in the market. Because from our financial plan, income statement, ratio analysis we see that the company has good aspect in the future just it need to catch up in some points where it can improve further more. As day by day the sales quantity of the company increased it can offer better product with a competitive price to the mass also. Furthermore day by day this company is looking forward to hire some expert employee who can really turn out the company as number one in the country. We as a team give value in a good customer service, trustworthy, honesty and quick feedback and we believe that can push our company in a place where we want see after a certain period.

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