



Toon Tech

Internship Report

On

**Financial Performance Analysis of Toon
Tech Ltd.**



Internship Report
on
Financial Performance Analysis of Toon Tech Ltd.

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Letter of Transmittal

Date: 9-11-2025

Rozina Akter

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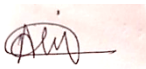
Subject: Submission of Internship Report on “Financial Performance Analysis of Toon Tech Ltd”

Dear Mam,

With due respect and humble to state that it is my pleasure to submit this Internship Report on “**Financial Performance Analysis of Toon Tech Ltd.**” to you. While preparing this report, I tried my best to follow the instructions that you have given me. This report is prepared for the fulfillment of the requirement of the BBA Program. This Internship Report has been extremely challenging, interesting and rewarding experience to me. I would like to express my deepest gratitude to you for providing me such an opportunity.

I shall be highly encouraged if you are kind enough to receive this report. Thank you for your consideration and collaboration.

Sincerely Yours,



Hasin Arman Abid

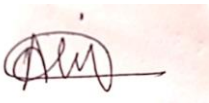
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Declaration of the Student

I, Hasin Arman Abid, hereby declare that the internship report titled “**Financial Performance Analysis of Toon Tech Ltd.**”: A study on **Toon Tech Ltd** is individually prepared by me after completing the 180-day internship at Toon Tech Ltd, Dhaka and a comprehensive study on the Financial Performance Analysis of Toon Tech. Nothing in this report is duplicated, and no information is used that is highly confidential to Toon Tech, and the information in this report is not against the law of the country.

I would like also to declare that the report is prepared exclusively for academic purposes and not for any other reason.



Hasin Arman Abid

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Department of Business Administration

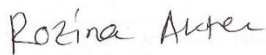
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Letter of Acceptance

This certifies that Hasin Arman Abid, a student in the B.B.A. program at Daffodil International University, ID number 192-11-6238, has successfully finished the internship under my direction and supervision. As part of the requirements for earning a BBA degree, he submitted the report titled "Financial Performance Analysis of Toon Tech Ltd." while working as an intern at Toon Tech Ltd. It was just he who completed the report. He gave the go-ahead to turn in the report.

Hasin Arman Abid is a highly hardworking and responsible individual with significant strength & knowledge. Working with him has undoubtedly been a wonderful experience. I wish him all the best in his career.



Rozina Akter

Assistant Professor

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Acknowledgement

My sincere gratitude goes out to each and every person who helped me with the creation of this internship report. They have encouraged me, given me advice, and believed in me at every turn. Most significantly, I want to take this chance to thank Rozina Akter, an assistant professor at Daffodil International University, ma'am, for her unwavering support and essential direction that helped my report come together from start to finish. It is imperative that I express my gratitude to Ephraim Noble, Bradley Baratt and other member, for giving me the opportunity to learn during my internship. In the same way, I am thankful to my fellow colleagues at the Toon Tech who help me with their invaluable perspective as well as supported in my assimilation of the practical business scenarios. Finally, I would like to express my gratitude to Daffodil International University for helping me to successfully complete my bachelor's degree, which is why I am standing here.

Executive Summary

The company Toon Tech Limited was founded in in the UK in 2019. The company has grown as leader in the AI-based software solution as well as consultancy services. The company has enhance in operation rapidly that include the cross-border operation between the UK and Bangladesh. I was worked with the managing financial sector of the company mainly the cross-border financial transaction between the UK and Bangladesh as a part of my internship at Toon Tech. The report assesses the financial performance of the company from 2020 to 2024 five year through focusing on the key financial metrics including the liquidity, profitability, efficiency and solvency with the concentration to the challenges as well as opportunities associated with international transactions.

The company has experienced impressive growth over the past five years. But the company also encountered major financial challenges. The analysis shows the declining trend in the key financial ratio. All of them show the financial struggle of the company in generating consistent profit. Moreover, the liquidity ratio of the company has shown a gradual decline through indicating the declining margins of safety in managing short-term obligations.

The growing reliance on debt of the company is underling through the growing debt ratio and debtto-equity with the raising concerns about the financial risk connected with the expansion. The company has shown some development in the efficiency ratio despite these challenges specifically asset turnover ratio indicating the better utilization of assets for generating the revenue. However, the decline in the account receivable ration to turnover indicate the problems with cash flow at the time of handling the overseas delays and payments.

The report also identifies several key areas for improvement, including enhancing profitability management, strengthening liquidity, optimizing debt management, and improving cross-border financial transactions. Recommendations are provided to help Toon Tech improve its financial health, reduce operational inefficiencies, and mitigate risks associated with cross-border operation

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Chapter 1

Introduction

1.1 Background of the Study

The company Toon Tech was founded in 2019 in the UK. The company has rapidly grown as an innovative leader in the field of AI-based software solutions as well as IT consultancy services. The company has an emphasis on the offering in the competitive technology solutions since its inception which help the company in optimising their operation and enhancing the efficiency in operation (JADOUN, 2024). I have had the privilege of achieving firsthand understanding into the operations and financial processes of the company as an intern employee in the company especially in managing the cross-border transaction between the UK and Dhaka, Bangladesh



Figure 1.1: Toon Tech Ltd.

I was tasked with the financial transaction management during my internship that between the UK and Dhaka. These are important for the operation of the company. It was important for assessing the financial health of the company given the expansion of Toon Tech in the global market particularly how it handles cross-border payments, fees of transaction, risk in exchange currency as well as compliance with international regulations. This report is a reflection of on my internship

experience as well as practical observation during my time at Toon Tech where I assess the financial performance from (2020-2024).

This analysis is crucial for knowing how the company grown financially in the past four year, what action can be taken to optimise the process of finance going forward and how effectively it manage the international operations (Sharma, 2023). The aim of the report is to underline the challenges encountered by company as well as provide recommendations on the basis my experience and observations.

1.2 Origin of the Study

The importance of comprehending the financial performance of the company from 2020 to 2024 is the driving force for the study. It has grown quickly in terms of its financial transactions and foreign activities, though it is a relatively new business. I was able to study the financial processes of the company as an intern in the finance department through actively managing cross-border transactions.



Figure 1.2: Origin of the company

The worldwide market development of the company impact on my work, especially the money transfer between Dhaka and the UK. My experience has given me the crucial insight into the challenges of the company in the effective way to manage finances. My aim to in this report is to examine the financial performance of the Toon Tech during the last 5 year addition to evaluating the opportunities as well as challenges in the cross-border financial management by empassing on the significance of the financial metrices, including the liquidity, profitability, efficiency and solvency.

1.3 Scope of the Study

The internship report concentrate on the financial performance between the financial year of 2020 and 2024 of Toon Tech Ltd. The frame of the time enable by the examination of the development of trajectory and the financial stability since the firm was founded in the 2019. The report assess the significance of the financial measures that include the operational efficiency, liquidity, profitability and liquidity ratio of to comprehend how the company handled the finances over time. Specifically, I assessed the cross-border financial transaction between the UK as well as the Dhaka as a part of my internship work. The involve the analyzing the challenges associated with the cost of transaction, currency exchange and overall efficacy of the process of transaction. The scope of the report will include the analyzing the strength and weakness of the finance of the company and offering practical recommendations for enhancing the financial performance of the company (Sharma, 2023).

1.4 Objectives of the Study

The main objectives of this study are as follows:

1. To evaluate the financial performance of Toon Tech Ltd from 2020 to 2024 with a emphasis on key financial indicators like profitability, liquidity, and efficiency.
2. To assess the efficiency of cross-border financial transactions of the company between the UK and Dhaka and identify potential areas for improvement.
3. To identify strengths and weaknesses in financial operations of the company in managing cash flow, project costs as well as transaction delays.
4. To provide recommendations for improving financial performance and optimizing transaction management ensuring sustainability and growth in international markets of the company.

1.5 Methodology

The financial performance of the company is analyzed through using the combination of the qualitative and quantitative methodologies in this report. Both the primary as well as secondary

source will be used for getting the data. The internal financial report of the company includes the cash flow statement, income statement, the statement of financial position and the transaction logs pertaining to money transfers from the UK to Dhaka included in the primary source of data (Suciani and Setyawan, 2022). publicly access data source including the industry publication, financial portal and case studies will be secondary source of data.

1.5.1 Sources of Data

The report is mainly based on the financial records of Toon Tech Ltd. for the years 2020–2024 which will provide the key data for the report. The financial record includes the cost of the project report, internal logs of transactions as well as yearly financial statements. I had the access to all these document and contributed to collection of data for the analysis as a part of my job role. The secondary source of data will be collected from the relevant industry report that measure the financial performance in the technology industry and the publicly available financial record from the Companies House filings. These resources will help in placing the performance of the Toon Tech in the perspectives of the larger industry.

1.5.2 Secondary Sources of Data

Secondary data will include financial studies and industry reports that provide light on developments in the consulting and technology sectors in addition to internal records. These will offer financial performance standards and aid in comprehending the difficulties encountered by comparable businesses, particularly in handling cross-border operations and international transactions (Suciani and Setyawan, 2022).

1.6 Limitations of the Study

The availability of data for the time under evaluation places limitations on the investigation. Even though Toon Tech Ltd. has been in business since 2019, it is still a very new business; therefore, there can occasionally be gaps in the data. Despite the availability of financial reports from 2020 to 2024, some internal transaction logs could not be completely accessible because of

administrative or confidentiality restrictions (Suciani and Setyawan, 2022). Another limitation is the intricacy of cross-border financial transactions. It is complex to fully the quantify the elements including currency exchange swings, transaction fees, and compliance with both Bangladeshi and UK financial rules, although I have been able to collect data on many aspects of transactions between the UK and Dhaka.

