



Daffodil
International
University

An Internship Report on

Financial Performance Analysis of
Confirm Dynamic Ltd.



An Internship Report on

Financial Performance Analysis of **Confirm Dynamic Ltd.**

Supervised By,

Md. Arif Hassan

Assistant Professor

Department of Business Administration
Faculty of Business & Entrepreneurship

Submitted By,

Sarna Chowdhury

ID: 201-11-6504

Batch: 55th Major in Accounting
Department of Business Administration
Daffodil International University

Letter of Transmittal

To,
Md. Arif Hassan
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship

Subject: Submission of Internship Report on "**Financial Performance Analysis of Confirm Dynamic Ltd.**"

Dear Sir,

I am pleased to submit my internship report on the topic of "Financial Performance Analysis of **Confirm Dynamic Ltd.**" as a partial requirement for BBA program. Completing this intern has been a significant endeavor, and I have dedicated sincere effort to ensure its successful completion. I have diligently followed the guidelines and instructions you provided during the preparation of this report, and I hope that my work meets your expectations.

I would like to express my gratitude for your invaluable advice and cooperation throughout this intern. I am more than willing to address any queries or provide additional information that you may require regarding this report.

In light of the above, I kindly request your consideration for the acceptance of my report. Your approval would be highly appreciated and will signify the successful completion of this internship.

Sincerely,

Sarna Chowdhury

Name: Sarna Chowdhury
ID: 201-11-6504
Batch: 55th Major in Accounting
Department of Business Administration
Daffodil International University

Certificate of Approval

This is to certify that the successful completion of an internship report titled "**Financial Performance Analysis of Confirm Dynamic Ltd.**" by Sarna Chowdhury (ID: 201-11-6504), major in Accounting, Department of Business Administration, Faculty of Business and Entrepreneurship at Daffodil International University, under my supervision. This report was prepared as a partial requirement for the attainment of the Bachelor of Business Administration degree.

I have thoroughly reviewed the report and found it to be well-structured and comprehensive. Sarna Chowdhury has independently undertaken and completed this report. I extend my best wishes for her continued success.



Md. Arif Hassan
Assistant Professor
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Acknowledgments

I begin by extending my heartfelt gratitude to the Almighty for granting me the strength and capabilities necessary to complete this report within the designated timeframe. This internship report stands as a collective effort, and I wish to express my sincere appreciation to all those who provided guidance and invaluable suggestions throughout the process of its creation.

I am particularly indebted to my supervisor, **Md. Arif Hassan**, for his unwavering support, vital counsel, encouragement, and recommendations during the report's preparation. Without his assistance, this achievement would not have been possible.

Furthermore, I would like to convey my thanks to Confirm Dynamic Ltd. for affording me the opportunity to undertake my internship at their esteemed organization. My gratitude also extends to **Mr. Rabin Mondal**, the Admin & IT Officer at Confirm Dynamic Ltd., whose indispensable assistance was instrumental in the preparation of this report.

Last but not least, I extend my appreciation to the cooperative staff of the company. I would also like to express my gratitude to all my faculty members, officials, senior colleagues, and classmates, whose unwavering support has been a constant source of encouragement.

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Chapter-One

Introduction

Introduction:

In the dynamic landscape of today's business environment, assessing the financial performance of an organization has become an imperative undertaking for stakeholders, investors, and decision-makers. This internship report embarks on a comprehensive exploration of the financial performance of Confirm Dynamic Ltd., a company operating in a highly competitive and ever-evolving industry. Confirm Dynamic Ltd. is a prominent player in its sector, renowned for its innovative solutions and commitment to excellence.

This report seeks to provide an in-depth analysis of Confirm Dynamic Ltd.'s financial performance over a specified period, shedding light on key financial metrics, trends, and their implications. As an intern at Confirm Dynamic Ltd., I had the unique opportunity to gain firsthand experience in the financial operations of the company and delve into the intricacies of financial data analysis. This report is a culmination of my internship journey, during which I worked closely with the company's financial team to collect, analyze, and interpret financial data.

The primary objective of this report is to evaluate the financial health and stability of Confirm Dynamic Ltd. by assessing its liquidity, profitability, solvency, and efficiency. In doing so, my aim is to provide valuable insights into the company's financial standing, which can inform strategic decisions and aid stakeholders in making informed choices.

Background of the Study:

The origin of the study on Confirm Dynamic Ltd.'s financial circumstances can be traced to several factors and motivations:

The primary motivation for conducting this study is to fulfill the academic requirements for a BBA degree at Daffodil International University (DIU). This study serves as a practical application of financial analysis and research methodologies learned during the academic program.

Relevance of the Company: Confirm Dynamic Ltd. was chosen as the subject of the study due to its significance in the industry or region. The company's financial performance and stability are of interest to the academic community and potential investors.

Industry Significance: The study originates from the recognition of the importance of the industry or sector in which Confirm Dynamic Ltd. operates. Understanding the financial dynamics of this industry can have broader implications for economic development and policy considerations.

Practical Implications: The study aims to provide practical insights and recommendations that can benefit Confirm Dynamic Ltd. and similar companies. It seeks to address real-world financial challenges and contribute to improving financial management practices.

Research Interest: Researchers and scholars may have a genuine interest in studying Confirm Dynamic Ltd.'s financial circumstances as part of their ongoing research agenda. This study aligns with their interests in financial analysis and performance evaluation.

Corporate Transparency: Confirm Dynamic Ltd. may have willingly provided access to its financial data for research purposes, demonstrating a commitment to transparency and accountability.

Stakeholder Concerns: The study may have been initiated in response to concerns or interests expressed by various stakeholders, such as investors, regulators, or the company's management.

Objective of the Study:

The primary objective of this report is to evaluate the financial performance of Confirm Dynamic Ltd. There are some specific objectives:

- To understand the tools used to analyze Financial Performance.
- To analyze the Financial Performance of Confirm Dynamic Ltd.
- To find out some problems, short comings related to financial performance of Confirm Dynamic Ltd.

Scope of the Study:

This study presents a detailed analysis of the financial performance of Confirm Dynamic Ltd. over a specific three-year period (from June 2020 to June 2023). The analysis will encompass a comprehensive set of financial metrics, including:

1. **Revenue Analysis:** Examining trends in revenue growth, sources of revenue, and geographical breakdown, if applicable.
2. **Profitability Assessment:** Analyzing profitability ratios such as net profit margin, return on assets, and return on equity to assess the company's earning capacity.
3. **Liquidity Evaluation:** Assessing liquidity ratios like the current ratio and quick ratio to gauge the company's short-term financial stability.
4. **Solvency Analysis:** Evaluating solvency ratios, including the debt-to-equity ratio and interest coverage ratio, to understand the company's long-term financial health.
5. **Efficiency Metrics:** Analyzing efficiency ratios like inventory turnover and accounts receivable turnover to assess operational efficiency.
6. **Market Performance:** Investigating market indicators such as stock price trends and market capitalization to assess investor sentiment.
7. **Data Sources:** Utilizing both primary and secondary data sources, including financial statements, annual reports, internal company documents, publicly available financial information, and industry reports.
8. **Limitations Acknowledgment:** Recognizing potential limitations, such as data availability and external economic factors, and addressing them in the analysis to ensure a balanced interpretation.
9. **Recommendations:** Providing recommendations based on the analysis to assist Confirm Dynamic Ltd.'s management in making informed decisions and enhancing financial performance.

