

# Internship Report

## On

### Financial Performance Analysis of Melody & Co.





**Daffodil**  
*International*  
**University**

**Internship Report**  
**On**  
**Financial Performance Analysis of Melody & Co.**

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**Date of Submission: 10-12-2019**

## Letter of Transmittal

9<sup>th</sup> December, 2019.

Repon Miah

Senior Lecturer

Department of Business Administration

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Daffodil International University

**Subject: Submission of Internship Report on “Financial Performance Analysis of Melody & Co”.**

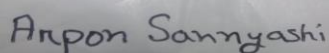
**Dear Sir,**

It is a great pleasure that you have given me an opportunity to submit the report on “**Financial Performance Analysis of Melody & Co**”. I have completed my internship program in Melody & Co main branch, College Street, Mirpur Road, Dhaka 1312.

I believe that knowledge and experience I gathered during the internship period will be helpful in my future professional life. I have tried my best to avoid my deficiencies and hope that my report will satisfy you and I also would like to thank you again for giving me the opportunity to submit the report. I will be grateful to you if you accept the report.

I, therefore, pray and hope that you will consider my appeal and oblige thereby.

Sincerely Yours,



.....  
Arpon Sannyashi

ID: 161-11-5020

Program: BBA

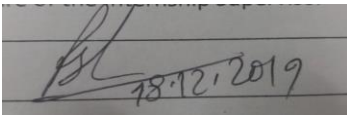
Department of Business Administration

Faculty of Business and Economics

## Certificate of Approval

I am glad to certify that the Internship Report on "Financial Performance Analysis of **“Melody & Co.”** A Study on main branch, College Street, Mirpur Road, Dhaka 1312 conducted by Arpon Sannyashi ID NO. 161-11-5120 of BBA Program, Department of Business Administration has been approved for presentation and defense. He worked with the **“Melody & Co.”** main branch, College Street, Mirpur Road, Dhaka 1312 Dhaka-1207 as an intern under my supervision.

He bears a strong moral character and a very pleasing personality. I wish him every success in life.

A rectangular box containing a handwritten signature in black ink and the date "18.12.2019" written below it.

.....  
Repon Miah

Senior Lecturer

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

## Acknowledgement

All praise to God, the Almighty, and the Merciful. Without this blessing and endorsement this report would not have been accomplished. The successful completion of this report might never be possible in time without the help some person whose inspiration and suggestion made it happen. I want to thanks my honorable supervisor Repon Miah Senior Lecturer of The Department of Business Administration, Daffodil International University, for helping me to completing my Internship paper on “Financial Performance Analysis of Melody & Co”. I am also thankful to Shobrotho mondol (Assistant Manager) who welcome me into the beautiful corporate world of Melody & Co. He gave me the opportunity to have an excellent and enduring practical working experience, to go out of my comfort zone and learn to be more creative, challenging and confident and also thanks to other officials officers of this company for their kind cooperation during of preparing report.

Finally, I would like to convey my gratitude to my Parents. Without their involvement it would not be possible for me to complete the three months internship as well as my BBA program.

## Executive Summary

In the new competitive business age, private company sector is getting more competitive in Bangladesh. In this sector the most used financial statements are the balance sheet and profit and loss account where the balance sheet shows the financial position and profit and loss account shows the net profit or net loss of a company. Ratio Analysis deals with these statements.

In this report to study on Melody & Co. financial statements for the five years then had to analyze and give significant comments regarding the changes in the financial position. Reviewing the profitability, activity, liquidity and solvency ratios, analyze vertical and horizontal analysis of balance sheet and income statement. To accomplish the study secondary data were collected from different sources, those are office files, records, publication obtained from library of the company, annual report of the company, different textbooks and materials.

The objective of this report is to analyze the financial performance of “Melody & Co” by using Microsoft Excel to process financial statement information into horizontal and vertical shape.

In this analysis all the positive and negative finding can be observed based on the financial performance analysis. Thought Melody & Co. is in profitable situation but they need to concentrate to increase the net profit ratio and return on asset ratio. The consistency of the financial department performance should be stable and higher which will help to get the maximum return for the company. Melody & Co. need to organize the training program with seminar, workshop etc. It will increase the ability of an employee and motivation them to find a better solution for better outcome.