Chapter 2

Organizational Overview

2.1 Historical Background of Toon Tech Ltd

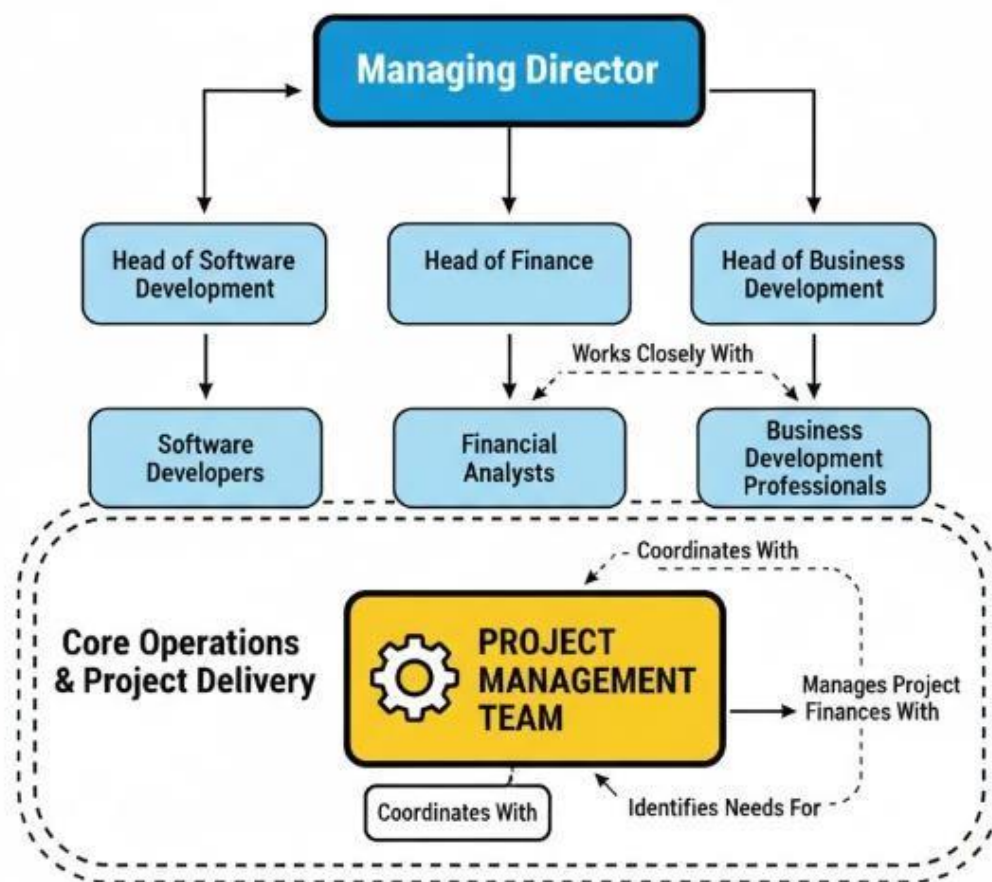
The company Toon Tech Ltd was established in 2019 with the mission of offering innovating AI-based software solutions as well as services of IT consultancy. The aim of the company is to mitigate the growing demand for advance technologies from its inception that could streamlining the process of the business and developing the operational efficiency regarding various industries. The focuses of the company on creating the competitive solutions that has enabled Toon Tech for attracting a diverse base of clients that include the small startup and larger company with nationally and internationally (Tondro et al., 2025).

The establishment of the company coincided with global surge in the demand of the technological services in the AI, automation sectors and machine learning. The ability of the company is to provide a AI-based solution has positioned it a promising player in the competitive areas in these high growth areas. The company started through offering the consultancy services, making development of AI-based tools as well as providing software solutions for those business across the UK. Then the company expand it services through offerings as well as began in exploring the international market by the establishment of strong business relationship with companies in Asia specifically Dhaka, Bangladesh

The company began with conducting the cross-border financial transaction between the UK and Bangladesh in the line with goals of expanding the operations internationally. The international transaction of the company has become is a critical part of the operation of the company that facilitated the movement of funds for the execution of project, partnership and Research and Development (Tondro et al., 2025). The financial performance of the company has been influenced through the cross-border transaction like managing the risk of current exchange, cost of transaction as well as compliance with the international regulation that is important for smooth operation.

2.2 Organizational Structure

Toon Tech Ltd. is set up to facilitate its activities both at home and abroad. A more flexible and responsive approach to decision-making is made possible by the company's flat organisational structure. Software developers, project managers, financial analysts, and business development specialists make up the core team, which collaborates to provide clients with top-notch solutions.



Toon Tech Ltd: Flat Organizational Structure

Fostering Collaboration & Agility

Figure 2.1 Organizational Structure

A Managing Director, who is in charge of strategic choices, and a number of department heads, such as those in charge of software development, finance, and business development, make up the company's leadership team. Internal financial reporting, cash flow management, and foreign financial transaction oversight are all critical functions of the finance department (Mensah et al., 2025). This division makes ensuring that financial transactions between the UK and Dhaka are carried out efficiently and in compliance with all applicable laws and regulations.

I work on the Project Management team, which is in charge of monitoring schedules, supervising client project execution, coordinating across teams, and making sure that project development-related financial transactions are managed effectively. To guarantee that expenses are kept under control and projects are finished on schedule, the company's finance and project management teams collaborate closely.

The organisational structure is intended to encourage teamwork so that the business can react swiftly to client demands and changes in the market. Toon Tech Ltd. has been able to keep its competitive advantage and adjust to the quickly evolving technology field because to this structure.

2.3 Products & Services of Toon Tech Ltd

The company named Toon Tech Ltd. provide a wide range of solution as well as services for client who want to use the AI as well as cutting-edge technology. The company is specialized in offering the AI-powered tools, consulting services as well as software solution in helping business to streamline their operation (Fountaine et al., 2019). There are three primary categories can be use for grouping the product offerings of the Toon Tech Ltd.

Toon Tech Ltd: Products of Toon Tech Ltd

Harnessing AI & Advanced Technology



Figure 2.2: Products & Services of Toon Tech Ltd

- ✦ **AI-Powered Solutions:** The company create the special AI-based software solution for other business in a range of sector that include the retail, manufacturing, healthcare as well as finance. These solution assist company in making better decision as well as enhancing their operation like data analysis tools, automation software and machine learning algorithms (Rane et al., 2024)

- ‡ **IT Consultancy Services:** The Toon Tech offer the professional consulting services for business wishing for incorporating the AI and other competitive technology into their current systems. The company collaborate with customer in evaluating their technology requirements through providing the tailored solution as well as assisting them during the stage of implementation.
- ‡ **Research and Development (R&D):** The company also make the major investment in the Research and Development to keep competitive in the technical trends and develop creative solutions. Research and development is an important component of the growth strategy of the Toon Tech as the business continues for creating new goods as well as services to satisfy the changing demand.

The combination of these services allows the company in handling the wide range of customer demands from creating the unique AI solution for offering the knowledge-based guidance on adoption of technology (Mensah et al., 2025). The success of the company has been attributed for the wide range of product in drawing the customer from a variety of industries as well as growing the global footprint.

2.4 Operational Network

The Toon Tech Ltd. uses a dual-country company strategy with office in the UK and Dhaka. The office of UK is in charge of strategic choices, global collaboration as well as client interactions as the headquarter of the company. On the other side, the office of Dhaka is important for managing customer service, some project management tasks as well as software development.

Toon Tech Ltd: Operational Network

Dual-Country Business Model & Global Reach

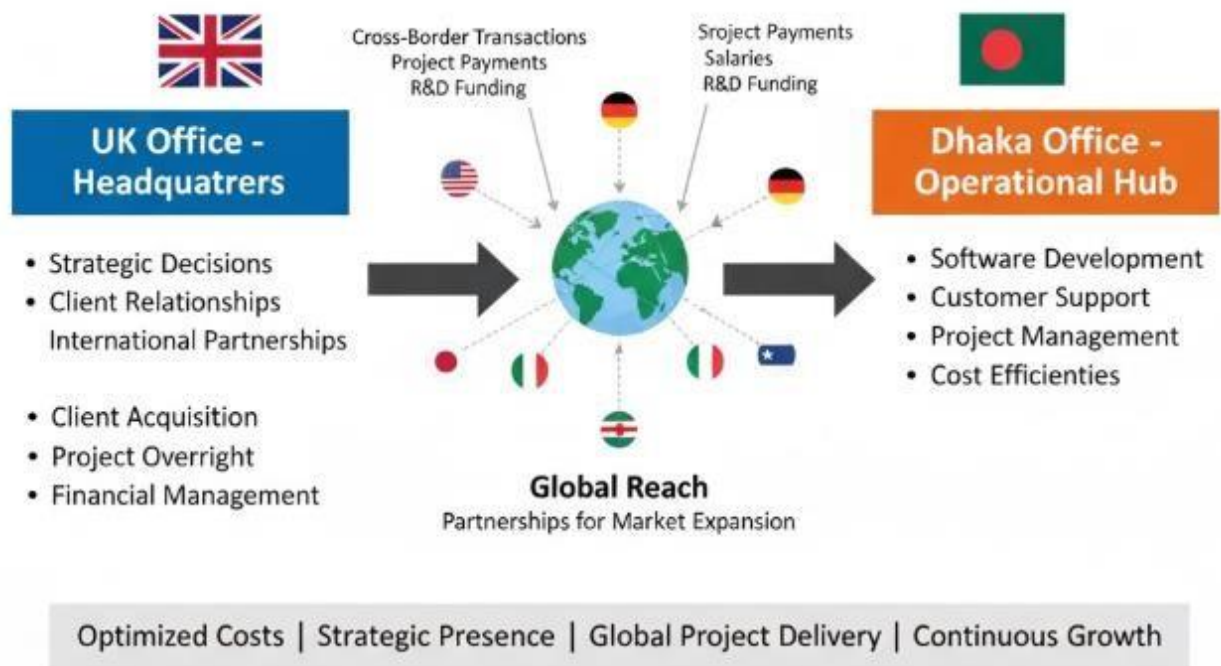


Figure 2.3: Operational Network of Toon Tech Ltd.