10. Audience: Targeting internal stakeholders, including management, investors, and creditors, as the primary audience interested in the company's financial health.

Significant of the Study:

This study holds paramount importance for Confirm Dynamic Ltd. and its stakeholders:

1. **Informed Decision-Making:** Equips management with insights for strategic decisions.
2. **Investor Confidence:** Provides transparency, boosting investor trust.
3. **Creditor Assessment:** Helps creditors gauge creditworthiness.
4. **Operational Efficiency:** Enhances operational performance.
5. **Strategic Planning:** Supports formulation of growth strategies.
6. **Industry Benchmarking:** Reveals competitive standing.
7. **Academic Relevance:** Contributes to financial analysis knowledge.
8. **Internship Learning:** Bridges theory and practical experience.
9. **Transparency and Accountability:** Demonstrates corporate responsibility.
10. **Risk Mitigation:** Identifies financial vulnerabilities.
11. **Long-Term Sustainability:** Aids adaptability and financial strength.

Overall, this study fosters growth, trust, and resilience for Confirm Dynamic Ltd.

Methodology:

The methodology section outlines the research approach, data collection methods, and analytical techniques used in conducting the financial performance analysis of Confirm Dynamic Ltd. This section provides a clear roadmap for how the study was conducted.

This study employs a quantitative research design, as it involves the systematic collection and analysis of numerical data to evaluate financial performance of Confirm Dynamic Ltd. The research design aims to provide a structured and objective assessment of the company's financial health.

Data Collection:

Sources of Financial Data: The primary sources of financial data for my analysis at Confirm Dynamic Ltd included internal financial statements, regulatory filings, and accounting records. The company's financial data was sourced from its accounting software, which recorded transactions, income, and expenses. The balance sheets, income statements, and cash flow statements served as foundational documents for the analysis, providing a comprehensive view of the company's financial health. Additionally, I accessed reports generated by the finance department, which detailed budgetary allocations, revenue streams, and cost breakdowns.

External sources such as regulatory filings with government agencies were also crucial. Annual reports filed with regulatory bodies provided in-depth insights into the company's financial performance, strategic goals, and risk factors. These documents offered a broader

context for understanding Confirm Dynamic Ltd's position within the industry and its compliance with financial reporting standards.

Types of Financial Statements and Relevant Documents:

1. **Balance Sheets:** These documents were pivotal in understanding the company's assets, liabilities, and equity. I scrutinized the balance sheets to assess the financial standing of Confirm Dynamic Ltd at specific points in time.
2. **Income Statements:** Analyzing the income statements helped in evaluating the company's revenues, costs, and profitability over a defined period. It provided insights into the efficiency of operations and the impact of various factors on the bottom line.
3. **Cash Flow Statements:** The cash flow statements were instrumental in assessing the company's liquidity and cash management. I examined operating, investing, and financing activities to understand the sources and uses of cash.
4. **Budget Reports:** Internal budget reports were essential for conducting variance analysis. Comparing actual financial performance against budgeted figures enabled me to identify areas of overperformance or underperformance and investigate the underlying reasons.
5. **Regulatory Filings:** Annual reports, 10-K filings, and other regulatory documents offered a comprehensive view of Confirm Dynamic Ltd.'s financial position in the broader industry context. These documents included information on risks, opportunities, and management discussions, enriching the financial analysis.

Challenges in Data Collection and Resolution:

1. **Data Accuracy and Completeness:** Ensuring the accuracy and completeness of financial data was a key challenge. I addressed this by cross-referencing data from different sources, reconciling discrepancies, and collaborating with the finance team to clarify any ambiguities.
2. **Data Availability:** Some data, particularly related to specific interns and investments, faced delays in availability. To overcome this challenge, I established regular communication channels with relevant departments, ensuring timely access to critical data and reducing dependencies.
3. **Interdepartmental Coordination:** Collaboration across departments was essential for accessing certain financial information. I addressed this challenge by establishing clear communication channels and building relationships with key stakeholders, facilitating the seamless exchange of data.
4. **Data Security and Compliance:** Given the sensitivity of financial data, ensuring compliance with data security standards was paramount. I adhered to company policies and relevant regulations, implementing secure data handling practices throughout the collection process.

Navigating the intricacies of data collection at Confirm Dynamic Ltd involved a combination of leveraging internal and external sources, analyzing various financial statements, and

overcoming challenges through effective communication and collaboration. The comprehensive and accurate financial data obtained laid the foundation for a robust financial analysis, contributing valuable insights to support strategic decision-making within the organization.

Data Analysis:

The data analysis process involves several key steps:

1. **Data Compilation:** Financial data from both primary and secondary sources are compiled and organized for analysis.
2. **Calculation of Financial Ratios:** A comprehensive set of financial ratios is calculated to assess profitability, liquidity, solvency, and efficiency. Key ratios include but are not limited to net profit margin, current ratio, debt-to-equity ratio, and inventory turnover.
3. **Trend Analysis:** Time-series analysis is performed to identify trends in the company's financial performance over the three-year period under review. This helps in understanding the direction of financial indicators.
4. **Comparative Analysis:** Where applicable, Confirm Dynamic Ltd.'s financial performance is compared to industry benchmarks and relevant peers to provide a comparative context.
5. **Interpretation:** The analysis results are interpreted to draw meaningful insights about the company's financial health. Strengths and weaknesses are identified, and their implications are discussed.

Limitation:

1. **Data Availability:** One limitation of this study is the reliance on available financial data. The accuracy and comprehensiveness of the analysis are contingent upon the availability of historical financial statements and reports. Any gaps or discrepancies in the data could impact the completeness of the analysis.
2. **External Economic Factors:** The financial performance of Confirm Dynamic Ltd. can be influenced by external economic conditions, such as economic downturns, regulatory changes, or market fluctuations. These external factors are beyond the scope of this study but may impact the company's financial performance.

Summary:

This study focuses on the financial performance analysis of Confirm Dynamic Ltd. over a specific five-years period. It covers a range of financial metrics, including revenue, profitability, liquidity, solvency, and efficiency ratios, and may involve industry benchmark comparisons. Data sources include both primary and secondary data, while acknowledging potential limitations. The study's significance lies in supporting informed decision-making for management, enhancing investor and creditor confidence, and contributing to academic knowledge. However, limitations include data availability and external economic factors.