Analyzed the financial statements of The Melody & Co. to find out its ratios by using its past and current records. After preparing this report to know that analysis of financial statements through ratios helps to overcome the past flaws and make the future decisions and strategies. Therefore, it is very necessary for every organization whether the company’s size is to make financial statement and to analyze it by ratio.

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# Chapter One

## Introduction

## **1.1 Introduction:**

Melody & Co. is a familiar brand name in Bangladesh. At present time Melody & Co. has occupied a large number of shares in home country with their producing products. Actually Melody & Co. Musical instruments are the most popular brand & its own manufactured items. Melody & Co was established in 1996 by our Honorable Chairman Mongal Sarker, who is specialize in the distribution of only the best quality & original musical instruments and equipment's, and to provide the best of services.

## **1.2 Objectives of the Study**

### **Board objective:**

- To analyze the financial performance of Melody & Co.
- To know about Melody & Co.
- The report further analyzes the position of Melody & Co. in the several industries in comparison to its competitors.

### **Specific objectives:**

- To analyze company's balance sheet and income statement.
- To review the profitability, activity, liquidity ratio, and solvency ratio.
- To perform trend analysis based on financial data.
- To analyze horizontal and vertical analysis of income statement and balance sheet.
- To provide recommendations based on findings of the study.

## **1.3 Methodology of the Study**

An information plan has been structured to collect the relevant data consistent with the preparation of the report to conduct the study.

### **1.3.1 Source of Data:**

All the required data were collected from secondary sources those are office files, records, journal, internet and research Paper

### **1.4.2 Analytical tools:**

**To present the data the following analytical tools have been used:**

- Table
- Chart
- Graph etc.
- Microsoft Excel was used to process financial statement information into vertical and horizontal shape.

### **1.5 Limitations of this study:**

Several limitations remain regarding the coverage and comparability of data.

- The main limitation of this study is that most of the private company's policy is not disclosing some data & information of obvious reason, which could be much useful.
- Data collection procedure was not so easy within limited time.
- In case of secondary data collection, there was very little secondary information available. There were few supporting books, report, journals etc.
- Deficiency of experience to analyze data.
- Private company sector is a board field where I have little knowledge about it which limits my report.
- It was very difficult to gather information about the performance of the organization.

# Chapter Two

## Overview of Melody & Co.

## **2.1 Historical Background of Melody & Co**

Melody & Co was established in 1996 by our Honorable Chairman Mongal Sarker, who is specialize in the distribution of only the best quality & original musical instruments and equipment's, and to provide the best of services.

With over 40 years of experience in the music industry, we know how important it is to have the best to suit your individual taste and needs. We have evolved from dealing in traditional acoustic instruments to modern state of the art hi-tech musical instruments & equipment's.

The motto is to offer high quality products at affordable value. Customer service and satisfaction is also our top priority whereby they place heavy emphasis on after sales support. They are proud to stand behind the products & services they provide.

With one of the most extensive range of musical instruments and equipment's in Bangladesh, they have something for everyone & giving our customers a totally enjoyable musical shopping experience. Your search for the right products start here ..... at Melody & Co.

## **2.2 Company Profile**

They are the Manufacturer (Harmonium, Tabla, Guitar, and Dhol), Importer, Retailer & General Order Supplier of Musical Instruments, Sound Systems, Conference Systems, Language Laboratory, DJ Systems, and Home Entertainment Systems & Audio Studio Systems for Home / Professional Studio.

They are the Dealer for JBL, Orange, Line 6, M-Audio, Numark, Novation, Music man, ESP/LTD Guitars, PRS Guitars, Godin Guitars, Pioneer Home & DJ Systems, Taka mine, Taylor, Hartke, PreSonus, KRK, Arturia, RME, T C Electronics, Apogee, Native Instruments, Jim Dunlop, JTS, Heilmann Piano, Pearl River Piano, Crewing-Vega, Black star, Samson, T-Rex, Crest Audio, Seymour Duncan, Custom, MXR, Morley, Electro-Harmonics, Cherub & NUX.