The operation network of the company is designed for serving the both domestic as well as foreign customer. The office of the UK manages the acquisition of client, financial management and supervision of the project while the office of Dhaka focuses on carrying out the client project and helping with back-office operations. Toon Tech can take the advantage of cheaper operating expenses with this arrangement in Dhaka while still having a significant presence in the UK (.Minhaz, 2023).

Toon Tech has established strategic alliances with other foreign businesses in addition to the UK and Bangladesh to increase its skills and reach. The company has been able to expand into new areas and complete projects on a worldwide scale through these collaborations. The global expansion of the company has been greatly attributed to capacity in work with the partners in various geographical areas

Moreover, the operational network also include the financial transaction between the UK as well as the Dhaka that are important for the cross-border operation of the company. These transactions cover the variety of activities that include the payment of project, salaries for employees in Dhaka and the research and development cost. Managing these transactions efficiently is crucial to ensure that projects are delivered on time and within budget.

2.5 Mission

The mission of the company is to leverage the competitive technology especially artificial intelligence for providing innovation solutions that aid the business in optimizing their operation. The commitment of the company is to deliver high-quality software as well as consulting services that meet the unique needs of each client. The aim of the Toon Tech to be the leader in the AIbased software solution market through emphasizing on the success of customer and technological innovation.

2.6 Vision

The vision of the company is to be global leader in the AI technology as well as IT consultancy services. The company seeking for the empowerment of business worldwide through proving them with the tools and expertise that needed to remain competitive in the rapidly changing technological areas. The company has the commitment in enhancing the innovative culture and excellent regularly developing the product and the services that help the business in solving the critical problems as well as achieving their goals.

2.7 Role of Financial Transactions in Operations

The international business model is the key part of the company with the management of financial transaction between the UK as well as Dhaka is a complex work. The financial transaction cover a wide range of activities that include the payment for the software development and the expense for research and development as well salaries for the employees in Bangladesh. Moreover, the company handles the cross-border transaction that align with the payment of client and the funding of project.

Financial management in an effective way is play important role for the success of the Toon Tech. The financial transaction of the company between the UK as well as Dhaka must need to be manage in effective way because of the their global activities of the company to reduce the currency risk and delays. The finance department of the company ensure that these transaction are completed on schedule that the rate of currency change that are taken into consideration that the financial requirement in the Bangladesh and UK are followed.

2.8 Summary

Toon Tech Ltd. has made a name for itself as a top supplier of IT consulting services and software solutions driven by AI. Focussing on client success and innovation, the firm has extended its operations globally and increased the range of products it offers. The company's Dhaka office and UK headquarters collaborate to manage international financial transactions, optimise costs, and complete projects. A major emphasis of the investigation of the company's overall financial health will be its financial performance, particularly its capacity to handle cross-border transactions.

Chapter 3

Theoretical Analysis

3.1 Financial Performance Analysis

The financial performance analysis is the importance process for the evaluation of the overall health as well as the sustainability of a company. This help business in the understanding the ability of the company to generate the profit, manage expenses as well as making strategic decisions leading for long-term growth (Sharma, 2023). In this chapter, I analyze the financial performance of the Toon Tech Ltd on the basis of the key financial metrics including the liquidity, profitability, efficiency as well as solvency through using the theoretical concepts and the tools including the ratio analysis. These analysis tools are generally used in assessing the financial health of companies and understanding the dynamics of their operations.

3.2 Ratio Analysis

The ratio analysis is the tools used for evaluating the financial performance of a company through comparing the various financial metrics. This aids in identifying the strengths as well as the weakness in a financial structure and performance of the company (Sharma, 2023). The ratio mainly used in the financial performance that include the liquidity, profitability, efficiency ratios, and solvency ratios. These ratios offer the snapshot of the picture of the ability of the company for

generating return, meeting the short-term as well as long term obligation and managing assests efficiently.

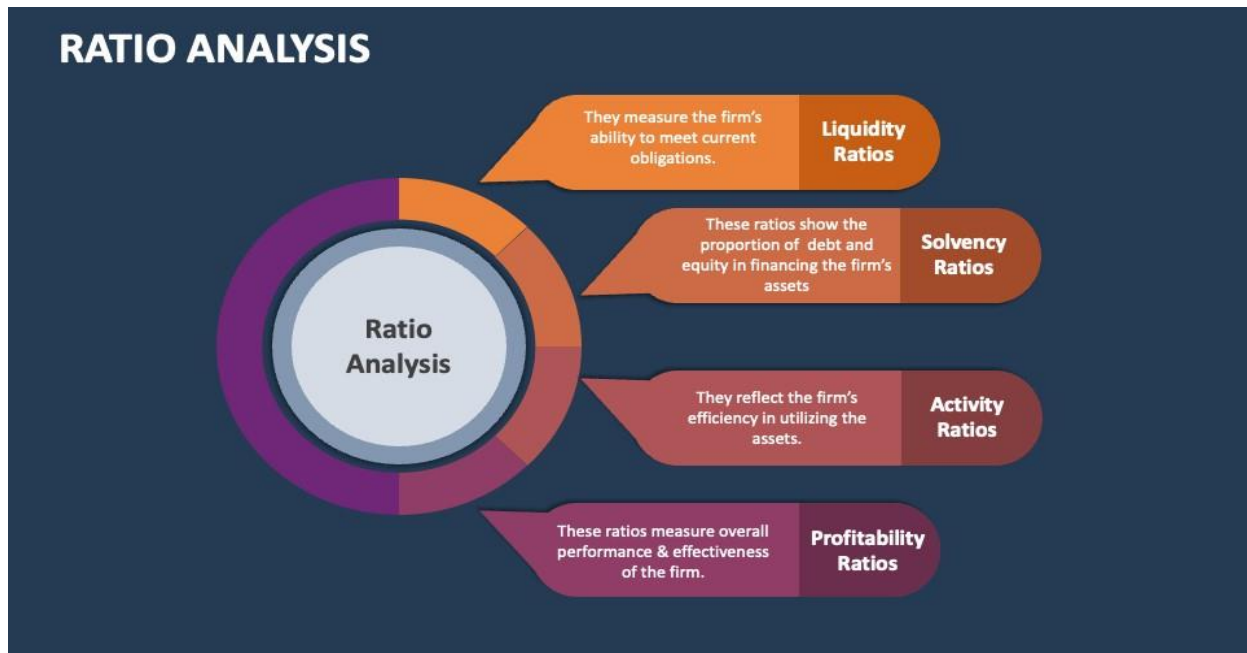


Figure 3.1: Financial ratio analysis

I will break down the key financial ratio that are important for the evaluation financial performance of the Toon Tech Ltd in this section from 2020-2024. These ratio will help me to understand the financial health and their analysis will provide information about the operational effectiveness.

3.2.1 Profitability Ratios

Profitability ratios are key indicators that help evaluate a company's ability to generate profits relative to its revenue, assets, or equity (Sharma, 2023). These ratios are crucial in assessing the efficiency of the company in generating profits from its operations and are especially important for tech companies like Toon Tech Ltd that depend on consistent revenue generation from their software solutions and consultancy services. The most common profitability ratios include:

‡ **Gross Profit Margin:**

This ratio measures the revenue percentage that exceed the COGS by reflection on how efficiently the company can produce goods and services. It is calculated as:

$$\text{Gross Profit Margin} = \left(\frac{\text{Gross Profit}}{\text{Revenue}} \right) \times 100$$

Before accounting for operating costs, this ratio would give Toon Tech Ltd. information on the profitability of its software and consulting services. A high gross profit margin shows that the business is making enough money from its main operations and effectively controlling its direct costs (Mahdi and Khaddafi, 2020).

† **Operating Profit Margin:**

This ratio commonly assesses the percentage of the revenue remaining after the payment for variable costs of product including the raw materials and wages. By using the formula, it is calculated

$$\text{Operating Profit Margin} = \left(\frac{\text{Operating Profit}}{\text{Revenue}} \right) \times 100$$

The operating margin of profit shows how well the company can turn its sales into profit after deducting the operating expenditure like market, project management as well as administrative charges.

† **Net Profit Margin:** The percentage of income that remain after all cost, interest and taxed are deducted is known as the net profit margin. This ratio is important for figuring out the total profit of the company

$$\text{Net Profit Margin} = \left(\frac{\text{Net Profit}}{\text{Revenue}} \right) \times 100$$

A steady or growing net profit margin would signify the efficient cost management and profitability for the company at once all expenses like financial and tax cost that have been taken into the consideration (Mahdi and Khaddafi, 2020). The statistic of profitability will be used for

assessing the capacity of the company to make money from its services that is important for ongoing growth in the competitive technology sector.