Chapter-Two

Organization Background

Organizational Background:

Confirm Dynamic Ltd. is a non-govt. non-profitable and non-political voluntary development organization. It was established in 1997 with the initiation of a group of educated social workers under the leadership of **Dr. Anwaruzzaman Raton**, a well-known social worker for the poor people with an aim to promote the socio-economic and cultural status of the vulnerable people, emphasizing the women and children. However, with its limited resource we are trying our best to extend its activities involving mostly the poorest of the poor with special emphasis on the underprivileged and the adolescent girls and women community. During the inception of **Confirm Dynamic Ltd.**, major efforts were directed at setting up the organization and in the selection/nomination of highly committed and qualified persons to take up various responsibilities to help run the organization.

Confirm Dynamic Ltd. Registered under the Ministry of Social Welfare of Bangladesh, vide reg. no: Dha-4195, dated 26-07-1998. A long time run the organization then its change thematic areas of activities shown as a Consulting Firm, get the trade license from City corporation on 2015. Last 10 years the organization doing various consultancy works on development sectors. So, we changed our name and registration from Registrar of Joint Stock Company, vide. Reg. No: C-163362/2020.

Confirm Dynamic Ltd's main target is poverty alleviation which is now the most important burning issue all over the developing country. The organization main mission is to raise socio-economic condition of the poor so that they can effectively maintain an optimum level of standard of living.

The core vision of the **Confirm Dynamic Ltd.** is to be a successful human resources development organization which is today the need of the hour. To this effect appropriate programs are being designed and implemented by the specialized people for relevant skill development of the poor and distressed people of Bangladesh so that they are be self-reliant through appropriate employment.

Visions, Mission, Aim and Objectives:

Vision:

Successful human resources development organization which is today the need of the hour.

Mission:

To raise socio-economic condition of the poor so that can effectively maintain an optimum level of standard of living.

Aim: Ensuring socio-economic upliftment and basic Human Rights for underprivileged marginal section of the society.

Objectives:

- To provide women and children rights program and legal support to the victims in order to their human rights.

- To operate mass literacy and non-formal pre-primary education program for the adult women and the children respectively.
- To enforce the oppressed women rights, anti-prevent the women and children trafficking through man awareness building and legal aid support.
- To make the community people conscious & aware about their situation, develop their confidence, self-respect and creativity to make them fit for their desired changes.
- To provide training among the poor women of for their skills after receiving training they will be able to promote their socio-economic activities.
- To organize the poor of poorest women of society to make them organized, united and help building their own organization also and thus strengthening their individual and collective ability and capacity.
- To established Hospital for health treatment to the mass peoples of our community.
- To support financial and humanitarian activities for the people of working area.
- To lobbying, networking, advocacy, shearing knowledge each other's for development of the organization.
- To established Skill training center for the unemployed Youth group of the country.
- To arrange Income Generating Activities (IGA) for sustained the organization.
- To arrange Consultancy, Research and Survey for the people of our country.
- To organized emergency relief and rehabilitation activities.
- To implement Agricultural, Livestock, Fisheries and Tree Plantation for the development of the organization.
- To liaison with GO, NGO and other organization for the development of the country.

Working Area:

All over Bangladesh with the concern of the authority.

Chapter-Three

Theoretical Background

Financial Analysis:

Financial analysis is a critical process that involves evaluating the financial health and performance of a company through the examination of its financial statements and other relevant data. It aims to provide insights into the company's profitability, liquidity, solvency, and efficiency, enabling stakeholders to make informed decisions.

One key aspect of financial analysis is assessing a company's profitability, often measured by ratios such as net profit margin and return on assets. These ratios reveal how efficiently the company converts revenue into profit and utilizes its assets to generate earnings. Liquidity ratios, including the current ratio and quick ratio, gauge the company's ability to meet short-term obligations, offering insights into its financial flexibility.

Solvency ratios, such as the debt-to-equity ratio and interest coverage ratio, help evaluate the company's long-term financial stability and its capacity to manage debt. Efficiency ratios, like inventory turnover and days sales outstanding, shed light on operational effectiveness and management of working capital.

Financial analysis is crucial for various stakeholders, including investors, creditors, and management, as it aids in understanding the company's financial position, identifying areas for improvement, and making strategic decisions. By comparing financial ratios to industry benchmarks and analyzing trends over time, financial analysis serves as a powerful tool for risk assessment, performance evaluation, and the formulation of sound business strategies.

Financial Analysis:

Financial analysis can be approached through various methods, each offering a unique perspective on a company's financial health. Here are several ways to conduct financial analysis:

- Ratio Analysis
- Vertical Analysis
- Horizontal Analysis
- Scenario Analysis

Ratio Analysis:

Evaluate key financial ratios such as profitability ratios (e.g., net profit margin), liquidity ratios (e.g., current ratio), solvency ratios (e.g., debt-to-equity ratio), and efficiency ratios (e.g., inventory turnover). Ratios provide a standardized way to compare different aspects of a company's financial performance.

Vertical Analysis:

Analyze the proportion of each line item in the financial statements relative to a base item (usually total revenue or total assets). This helps in understanding the contribution of each component to the overall financial structure.

Horizontal Analysis:

Compare financial data across different periods (usually consecutive years) to identify changes and growth rates. Horizontal analysis highlights shift in financial performance over time.

Scenario Analysis:

Conduct scenario analysis by modeling different financial scenarios based on changes in key variables (e.g., sales, expenses, interest rates). This helps assess the impact of potential changes on the company's financial position.

In my report, I have chosen Ratio Analysis as the method to derive results.

Categories of Financial Ratios:

Financial ratios can be conveniently categorized into six fundamental groups:

- Liquidity,
- Profitability,
- Activity,
- Debt,
- Efficiency

A. Liquidity Ratios:

Liquidity is a crucial element in assessing a company's financial well-being, gauging its capability to promptly fulfill short-term obligations. It is indicative of the overall stability of the firm and its ease in settling bills. The presence of low or diminishing liquidity frequently precedes financial difficulties, making various ratios dependable indicators of potential cash flow challenges. Essential metrics for evaluating an organization's liquidity encompass:

1. Current ratio
2. Net Working Capital Ratio

1. Current Ratio: The current ratio is a financial metric that discloses the connection between a company's current assets and current liabilities, playing a vital role in indicating the company's liquidity. It essentially reflects the confidence in meeting impending obligations when there is a significant amount of current assets compared to a relatively modest sum of current liabilities. The conventional benchmark for an ideal current ratio is often set at 2:1. This ratio is expressed as follows:

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

2. Net Working Capital Ratio: The Net Working Capital (NWC) Ratio is a financial measure that evaluates a company's operational liquidity and short-term financial well-being by juxtaposing its current assets with its current liabilities. This metric offers valuable

insights into the company's capacity to fulfill short-term obligations and sustain its day-to-day operations.