## 2.3 Melody & Co at a Glance:

Management Office	:	<b>Melody &amp; Co</b> 1/A-B, Mirpur Road, Dhanmondi, 1205 Dhaka, Bangladesh. E-mail: melodyco@bdcom.com Website: www.melodyandco.com
Business Operation Started in Bangladesh	:	1996
No. of Employees when Started	:	Management-05 & Marketing-10
Present No. of Show Room	:	5
Present No. of Employees	:	About 150
Product Range	:	Musical Instruments, Sound Systems, Conference Systems, Language Laboratory, DJ Systems, Home Entertainment Systems & Audio Studio Systems for Home / Professional Studio.
Business System	:	Cash & Hire Purchase System

## 2.4 Business Concept:

Melody & Co. desires to provide...

- Latest Technology
- Quality Assurance
- Innovative Design & Capacities

## **Channel of Distribution:**

Melody & Co has a strong marketing network by three different types of sales outlet.

- Melody & Co Plaza (own Show Room)
- Franchise Show Room
- Dealer's Show Room

Melody & Co desires to provide proper support after sales. Customer's satisfaction is the principal motto of Melody & Co. Melody & Co always committed to ensure product quality and render innovative modern technologies and provide after sales services smoothly. Melody & Co has a complete team of experienced locally & foreign trained professional Engineers & Installation Team with full backup for after sales services.

## **2.5 Mission**

Melody & Co will become the acknowledged leader in Musical Instrument industry to provide quality products into reachable price. Leadership will be achieved by establishing the industry standards of excellence for quality of service and by maintaining the broad loyalty relative to our service commitment.

### **Achievement of Mission requires:**

- Absolute dedication to understanding and fulfilling our customers need with the appropriate mix of service, reliability, products and price for each customer.
- A countrywide showroom and service network for customer providing with reputed brands, products with excellent useful characteristics with different aspects for customer.
- Allocation of resources consistent with the recognition that we are in number one position in countrywide business.
- An environment that rewards achievement, enthusiasm and team spirit and which offers each person in Melody & Co with superior opportunities for personal development and growth.
- A professional organization able to maintain initiative and local decision making while working together within a centrally managed network.
- The evolution of our business in providing new products, new services, markets or products will be completely driven by our single-minded commitment to anticipating and meeting changing needs of our customer.

## 2.6 Goal

To provide best quality products for the valued customers by introducing latest Technology driven products and expanding service network

## 2.7 Objective

- To create and continuous upgrading the loyalty of the clients and their recommendation of our people through: quality products and good advice, dependable service and delivery and efficient marketing effort.
- To establish a strong and distinguished corporate portfolio and image by retaining the tradition of the world's greatest product line up.
- To continuous upgrading and monitoring and evaluating of total quality management (TQM) approach to our all marketing and distribution system by making dynamic, honest and industrious showroom and dealer personal, an integrated part of the family.
- To reach the pinnacle of the market in Brand Category combined with customer segmentation and strengthen our position there.
- Develop an integrated human resource policy and implement its consistent use through the organizational training, authority commensurate with responsibility and recognition for performance.
- To ensure that every member of the management team will be a person of top capability.
- Introduce methods to plan for the provision of required caliber and quantity if staff.
- Assist the organization in becoming more customers aware and responsive in changing needs of external marketing environment.
- Define and encourage implementation of an improved communications culture throughout the organization.
- Faster a leadership style throughout the organization which encourages the respect for individuals, teamwork and close identification with customers.



## **Long-range objective**

The long-term objective is to gain leadership globally in the Musical Instruments industry.

## **Short term objective**

Their short-range objective is profit maximization through customer satisfaction by providing quality product and increase market share in Music market.