3.2.2 Liquidity Ratios

The levels of liquidity are important at the time of evaluating the capacity of a company to fulfil the immediate financial commitments. These ratios are important for Toon Tech Ltd that deals with the foreign transaction as well as project based stream of revenue that could be vulnerable to changes in cash flow. The following are the most well-known liquidity ratios:

† Current Ratio:

This ratio is shown by comparing its current assets to its current liabilities. If a business has adequate assets to pay down its short-term debts. The formula is:

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

A ratio of 1 or higher indicates that the company can meet the short-term obligations with its short-term assets. A higher ratio is generally considered better, indicating strong liquidity, while a ratio too high could indicate inefficiency in utilizing assets.

† Quick Ratio:

Similar to the current ratio, the quick ratio provides a more conservative estimate of liquidity by excluding inventories from current assets (Mahdi and Khaddafi, 2020). It is computed as

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Since Toon Tech Ltd. works in the software and consulting industry, where inventory is either nonexistent or very little, the rapid ratio is very important. The ability of the business to satisfy short-term commitments using its most liquid assets is more accurately depicted by this ratio.

† **Cash Ratio:**

Comparing a company's cash and cash equivalents to its current obligations, the cash ratio is the most conservative liquidity ratio. It is computed as

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

Maintaining a good cash ratio is crucial for Toon Tech Ltd. to make sure the business can manage unforeseen financial needs, particularly when managing foreign payments and currency exchange risks.

3.2.3 Efficiency Ratios

Efficiency ratios evaluate the performance of a company, making use of the assets and liabilities to enhance revenue and profit. These ratios are important for assessing the operational effectiveness for the company.

† **Asset Turnover Ratio:**

This ratio examine how well a company generate income from the asset. The formula is:

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

A larger asset turnover ratio reveal that the company is making effective use of assets or not to product income. This ration is important for the Toon Tech that has made large expenditures in software development and technical infrastructure.

† **Receivables Turnover Ratio:**

This ratio assesses the performance of a company to collect money from customer. the formula is:

$$\text{Receivable Turnover Ratios} = \frac{\text{Net sales}}{\text{Average Accounts Receivable}}$$

The higher percentage shows that the company is effective at collecting payment that is important to preserve a stable flow of cash at the time of handing foreign client and late payment.

3.2.4 Solvency Ratios

Solvency ratio assess the capacity of the company to pay its long-term debts. They are important for comprehending the financial stability and long-term viability of the company. The following are:

† Debt to Equity Ratio:

This ratio makes comparison between the total debt to shareholder equity of the company indicating the proportion of the debt used for financing the assets of the company. The formula is:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

A higher ratio indicates that the company depends more on debt for funding activities that might enhance the financial risk. On the other hand, a smaller result indicates that the company depends more on the equity funding that might provide long-term stability.

† Interest Coverage Ratio:

This ratio measures the ability of a company to meet the interest payment on outstanding debt. The formula is:

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

This ratio is important for the company as it indicates the ability of the company to handle the debt obligation if the company plans for secure financial for future expansion.

3.3 Summary

The operational efficacy, profitability as well as financial health of the company can all be better understood by analysis of financial performance using ratio analysis.. This study helps pinpoint areas of strength and areas that need development by evaluating important statistics including profitability, liquidity, efficiency, and solvency. Effectively handling these financial issues is essential for maintaining growth and negotiating the challenges of cross-border transactions for a business like Toon Tech Ltd. that is expanding quickly.

Chapter: 4

Financial Performance Analysis of ToonTech Ltd.

4.1 Ratio Analysis

4.1.1 Liquidity Ratio

(i). Current Ratio:

Particulars	2020	2021	2022	2023	2024
Formula	Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$				
Current Ratio	4.71	4.35	3.90	3.44	3.13

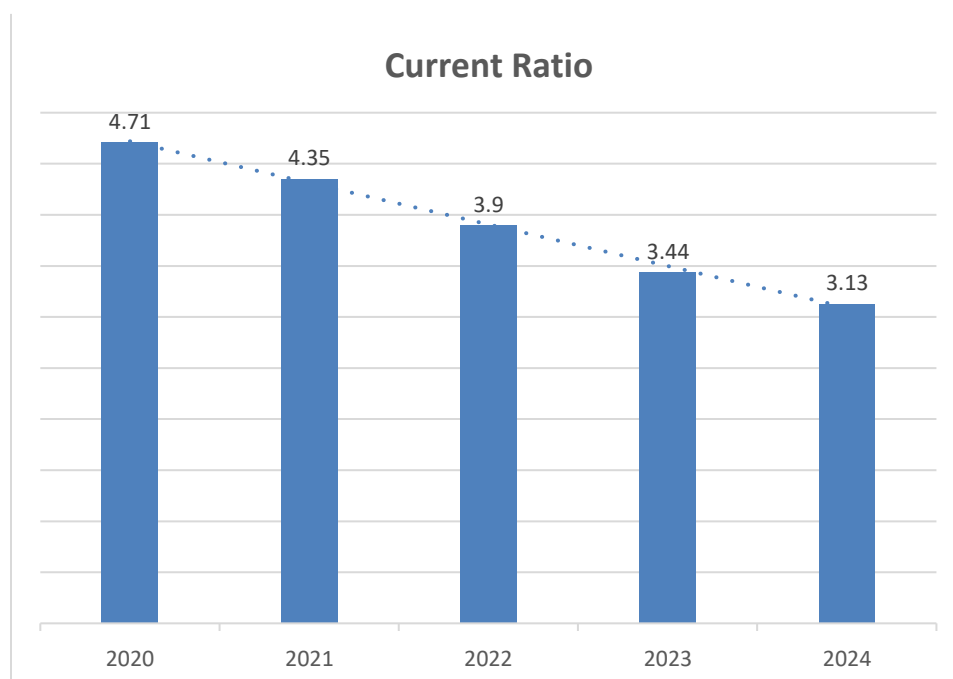


Figure 4.1: Current Ratio

The bar chart shows the current ratio declining the trend from 2020 to 2024. This indicates that the liquidity position of the company over the year. The ratio was 4.71 in 2020 that suggests the company has more current assets than the liabilities with the reflection of strong liquidity. However, the ratio dropped to 3.13 in 2024, which means the company still has more assets than the liabilities by 2024.

but with the reduction the safety of margin. The gradual decline could be the signal for the company is to becoming less able for meeting short-term obligations with the current assets.

(ii). Quick Ratio

Particulars	2020	2021	2022	2023	2024
Formula	Quick Ratio= $\frac{\text{Current Assets}-\text{Inventory}}{\text{Current Liabilities}}$				
Quick Ratio	3.98	3.42	3.00	2.40	2.08

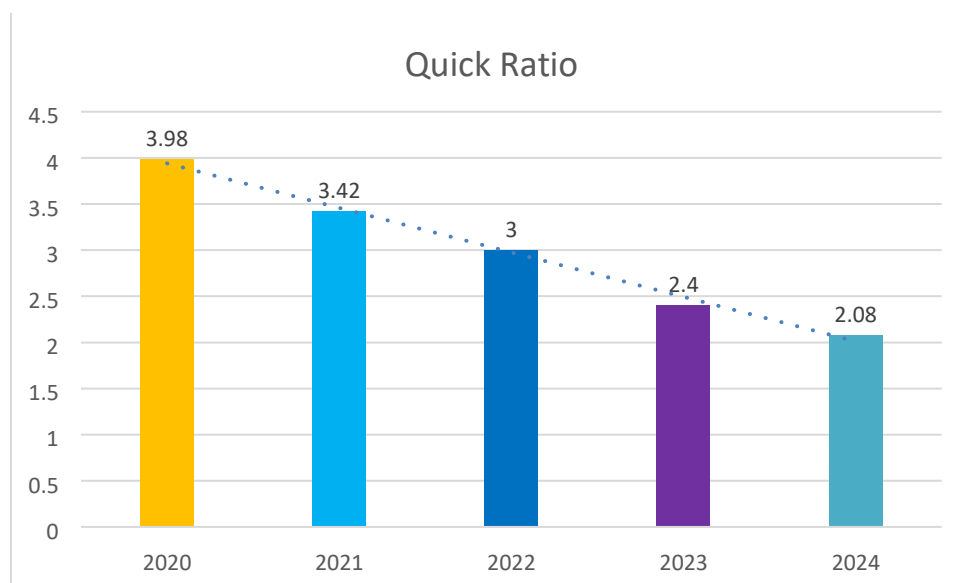


Figure 4.2: Quick Ratio

The quick ratio from 2020 to 2024, which separates inventories from current assets, shows a downward tendency. The ratio was 3.98 in 2020, demonstrating a good capacity to pay current obligations with highly liquid assets. But by 2024, the ratio had consistently dropped to 2.08, indicating a diminished capacity to fulfil immediate responsibilities without using inventories. The decline over time points to a possible reduction in financial flexibility might raise questions about

its liquidity if the trend persists, although the quick ratio of the company is currently positive.