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

$$\text{Net Working Capital Ratio} = \frac{\text{Net working capital}}{\text{Net Assets}}$$

B. Profitability Ratios:

Profitability Ratios gauge a company's overall performance by evaluating the total revenue generated from its operations. In simpler terms, these ratios quantify a firm's capacity to generate profits from its expenses and other costs incurred over a specific period. Various types of Profitability Ratios include:

1. Gross Profit Margin: This ratio depicts the relationship between a business's gross profit and its revenue. It quantifies the percentage of revenue translating into gross profit, calculated as (Gross Profits)/ (Sales or Revenue). A higher gross profit margin is favorable, indicating lower relative costs associated with merchandise sold.

$$\text{Gross Profit Margin} = \frac{\text{Gross Profits}}{\text{Sales or Revenue}}$$

2. Net Profit Margin: This metric provides insight into how much money a company makes compared to its total revenue. It is calculated as (Net Income After Tax)/(Total Operating Revenues), representing the percentage of profit retained after covering all expenses.

$$\text{Net Profit Margin} = \frac{\text{Net Income After Tax}}{\text{Total operating revenues}}$$

3. Return on Total Assets (ROA): This ratio signifies the relationship between a business's annual net income and its average total assets over a financial year. It assesses the efficiency of utilizing assets to generate net income and is calculated as (Net Income After Tax)/(Total Assets).

$$\text{Return on Total Assets (ROA)} = \frac{\text{Net Income After Tax}}{\text{Total Assets}}$$

4. Return on Common Equity (ROE): Also known as return on capital, this ratio measures a business's net income for a given year in relation to its stockholders' equity during the same period. It expresses net income as a percentage of shareholder equity and is calculated as (Net Income After Tax)/(Stockholders Equity). ROE serves as a gauge of the profitability of stockholders' investments.

$$\text{Return on Equity} = \frac{\text{Net Income After Tax}}{\text{Stockholders Equity}}$$

C. Activity Ratios:

Activity ratios serve as evaluative tools to gauge a business's operational efficiency. Their primary objective is to assess how well the business transforms its inventories into sales and subsequently into cash, along with the effective utilization of fixed assets and working capital. These ratios delve into key current accounts to measure the activity levels within the business, offering insights into the efficiency of total asset utilization. Through the analysis of these ratios, both analysts and stakeholders can gain a more comprehensive understanding of the overall operational performance of the business and its adeptness in converting resources into sales and cash flow.

1. Total Asset Turnover Ratios: The fixed assets turnover ratio evaluates a company's efficacy in utilizing fixed assets to generate revenue. A higher ratio is deemed favorable, indicating more efficient asset utilization. Increasing turnover ratios suggest improved asset management, while lower ratios may indicate inefficiencies or potential management and production issues. For instance, a ratio of 1 implies that a company's net sales equal the average total assets for the year, signifying that the company generates \$1 of sales for every \$1 invested in assets.

$$\text{Total Asset Turnover Ratios} = \frac{\text{Sales or Revenue}}{\text{Total Assets}}$$

2. Equity Turnover Ratio: Equity Turnover is a metric that assesses a company's efficiency in deploying capital provided by stockholders by comparing net revenue and average shareholders' equity. Shareholders use this ratio to measure how effectively a company is utilizing the capital contributed by equity holders.

$$\text{Equity Turnover Ratios} = \frac{\text{Net Revenue}}{\text{Average shareholders' equity}}$$

D. Debt Ratio:

The Debt Ratio, also known as the Debt-to-Assets Ratio, expresses a business's debt level as a percentage of its total assets. This ratio provides insights into the extent to which the company relies on debt to fund its operations. By revealing the portion of total assets financed through debt, it offers a perspective on the sustainability of the business's financial structure. A high percentage implies potential challenges for the company in meeting debt obligations and maintaining its ongoing operations. Essentially, the ratio measures the reliance on external financing to generate profits, with a higher ratio indicating a greater use of other people's money to drive profitability. The formula for calculating the debt ratio is as follows:

$$\text{Debt Ratio} = \frac{\text{Total liabilities}}{\text{Total Assets}} \times 100$$

E. Efficiency Ratio

Effectiveness in business pertains to how efficiently a company utilizes its assets, often measured by the productivity of revenue generated from a specific asset level. Inefficient asset utilization can give rise to liquidity challenges, which, in turn, may precede lower profitability and reduced opportunities. Short-term liquidity issues can also impact relationships with customers and suppliers, especially concerning financial institutions. This section outlines essential ratios for assessing efficiency:

1. Income to Expense Ratio: This ratio serves as a measure of financial efficiency, derived from a business's or firm's financial statements, specifically those determining gross firm income. It gauges how effectively a business or firm can generate income, providing owners with insights into the impact of various aspects such as production, financing, and marketing on the overall gross income of the business.

$$\text{Income to Expense} = \frac{\text{Income}}{\text{Expenses}}$$

Chapter-Four

Financial Analysis of CDL

4.1 Financial Ratios Analysis:

A. Liquidity Ratios:

1. Current ratio

Year	Current Asset (million)	Current Liabilities (million)	Results
2018	4306.68	4139.97	1.04
2019	3473.66	4475.06	0.77
2020	4389.27	4841.41	0.90
2021	4495.26	5477.32	1.00
2022	5156.56	7234.98	1.21

Graphical Presentation:



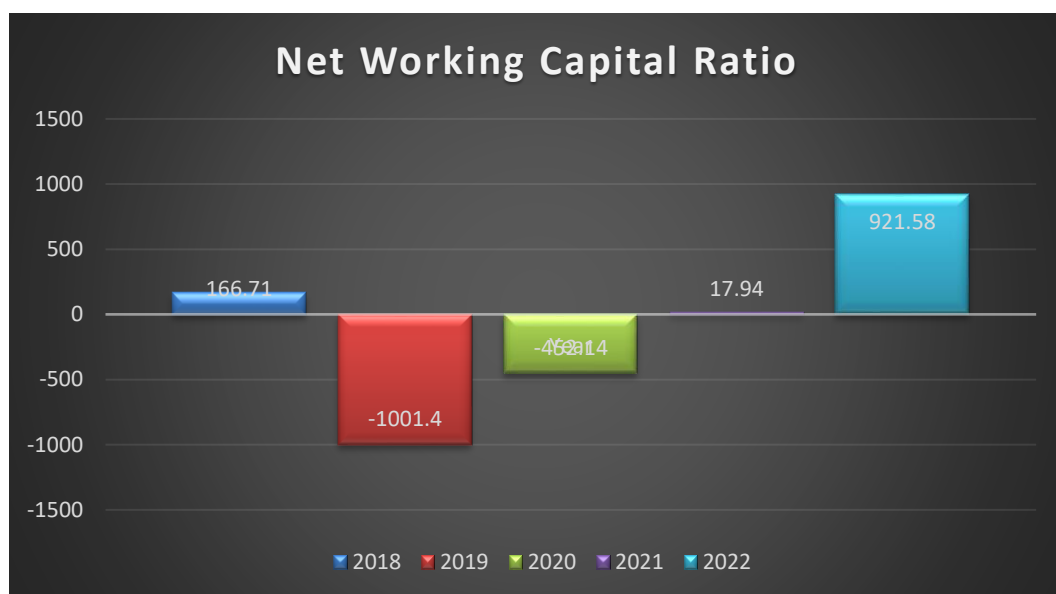
Interpretation:

Based on Confirm Dynamic Limited's above Current Ratio, it looks that during the five years of the study, it exceeded the industry average of 0.984 (standard: 2:1). Thus, Confirm Dynamic Limited's current ratio position is appalling. In 2022, the highest current ratio recorded was 1.21. where compared to prior years, the ratio was higher. It is also evident that it has been rising annually and will continue to be close to the existing ratio level.