(iii)Cash Ratio:

Particulars	2020	2021	2022	2023	2024
Formula	Cash Ratio = $\frac{\text{Cash}}{\text{Current Liabilities}}$				
Cash ratio	3.72	3.18	2.76	2.10	2.10

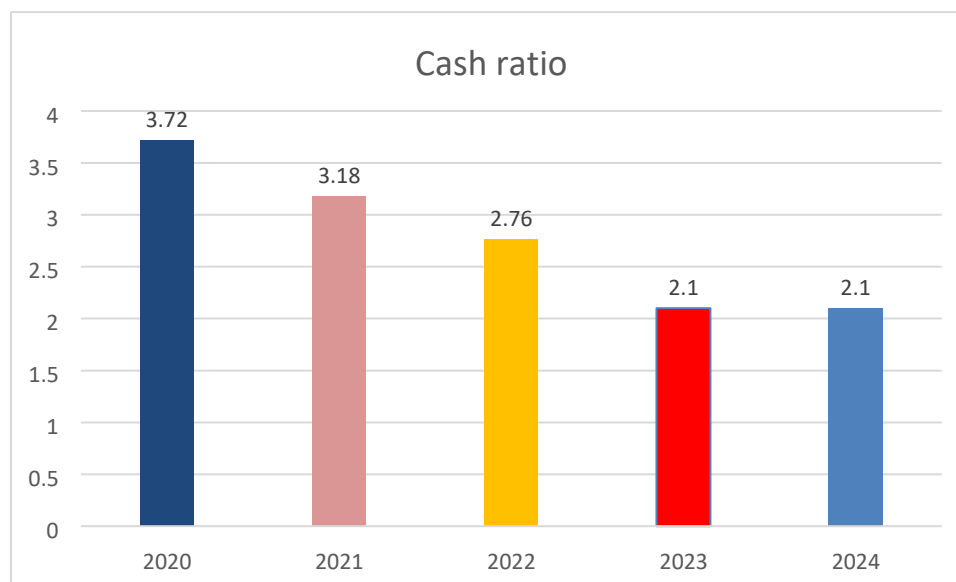


Figure 4.3: Cash Ratio

The cash ratio of the company gauges from 2020 to 2024 showing steadily decreased to pay present obligations with just cash and cash equivalents. The company has enough cash on hand to meet current obligation with a cash ratio of 3.72 in 2020 s more than three times over, suggesting a healthy liquidity position. By hitting 2.10 in 2023 and 2024, the ratio steadily declined during

the following few years. This implies that the margin of the company's safety has shrunk, although it still has enough cash on hand to meet the short-term obligation. The consistent cash ratio in 2023 and 2024 indicating that the levels of liquidity can have stabilized, although the dip can imply a decrease in cash reserve in previous years.

4.1.2 Leverage Ratios:

(i). Debt Ratio:

Particulars	2020	2021	2022	2023	2024
Formula	Debt Ratio = $\frac{\text{Total liabilities}}{\text{Total Assets}}$				
Debt Ratio	0.27	0.27	0.28	0.33	0.36

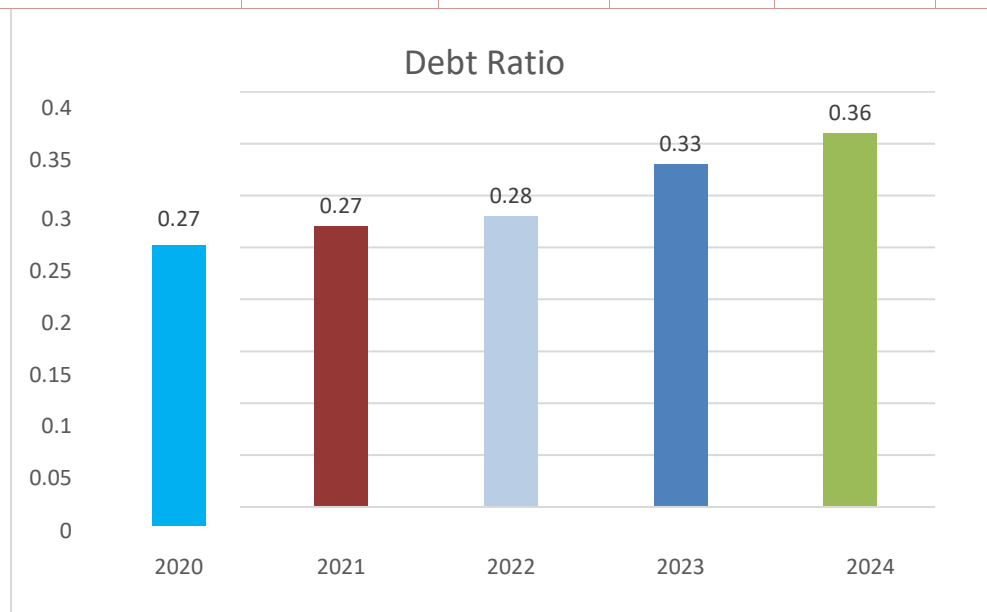


Figure 4.4: Debt Ratio

The debt ratio from 2020 to 2024 which calculates the percentage of a company's total assets funded by debt, gradually increased. The debt ratio stayed steady at 0.27 in 2020 and 2021, meaning that liabilities covered about 27% of the company's assets. But starting in 2022, the ratio

started to increase, hitting 0.36 in 2024. This rise implies that the business has been financing its assets mostly through debt, which may indicate a higher level of financial risk. Even if the debt ratio is currently rather low, the increased trend over time may point to an increasing reliance on borrowed money, which might have an impact on the company's long-term financial health if the trend persists.

(ii). Debt to Equity Ratio:

Particulars	2020	2021	2022	2023	2024
Formula	$D/E = \frac{\text{Total Debt}}{\text{Total Equity}}$				
D/E Ratio	0.37	0.37	0.49	0.59	0.56

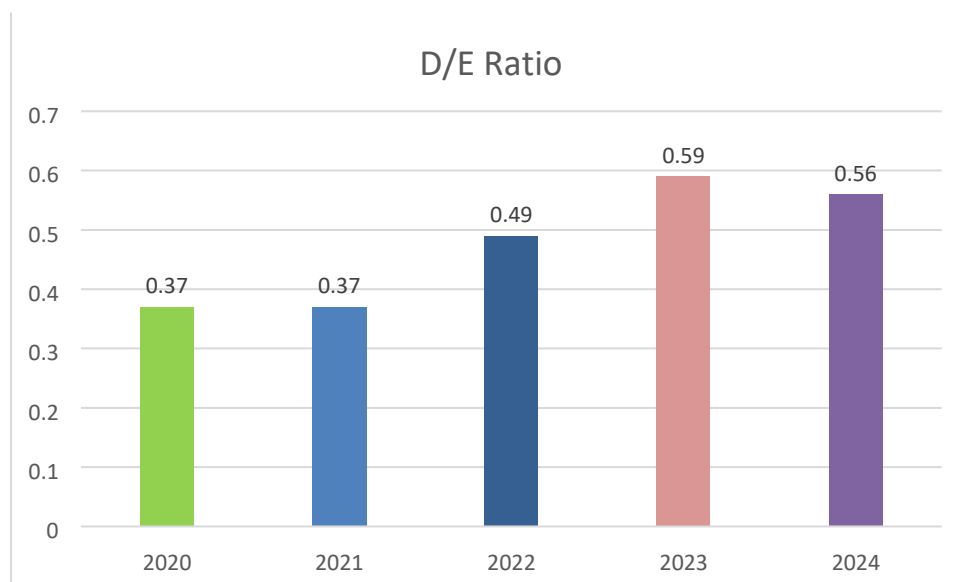


Figure 4.5: debt-to-equity (D/E) ratio

The result of the debt-to-equity (D/E) ratio demonstrates a growing tendency between 2020 and 2024 at the time of comparing the total debt to the entity of company. In relation to the equity, the D/E ratio, which suggests a very low amount of debt, was 0.37 in 2020 and 2021. The ratio began to increase in the beginning of 2022 peaking at the 0.59 in 2023 before marginally declining to

0.56 in 2024. The growing tendency implies that the company has been taking on more debt than the equity that can be a sign of the growing financial leverage. The ratio is still less than 1 indicating that the equity base of the company is still higher the debt. The growth over time enhance questions about the possible risks related with the increased level of debts if the business has trouble in meeting it commitments.

(iii). Interest Coverage Ratio:

Particulars	2020	2021	2022	2023	2024
Formula	Interest Coverage Ratio= $\frac{\text{EBIT}}{\text{Interest Expense}}$				
Interest Coverage Ratio	-95.0	-52.5	-184.0	-212.0	-59.5

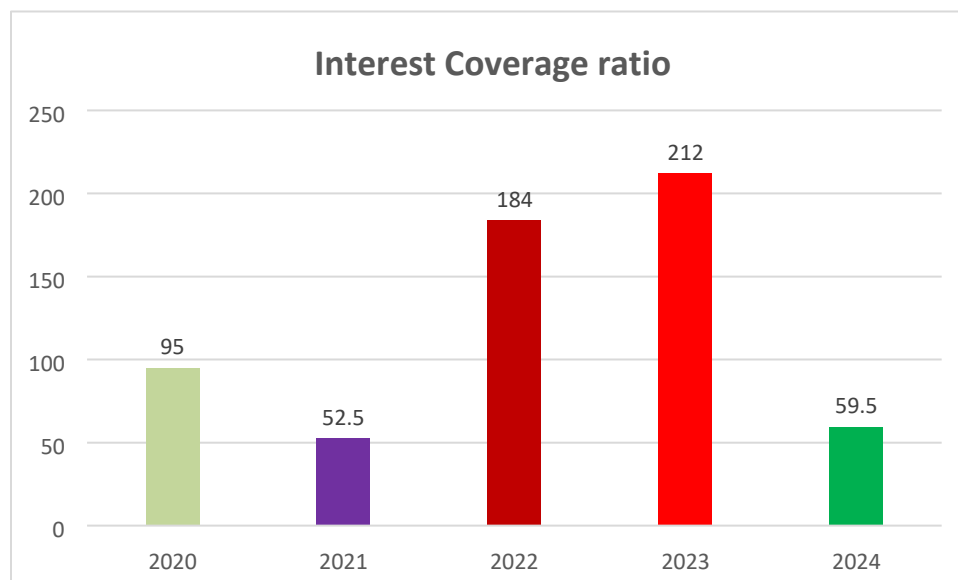


Figure 4.6: Interest Coverage Ratio

The interest coverage ratio of the company measures the ability to cover its interest expenses with its earnings before interest and taxes that has a negative value for each year between 2020 and 2024. The negative ratio of the company indicates that the EBIT of the company is insufficient to cover its interest expenses. The downward trend is concerning due this suggests that the company

has been struggling to generate enough revenue to settle its debt. For example, the ratio was -95.0 in 2020, declined to -212.0 in 2023 as well as then somewhat increased -59.5 in 2024. The consistent result interest coverage ratio is negative that a sign of a significant financial risk due it implies that the company can struggle to manage debt.

4.1.3 Efficiency Ratios:

(i). Asset Turnover Ratio:

Particular	2020	2021	2022	2023	2024
Formula	$\text{Asset Turnover Ratios} = \frac{\text{Sales or Revenue}}{\text{Total Assets}}$				
A/T Ratio	0.48	0.67	0.55	0.60	0.77

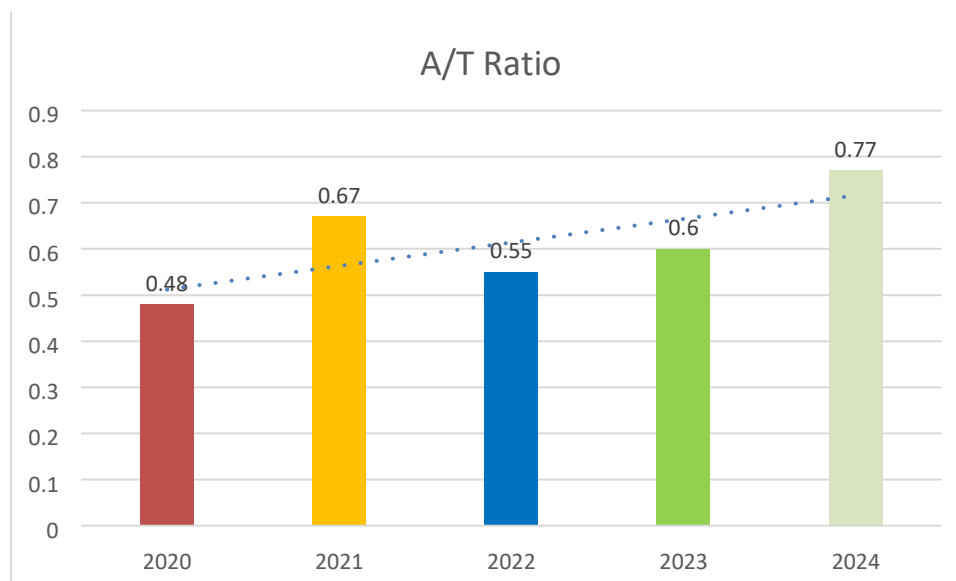


Figure 4.7: Asset Turnover Ratio

There was a generally upward trend in the turnover ratio of assets between 2020 and 2024, which gauges how well a business uses assets to produce sales or income. The ratio was 0.48 in 2020,

meaning that the company generated 48% of total sales for every dollar of assets. The growth to 0.67 in 2021 indicating higher use asset efficiency. The ratio growth to 0.60 in 2023 and 0.77 in 2024 despite a lower decline to 0.55 in 2022. A more efficient use of the assets of the company to generate income is shown in the assets turnover growth of the ratio over time. The company is empowering efficiency in operation as well as optimizing it base of asset to increase sales that might contribute to overall the growth as well as profitability

(ii). Receivable Turnover Ratio:

Particular	2020	2021	2022	2023	2024
Formula	$\text{Receivable Turnover Ratios} = \frac{\text{Net sales}}{\text{Average Accounts Receiveable}}$				
A/R Turnover Ratio	34	25.2	18.3	13.9	13.9

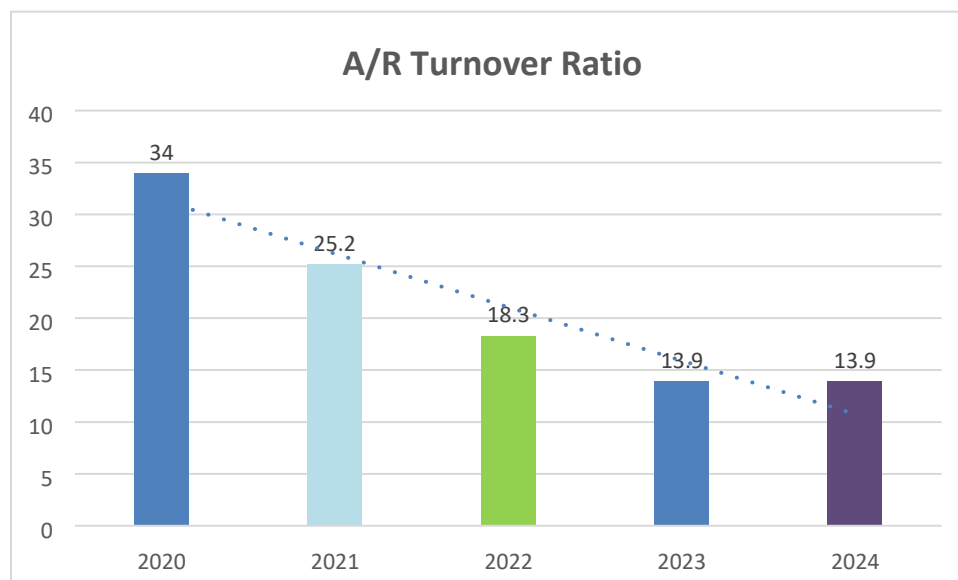


Figure 4.8: Account Receivable Turnover Ratio

The receivable turnover ratio clearly decreased between 2020 and 2024, which measures how frequently a company collect the average accounts receivable over a certain period of time. The ratio was 34 in 2020, indicating that the company has collected its receivables 34 times. This high turnover indicates techniques of efficient collection. However, the ratio had fallen to 13.9 by 2024, meaning that the company had only recovered its receivables about 14 times. This decline trend could indicate a delay in the company's ability to collect unpaid invoices or an increase in credit sales, which could result in longer collection periods. The lower percentage of the account turnover can indicate potential cash flow issues that could negatively impact the liquidity and financial flexibility of the company.

4.1.4 Profitability Ratio:

(i). Operating Margin Ratio:

Particular	2020	2021	2022	2023	2024
Formula	Operating Profit Margin = $\frac{\text{Operating Profits}}{\text{Sales or Revenue}}$				
Operating Profit Margin Ratio	-31.0%	-12.4%	-30.0%	-37.7%	-18.9%

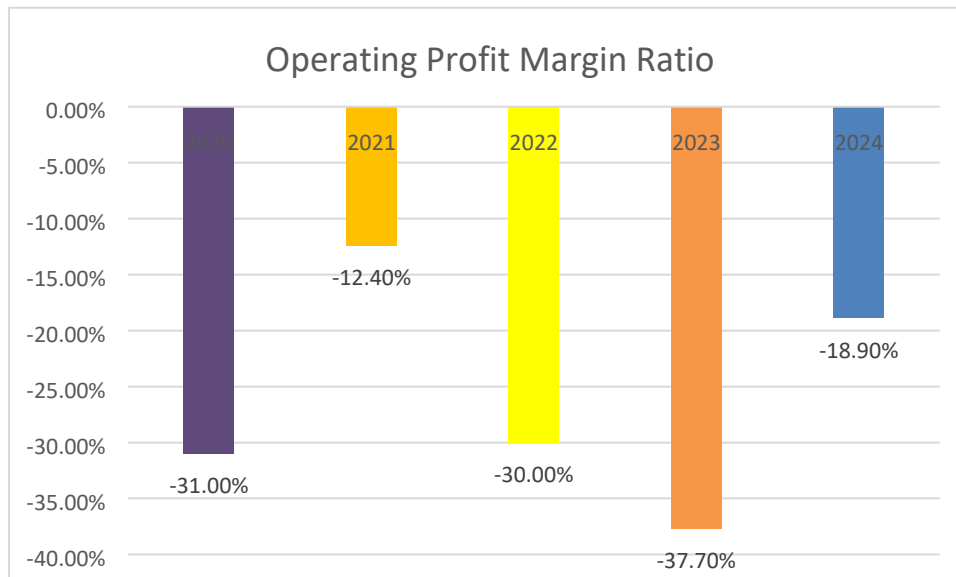


Figure 4.9: Operating Profit Margin

There was a decline in the operating margin ratio from 2020 to 2024, which calculates the portion of revenue left over after operating costs are paid. The ratio is negative every year, which means the business has been losing money. The operational profit margin was -31.0% in 2020, declined to -37.7% in 2023, and then somewhat improved to -18.9% in 2024. This continuously negative margin shows that the business has been having trouble turning a profit from its main activities, and that things have become worse in certain years. The firm may be having serious difficulties turning a profit if its operating margin is negative, which might be an indication of inefficiency, increased operating expenses, or dwindling sales.