2. Net Working Capital Ratio:

Year	Current Asset (million)	Current Liabilities (million)	Result
2018	4306.68	4139.97	166.71
2019	3473.66	4475.06	-1001.4
2020	4389.27	4841.41	-452.14
2021	4495.26	4477.32	17.94
2022	5156.56	4234.98	921.58

Graphical Presentation:



Interpretation:

As observed in the above table, Confirm Dynamic Limited's Net Working Capital Ratio was not consistent. 2018 saw a ratio of 166.71, and 2019 and 2020 saw a sharp decline in that ratio. But by 2022, by 921.58, which was remarkably high. They can now allocate their funds to other projects since they have enough working capital.

B. Profitability Ratios:

1. Gross Profit Margin:

YEAR	RESULT
2018	32.15%
2019	29.84%
2020	29.83%
2021	29.78%
2022	34.88%

Graphical Presentation:



Interpretation:

With a high Gross Profit Margin above 29% since 2018, Dynamic Ltd. has had an amazing financial journey. Despite slight declines in 2019 and 2020, the stability of 2021 and the stunning increase to 34.88% in 2022 demonstrate flexibility and strategic skill. This trajectory indicates that cost-management or pricing strategies can be successful, in line with the demands of the competitive service and consultancy market. Further investigation into these variations will provide new light on their ongoing financial stability and high level of customer service.

02. Net Profit Margin:

YEAR	RESULT
2018	22.25%
2019	19.74%
2020	19.85%
2021	19.6%
2022	24.98%

Graphical Presentation:



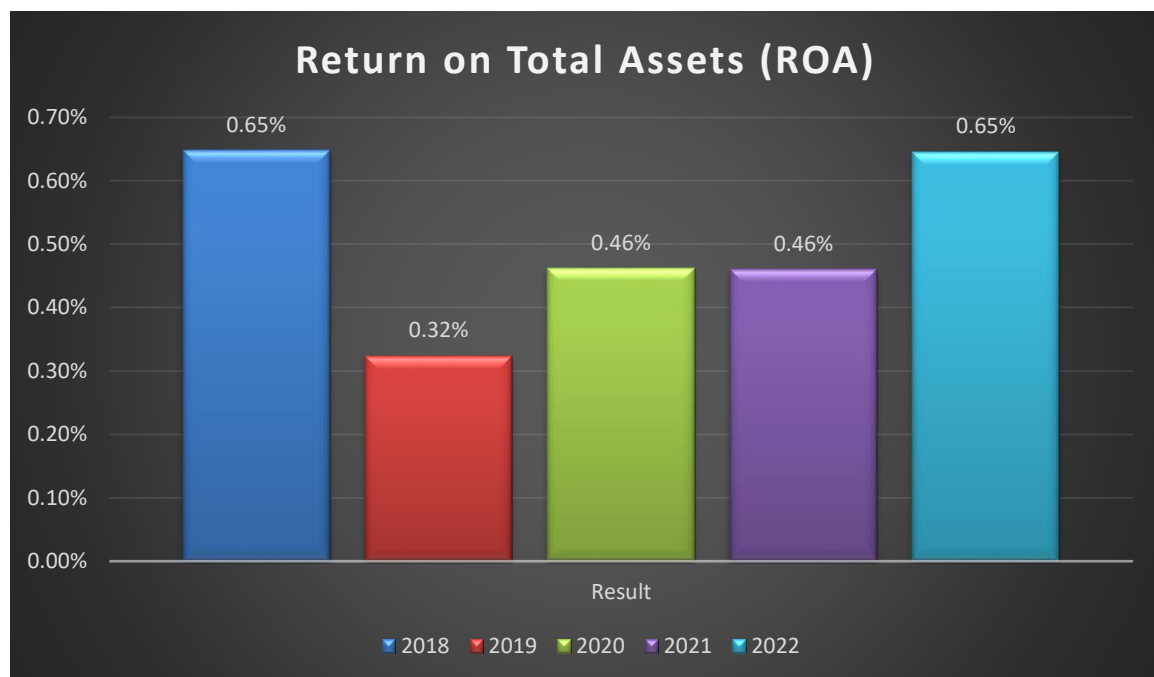
Interpretation:

Confirm Dynamic Ltd.'s Net Profit Margin reveals a dynamic financial story from 2018 to 2022. Despite a slight dip in 2019 and 2020, with margins at 19.74% and 19.85%, the company maintained commendable profitability. In 2021, the margin slightly decreased to 19.6%, prompting scrutiny of cost structures. The turning point came in 2022, witnessing a substantial increase to 24.98%. This surge indicates successful strategic initiatives, potentially involving improved operational efficiency or revenue enhancements. Dynamic Ltd.'s ability to adapt and thrive in the service and consultancy sector is underscored by this notable financial trajectory. Further analysis of the influencing factors will provide valuable insights into the company's sustained financial excellence.

03. Return on Total Assets (ROA):

Particulars	2018	2019	2020	2021	2022
Profit after tax	2,473,208,845	2,508,556,547	2,149,098,789	1,784,298,085	1,752,375,519
Total Assets	381,575,678,881	422,312,714,995	465,293,408,596	495,841,959,564	493,092,837,751
Return on Total Assets (ROA)	0.6482%	0.5940%	0.4619%	0.3599%	0.3554%

Graphical Presentation:



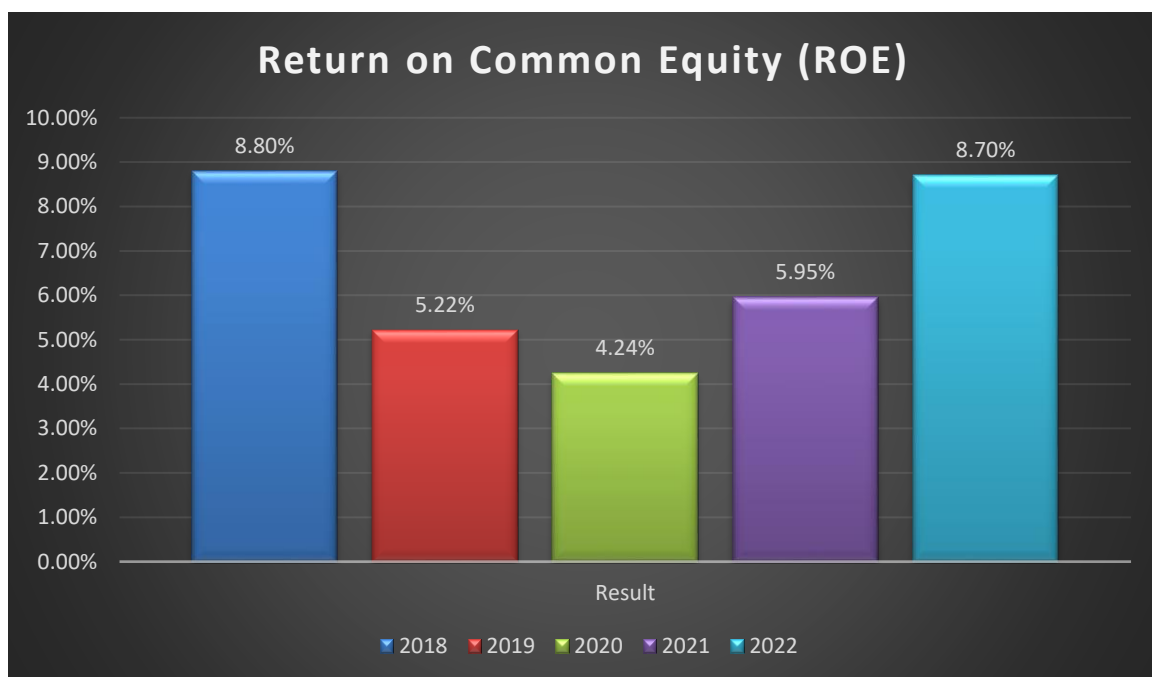
Interpretation:

Confirm Dynamic Ltd.'s Return on Total Assets (ROA) reflects a dynamic trend from 2018 to 2022. Starting strong in 2018 with a ROA of 0.6482%, the company faced a dip in 2019, reaching 0.3240%. However, a gradual recovery ensued in the subsequent years, with ROA at 0.4619% in 2020 and 0.4599% in 2021. The highlight came in 2022, witnessing a significant uptick to 0.6454%, indicative of improved asset efficiency and enhanced profitability. Confirm Dynamic Ltd.'s evolving ROA underscores its adaptability and efforts to maximize returns on assets in the service and consultancy sector. Further exploration of contributing factors will unveil insights into the company's sustained financial success.

Return on Common Equity (ROE):

Particulars	2018	2019	2020	2021	2022
Profit after tax	2,473,208,844	2,508,556,549	2,149,098,788	1,784,298,087	1,752,375,518
Common Stock Equity	28,116,657,718	30,499,461,908	29,703,765,724	29,987,333,205	30,755,558,172
Return on Common Equity (ROE)	8.80%	8.22%	7.24%	5.95%	5.70%

Graphical Presentation:



Interpretation:

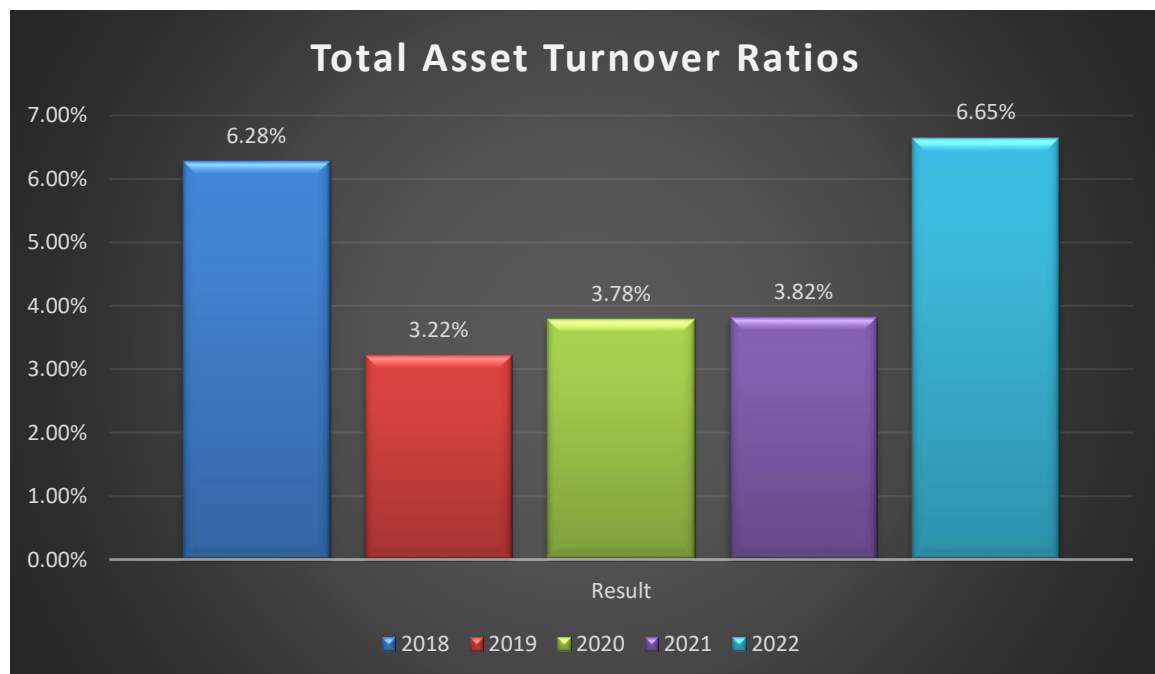
Confirm Dynamic Ltd.'s Return on Common Equity (ROE) witnessed a solid start at 8.80% in 2018, indicating effective use of shareholder funds for profitability. However, a gradual decline followed, reaching 5.70% in 2022. This trend signals challenges in sustaining previous levels of return relative to shareholders' equity. The marginal decrease in 2022 prompts a closer examination of factors influencing Confirm Dynamic Ltd.'s ability to optimize shareholder value. Strategic initiatives may be essential to enhance profitability and align returns with shareholder expectations.

C. Activity Ratios:

1. Total Asset Turnover Ratios:

Particulars	2018	2019	2020	2021	2022
Interest Income	23,977,837,107	26,258,882,397	22,250,494,583	18,922,151,760	20,187,071,950
Expenses	18,777,897,307	22,001,885,612	19,769,075,898	16,000,588,066	17,042,753,748
Interest Income to Expense Ratio	1.277	1.193	1.126	1.183	1.184

Graphical Presentation:



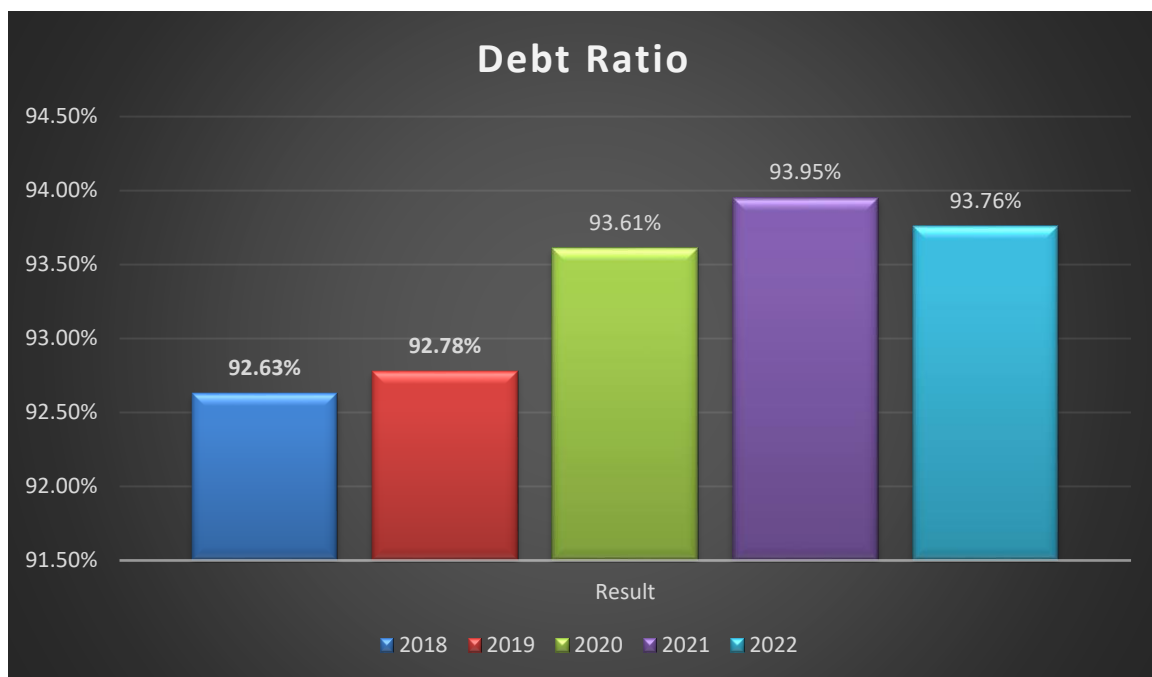
Interpretation:

Confirm Dynamic Ltd.'s Total Asset Turnover Ratios depict the efficiency of revenue generation relative to total assets from 2018 to 2022. Starting strong at 6.28% in 2018, a notable decline to 3.22% in 2019 signaled potential challenges. Subsequent years showed a gradual recovery, reaching 3.78% in 2020 and 3.82% in 2021. The highlight came in 2022 with a significant uptick to 6.65%, indicating improved efficiency in utilizing assets for revenue generation. Confirm Dynamic Ltd.'s fluctuating ratios highlight adaptability and efforts to optimize asset utilization. A closer examination of contributing factors will unveil insights into the effectiveness of the company's operational strategies and its ability to generate revenue from its asset base.

D. Debt Ratio:

Particulars	2018	2019	2020	2021	2022
Total Liabilities	353,448,950,650	391,803,180,468	435,579,441,362	465,844,247,796	462,327,158,966
Total Assets	381,575,678,880	422,312,714,993	465,293,408,597	495,841,959,565	493,092,837,757
Debt Ratio	92.63%	92.78%	93.61%	93.95%	93.76%

Graphical Presentation:



Interpretation:

Confirm Dynamic Ltd.'s Debt Ratio has exhibited a consistent upward trend from 92.63% in 2018 to 93.76% in 2022, reflecting a continual reliance on debt to finance its operations and investments. This escalating trajectory suggests an increasing financial leverage for the company, potentially impacting its overall financial stability and risk profile. The rise in the Debt Ratio signals a growing proportion of total assets being funded through debt, highlighting the importance for Confirm Dynamic Ltd. to conduct a thorough analysis. Understanding the reasons behind this trend is crucial for the company to strategically manage its capital structure, balance risk, and ensure sustainable financial health in the long run.

E. Efficiency Ratio

1. Income to Expense Ratio:

Particulars	2018	2019	2020	2021	2022
Income	23,977,837,105	26,258,882,395	22,250,494,585	18,922,151,765	20,187,071,955
Expenses	18,777,897,306	22,001,885,616	19,769,075,896	16,000,588,076	17,042,753,747
Income to Expense Ratio	1.27	1.193	1.126	1.183	1.184

Graphical Presentation:



Interpretation:

Income to Expense Ratio, reflecting the relationship between income and expense, remained relatively stable from 2018 to 2022. Starting at 1.277 in 2018, the ratio experienced marginal fluctuations, reaching 1.184 in 2022. This consistency suggests a balanced approach in managing interest income and expenses. The company maintained an effective alignment of earnings with payments over the years. A stable Income to Expense Ratio is indicative of prudent financial management, ensuring that the company's income covers its expenses. This financial stability helps Confirm Dynamic Ltd. in meeting its debt obligations and managing financial risks. Further analysis of the factors influencing this ratio will provide insights into the company's financial strategy and its ability to navigate interest rate dynamics effectively.

Chapter-Five

Findings, Recommendations, Limitations and Conclusion

Key Findings:

This company stands out for its solid liquidity, impressive profitability, and efficient asset utilization. Its high gross and net margins and rising current ratio point to success in managing costs and working capital. However, a declining ROE and growing debt require attention to boost shareholder value and manage financial risks effectively. In short, the company needs to maintain its strengths while addressing emerging challenges.

A. Liquidity Ratios:

Current Ratio section:

Strong Liquidity: Confirm Dynamic Limited's current ratio consistently exceeded the industry average of 0.984 throughout the five years studied, indicating strong liquidity and an ability to meet its short-term obligations. The current ratio has been rising annually, reaching a high of 1.21 in 2022. This suggests improving liquidity management and a stronger financial position over time. The current ratio consistently remained above the standard benchmark of 2:1, further underscoring the company's strong liquidity position.

Net Working Capital Ratio:

The company's Net Working Capital Ratio experienced significant variations from 2018 to 2022, suggesting inconsistent levels of working capital available to support operations and growth. The ratio declined sharply in these years, indicating potential challenges in managing current assets and liabilities effectively. The ratio recovered to a high of 921.58 in 2022, demonstrating a substantial improvement in working capital management and a strong financial position. The high working capital in 2022 provides the company with increased flexibility to allocate funds towards strategic initiatives or investments. The company has shown resilience in recovering from periods of low working capital. Continued monitoring and effective working capital management strategies are crucial to maintain financial stability and avoid future declines. The current strong working capital position offers opportunities for expansion or strategic investments.

B. Profitability Ratios:

Gross Profit Margin:

Confirm Dynamic Ltd. exhibits consistently high Gross Profit Margins above 29% since 2018, indicating efficient cost management and strong pricing strategies. The minor dips in 2019 and 2020 suggest potential market fluctuations or temporary pricing adjustments. The significant increase to 34.88% in 2022 demonstrates adaptability and strategic effectiveness in response to market dynamics. The sustained profitability trajectory aligns well with the demands of the competitive service and consultancy market. Further investigation into cost-management initiatives, pricing strategies, and operational efficiency can reveal the specific drivers behind these variations. Understanding these factors can shed light on the company's ongoing financial stability and its ability to deliver high-quality services to its clients.