(ii) Return on Asset Ratio:

Particular	2020	2021	2022	2023	2024
Formula	$\text{Return on Assets (ROA)} = \frac{\text{Net Income After Tax}}{\text{Total Assets}}$				
ROA Ratio	-14.25%	-8.07%	-9.87%	-17.73%	-13.17%

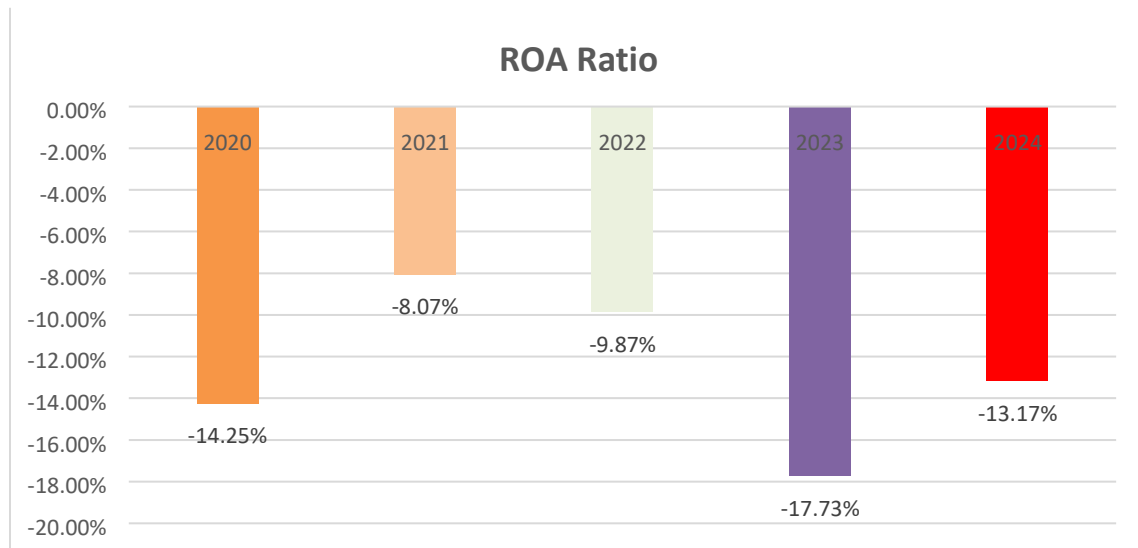


Figure 4.10: ROA ratio

The ROA ratio measures how efficiently a company can generate profit from its assets, showing negative values over the period from 2020 to 2024. The ROA was -14.25% in 2020, which indicates the company incurred a substantial loss relative to its total assets. The company encountered a major loss in relation to total assets in 2020, as seen by the ROA of -14.25%. In 2021, the downward trend persisted at -8.07%, and it got worse in 2023 at -17.73%. By 2024, the ROA increased somewhat to -13.17%. The company has been having difficulties generating a return on its assets because of the low profitability or a large asset base in comparison to earnings as indicated by the continually negative ROA. This poor performance of the company can be a symptom of underlying financial or operational difficulties, as well as if the pattern persists, this can raise questions about the capacity of the company to make profitable use of its resources.

(iii). Return on Equity:

Particular	2020	2021	2022	2023	2024
Formula	$\text{Return on Equity} = \frac{\text{Net Income After Tax}}{\text{Stockholders Equity}}$				
ROE Ratio	-19.57%	-12.68%	-17.43%	-31.89%	-20.62%

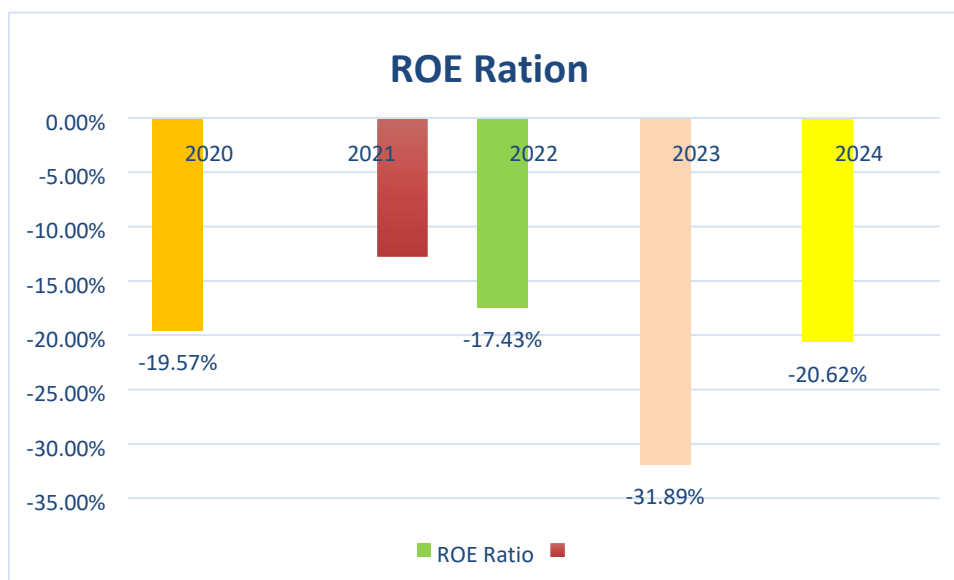


Figure 4.11: ROE ratio

The return on equity (ROE) ratio, which measures the profitability relative to shareholders' equity, shows a consistently negative trend from 2020 to 2024. In 2020, the ROE was -19.57%, indicating that the company was losing a significant portion of its equity. The ratio slightly improved in 2021 to -12.68%, but worsened again in 2023 to -31.89%, reflecting a deeper loss in relation to equity. In 2024, the ratio was -20.62%, showing that the company continued to face challenges in generating profits for its shareholders. The negative ROE over the years suggests that the company has been unable to generate a positive return on the equity invested by shareholders, raising concerns about its profitability and overall financial health. If the trend persists, it could lead to a loss of investor confidence and increased difficulty in raising capital.

(iv). Gross Profit Margin:

Particular	2020	2021	2022	2023	2024
Formula	$\text{Gross Profit Margin} = \frac{\text{Gross Profits}}{\text{Sales or Revenue}}$				

Gross Profit Margin Ratio	28.0%	33.3%	31.8%	24.7%	30.2%
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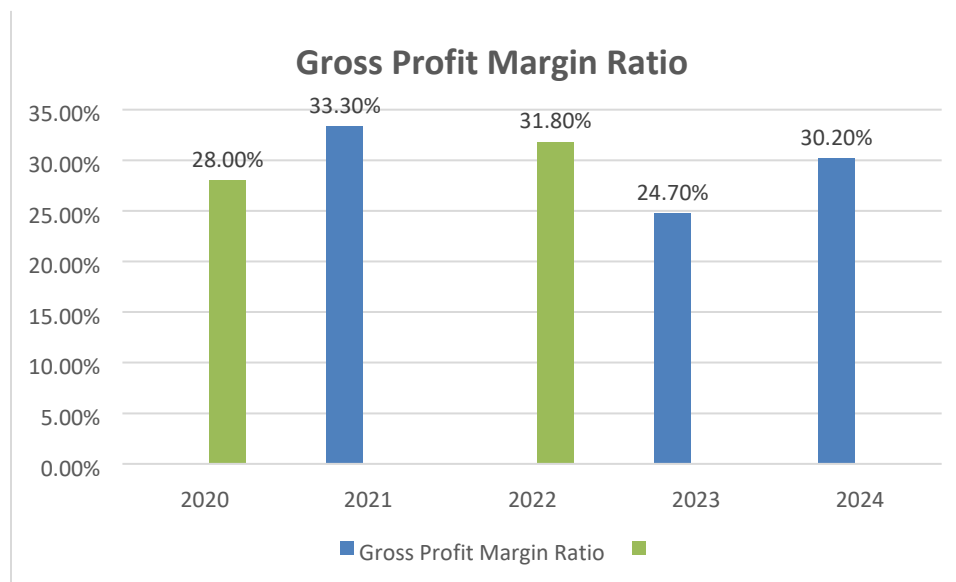


Figure 4.12 Gross Profit margin ratio

The gross profit margin ratio, which measures the percentage of revenue remaining after covering the cost of goods sold, shows a fluctuating trend from 2020 to 2024. In 2020, the gross profit margin was 28.0%, indicating that the company retained 28% of its revenue after covering direct production costs. The margin increased to 33.3% in 2021, suggesting improved efficiency or better cost management. However, the margin decreased in 2023 to 24.7%, which could indicate higher production costs or pricing pressures. By 2024, the margin rebounded to 30.2%, suggesting some recovery in profitability. While the gross profit margin remains positive and relatively healthy, the fluctuations reflect challenges in maintaining consistent profitability from core operations, potentially due to market conditions, cost fluctuations, or pricing strategies.

Net Profit Margin:

Particular	2020	2021	2022	2023	2024
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Formula	Net Profit Margin = $\frac{\text{Net Income After Tax}}{\text{Total operating revenues}}$				
Net Profit Margin Ratio	-29.4%	-12.1%	-17.9%	-29.7%	-17.2%

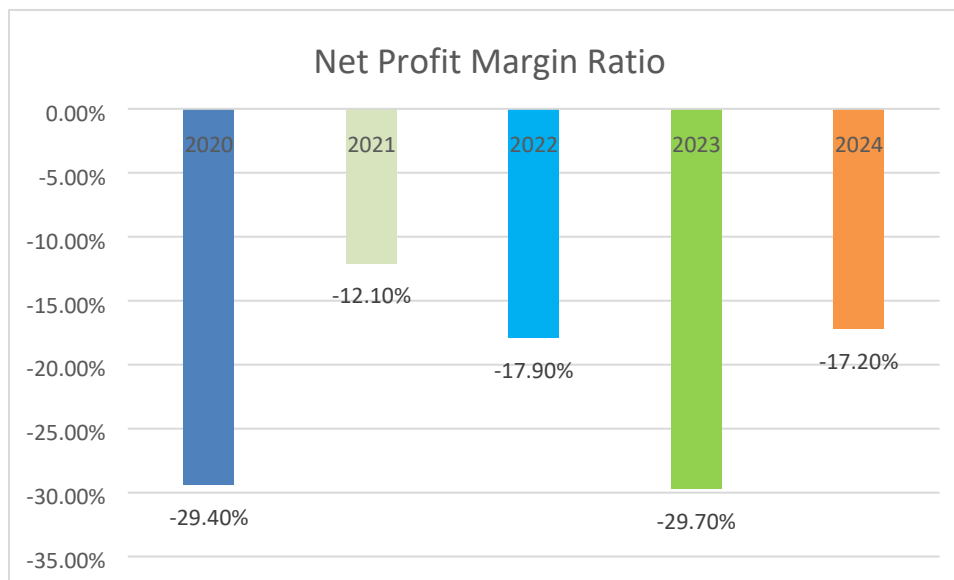


Figure 4.13 : Net Profit Margin

The net profit margin ratio, which measures the percentage of revenue that remains as profit after all expenses, shows consistently negative values from 2020 to 2024. In 2020, the net profit margin was -29.4%, indicating that the company incurred a significant loss relative to its total operating revenues. The negative margin slightly improved in 2021 to -12.1%, but worsened again in 2023 to -29.7%. In 2024, the margin improved to -17.2%, suggesting a reduction in losses. Despite the improvement in 2021 and 2024, the consistently negative net profit margin indicates that the company has been struggling to turn a profit after accounting for all expenses. This ongoing trend raises concerns about the company's ability to achieve sustainable profitability and may indicate underlying operational, cost management, or revenue generation challenges.

Chapter: 5

Identify Financial Problem & Recommendation.

5.1 Findings

- The company faces consistent profitability as indicated through the negative operating margins, ROA and ROE across all years from 2020 to 2024.
- The liquidity ratio result, like the current ratio, quick ratio have steadily declined from 2020 to 2024 that indicating a narrowing margin of safety in meeting short-term obligations.
- The debt-to-equity and debt ratios have increased over the year which indicates that the company has become more reliant on debt to finance its operations, through enhancing financial risk.

- The management of cross-border financial transaction between the Bangladesh and the UK posed challenges like risks in currency exchange, transactions fees as well as compliance with international regulations.
- The asset turnover ratio of the company has improved indicating more efficient use of assets to generate revenue by the receivable turnover ratio that has declined through signaling potential flow of cash issues and inefficiencies in collection of payment.
- After accounting for all expenses, the net profit margin has remained negative throughout the period by underlining ongoing complexities in achieving profitability
- The decreasing liquidity and negative interest coverage of the company increase a concern about the ability to manage the debt obligations as well as respond to unforeseen need of finance.
- The company has encountered challenges in operation especially in management of cost and optimizing the processes of project management that have impacted on the cash flow and profitability.

5.2 Conclusion

The company has experience in quick growth in the operation due to the advancement of AI-based on software solutions and the IT consultancy sectors since its inception in 2019. However, the analysis of financial performance over the period shows several key information into the financial health of the company from m 2020 to 2024. The company has encountered major challenges in the management of profitability and liquidity despite the growth in revenue and expansion of international market.

The financial ratios of the company have analyzed in the report. These ratios are include the operating margin, ROA and ROE underlining the persistent negative value indicating that the company has facing to generating consistent profit. The operating margin ratio showed consistently negative indicating the inability of the company to generate enough revenue to meet the operations cost, although the ROE and ROA ratio impact on the challenges in using it assets as well as equity effectively in generating profits.

The liquidity ratio like current, quick and cash ratios reveal a gradual decline in the liquidity over the years. The narrowing margin of safety indicates a decline in the ability to manage the unforeseen financial demands with the growing volume of cross-border transactions, although the company maintains enough liquid assets to cover short-term liabilities. The reliance of the company on debt is also evidence in the growing debt and debt-to-equity ratio that could enhance financial risks in the future.

The efficiency ratios showed a mixed result with the growing asset turnover ratio indicating a better use of assets to generate revenue, but the ratio of receivable turnover decline enhances a concern over the ability of the company to manage the current receivable effectively. These factors point to the issues of cash flow management in the context of the international transactions between the UK and Bangladesh.

In conclusion, the company has made a substantial stride in the operation especially in the AI and IT consultancy. The financial performance of the company from 2020 to 2024 indicates that the company encountered substantial challenges in achieving sustainable profitability as well as efficient financial management.

5.3 Recommendations

The following recommendations are made to enhance the efficiency in operation and financial performance of the company on the basis on the findings of the study.

- The company emphasizes on enhancing the operating margin through reducing the operational costs, enhancing sales as well as optimizing the strategies of prices. The measure of cost control includes the better management of the expense of the projects that can help in improving the operating profit margin that remains negative across the years.
- The gradual decline in the liquidity ratios over the year indicated that the company needs to emphasize on strengthening its reserve of cash and optimizing the working capital, although Toon Tech has maintained a positive liquidity. The company could consider at the negotiation better terms with clients to make shorter the cycle of receivables and ensure a healthier flow of cash.

- The growing the debt ratio and debt-to-equity suggesting an growing reliance on debt for financing. The company should consider a more balanced approach for financing to manage the financial risk with an a greater emphasize on equity financing or restructuring its debt to lower interest payments. Reducing debt reliance would enhance the solvency as well as reduce the risk of financial distress.
- The company should emphasis on streamlining the process of finance between the UK and Bangladesh, given the major role of cross-border transactions. The company need to work on the mitigation of risk of currency exchange, minimizing fees of transaction as well as enhancing compliance with the international financial regulations.
- A more efficient cross-border transaction management system will not only reduce costs but also help manage risks associated with international payments. The decline in the receivable turnover ratio indicates in the collection of payments from clients in cross-border transactions. The company should consider tightening the credit policy through the implementation of more stringent terms payment as well as exploring automated payment systems enhance the process of collection. This will help in increase flow of cash that is important for sustaining operation and funding expansion.
- The company need to make investment in the better risk management tools to hedge against the fluctuations of currency as well as delays in potential payment given the volatility in crossborder transactions. This could include by using the forward contracts or establishing local bank accounts in the countries
- The company need explore the strategic partnership or making collaboration with the financial institutions to secure better options of financing or making investment opportunities that can help the international expansion.

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Appendices

1. Income Statement of ToonTech Ltd (in Thousands of GBP)

Particulars	FY2020 (30 June)	FY2021 (30 June)	FY2022 (30 June)	FY2023 (30 June)	FY2024 (30 June)
Revenue (Sales, Net)	£61,200	£84,500	£61,300	£56,200	£62,800
Cost of Sales	(£44,100)	(£56,400)	(£41,800)	(£42,300)	(£43,800)
Gross Profit	£17,100	£28,100	£19,500	£13,900	£19,000
Gross Profit Margin	28.0%	33.3%	31.8%	24.7%	30.2%
Selling, General & Admin. Expenses (SG&A)	(£22,800)	(£24,100)	(£23,400)	(£20,800)	(£21,200)
Research & Development (R&D) Expenses	(£13,300)	(£14,500)	(£14,500)	(£14,300)	(£9,700)

Operating Loss (EBIT)	(£19,000)	(£10,500)	(£18,400)	(£21,200)	(£11,900)
Other Operating Income (Expenses)	(£200)	£200	£7,400	£4,500	£1,100
Interest Income	£300	£300	£600	£1,500	£1,200
Interest Expense on Lease Liabilities	(£200)	(£200)	(£100)	(£100)	(£200)
Loss Before Income Tax	(£19,100)	(£10,200)	(£10,500)	(£16,700)	(£9,800)
Income Tax Expense	£1,100	£0	(£500)	£0	(£1,000)
Net Loss	(£18,000)	(£10,200)	(£11,000)	(£16,700)	(£10,800)

Balance Sheet of ToonTech Ltd (in £'000)

Particulars	FY2021 (30 Jun)	FY2022 (30 Jun)	FY2023 (30 Jun)	FY2024 (30 Jun)
ASSETS				
Current Assets:				
Cash and Cash Equivalents	£86,200	£71,300	£56,300	£42,100
Inventories	£17,000	£20,800	£18,400	£21,100
Trade and Other Receivables	£3,600	£3,100	£3,600	£4,500
Other Current Assets	£2,500	£2,300	£1,300	£1,600
Total Current Assets	£109,300	£97,500	£79,600	£69,200
Non-Current Assets:				
Property, Plant & Equipment (PPE)	£3,900	£2,500	£3,200	£2,100

Right-of-Use (ROU) Assets	£3,700	£3,400	£3,100	£2,000
Long-Term Investments	£9,000	£7,800	£8,200	£8,600
Other Non-Current Assets	£400	£200	£100	£100
Total Non-Current Assets	£17,000	£13,900	£14,600	£12,800
TOTAL ASSETS	£126,300	£111,400	£94,200	£82,000
LIABILITIES & EQUITY				
Current Liabilities:				
Trade and Other Payables	£15,500	£15,600	£14,600	£15,400
Lease Liabilities (Current Portion)	£1,900	£2,100	£1,300	£1,200
Contract Liabilities & Others	£5,800	£4,700	£4,600	£3,500
Total Current Liabilities	£23,200	£22,400	£20,400	£20,100
Non-Current Liabilities:				
Deferred Income Tax Liabilities	£9,300	£8,300	£8,700	£8,700
Lease Liabilities (Non-Current)	£1,800	£300	£1,900	£800
Total Non-Current Liabilities	£11,100	£8,600	£10,600	£9,500
TOTAL LIABILITIES	£34,300	£31,000	£31,100	£29,600
Total Equity (Shareholders' Equity)	£92,000	£80,400	£63,100	£52,400
TOTAL LIABILITIES & EQUITY	£126,300	£111,400	£94,200	£82,000