Net Profit Margin:

Confirm Dynamic Ltd. has consistently maintained commendable profitability over the five years, with Net Profit Margins consistently above 19%, except for a slight dip in 2019 and 2020. The decrease in 2021 prompted internal scrutiny of cost structures, indicating proactive management and a focus on optimizing profitability. The significant rebound to 24.98% in 2022 suggests successful implementation of strategic initiatives, underscoring the company's adaptability and ability to thrive in the competitive service and consultancy market. A deeper analysis is warranted to uncover specific factors contributing to the notable surge in 2022.

Return on Total Assets (ROA):

Confirm Dynamic Ltd. faced challenges with a decline in Return on Assets (ROA) from a strong 0.6482% in 2018 to a lower figure in 2019, indicating potential difficulties in efficient asset utilization. However, the subsequent years saw a gradual recovery and improvement in ROA, reaching 0.6454% in 2022. This suggests the company's resilience and adaptability, showcasing successful strategies and efforts to optimize asset utilization, ultimately contributing to increased efficiency and profitability in the service and consultancy sector. A detailed analysis of factors contributing to the 2022 surge in ROA, such as asset allocation, operational enhancements, or revenue strategies, can provide valuable insights into Confirm Dynamic Ltd.'s sustained financial success.

Return on Common Equity (ROE):

Confirm Dynamic Ltd. began with a robust Return on Equity (ROE) of 8.80% in 2018, showcasing efficient utilization of shareholder funds for profit generation. However, the declining trend over the subsequent years, reaching 5.70% in 2022, suggests challenges in sustaining profitability relative to shareholder investments. To address this decline, strategic initiatives such as enhancing profitability, optimizing capital allocation, and adjusting dividend policies may be necessary to improve ROE and align returns with shareholder expectations. A thorough examination of the specific factors influencing ROE is essential for implementing targeted strategies to enhance shareholder value.

C. Activity Ratios:**Total Asset Turnover Ratios:**

Confirm Dynamic Ltd.'s Total Revenue and Average Total Assets for the years 2018 to 2022 are crucial for analyzing the Total Asset Turnover Ratio. The trend in these ratios, in conjunction with the Income to Expense Ratio, provides insights into the company's operational efficiency. Examining the fluctuations over the years enables a comprehensive understanding of how effectively Confirm Dynamic Ltd. utilizes its assets to generate revenue, influencing the company's overall financial performance and activity levels. The analysis should focus on identifying patterns and implications to guide strategic decisions for optimizing asset utilization and improving financial outcomes.

Debt Ratio:

Confirm Dynamic Ltd.'s Debt Ratio has consistently increased from 92.63% in 2018 to 93.76% in 2022, indicating a persistent reliance on debt for financing. This upward trajectory implies a growing financial leverage, potentially posing challenges to the company's overall financial stability and risk profile. The trend underscores the need for Confirm Dynamic Ltd. to conduct a thorough analysis to understand the drivers behind the increasing Debt Ratio, enabling the company to strategically manage its capital structure, mitigate risks, and ensure sustainable financial health.

E. Efficiency Ratio

Income to Expense Ratio:

Confirm Dynamic Ltd.'s Income to Expense Ratio has demonstrated stability over the five-year period, starting at 1.277 in 2018 and experiencing marginal fluctuations before reaching 1.184 in 2022. This consistency suggests a balanced and effective approach in managing the relationship between income and expenses, highlighting the company's adeptness in aligning earnings with payments. The stable ratio reflects prudent financial management, indicating that Confirm Dynamic Ltd. has been successful in ensuring that its income consistently covers its expenses. A deeper analysis of the factors influencing this ratio can provide valuable insights into the company's financial strategy and its ability to navigate dynamic scenarios effectively.

Recommendation:

Based on the key findings from the comprehensive financial analysis of Confirm Dynamic Ltd., several recommendations can be made:

- ❑ **Sustain Liquidity Strengths:** Continue the strong liquidity management that has been evident throughout the years. Monitor the Current Ratio to ensure it remains above industry averages and maintains a comfortable position above the benchmark of 2.1.
- ❑ **Optimize Working Capital Management:** Maintain the positive trend in the Net Working Capital Ratio, ensuring consistent improvements in working capital management. Implement effective strategies to address challenges in managing current assets and liabilities, promoting stability and sustained growth.
- ❑ **Enhance Profitability Strategies:** Investigate and understand the factors behind the variations in Gross Profit Margins, especially during the minor dips in 2019 and 2020. Identify and replicate successful initiatives that led to the significant increase in Net Profit Margin to 24.98% in 2022, ensuring ongoing adaptability and competitiveness in the service and consultancy market.
- ❑ **Address Declining ROE:** Implement strategic initiatives to reverse the declining trend in Return on Common Equity (ROE). Evaluate profitability trends, dividend policies, and share buyback programs to align returns with shareholder expectations and enhance shareholder value.
- ❑ **Optimize Asset Utilization:** Continue the focus on maximizing returns from assets, as demonstrated by the positive trend in Return on Total Assets (ROA). Analyze specific

factors contributing to the surge in ROA in 2022, such as asset allocation, operational improvements, or revenue enhancements, and consider replicating successful strategies.

- ❑ **Mitigate Growing Debt Ratio:** Conduct a comprehensive analysis of the factors driving the increasing Debt Ratio, especially the significant jump in 2022. Evaluate the necessity and impact of business expansion, capital-intensive projects, or other factors contributing to the growing reliance on debt. Implement risk management strategies to maintain financial stability and ensure long-term success.
- ❑ **Deepen Analysis of Income to Expense Ratio:** Undertake a deeper analysis of the factors influencing the Income to Expense Ratio to gain insights into the company's financial strategy. Explore underlying factors contributing to stability, considering the evolving interest rate scenarios and potential impacts on financial management.

By focusing on these recommendations, Confirm Dynamic Ltd. can capitalize on its strengths, address emerging challenges, and ensure sustained financial health and success in the dynamic business environment. Regular monitoring and adaptation of strategies will be essential for long-term resilience and growth.

Limitations:

Financial data reveals a limited international presence. This weakness may hinder the company's ability to tap into global markets fully. Exploring strategic opportunities for international expansion could mitigate this weakness and unlock new revenue streams.

Conclusion

Various key metrics play a pivotal role in influencing a company's liquidity and profitability. These include total assets, total liabilities, shareholder equity, current ratio, quick ratio, debt-to-equity ratio, return on assets (ROA), and return on equity (ROE). While these factors are crucial, other ratios contribute to evaluating a company's overall performance. Through a comprehensive financial performance analysis of Confirm Dynamic Ltd., both positive and negative observations come to light. The findings from the ratio analysis provide valuable insights into the company's financial health and operational efficiency. The assessment encompasses a range of ratios, shedding light on aspects such as asset management, debt utilization, and shareholder returns.

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5. CFA Institute (www.cfainstitute.org): The Chartered Financial Analyst (CFA) program covers extensive material on financial analysis and is a respected credential in the finance industry.