## **Strategic Intent**

To be the global leader in the Music industry

## **Corporate strategy**

To earn more than average profit by exceeding customer expectation

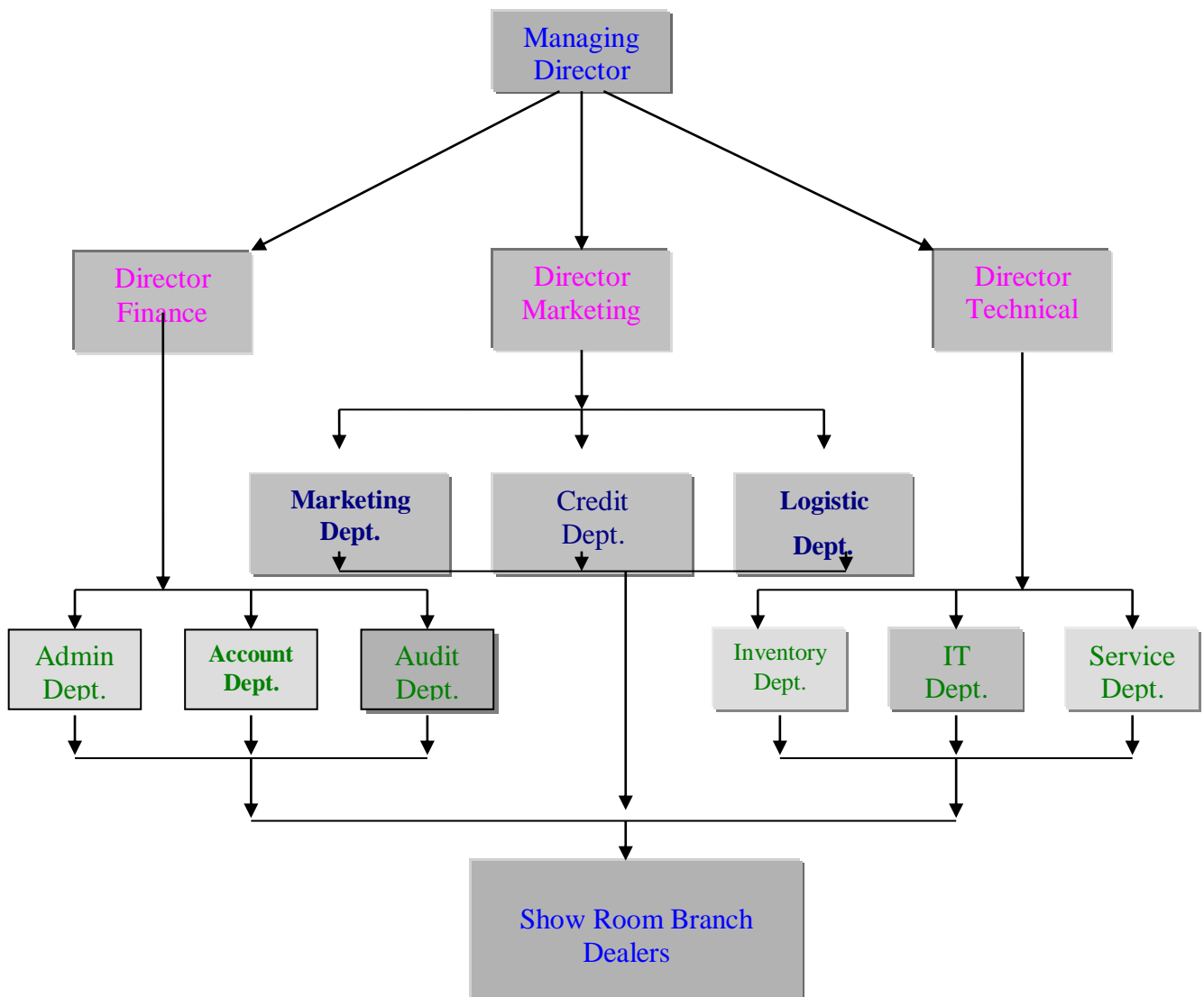
## **Business strategy**

Adding product features to different markets and thus gain substantial market share

## **Operational strategy**

To promote corporate image, to establish good production facilities and to setup a good distribution channel.

## 2.8 Organizational Structure of Melody & Co.



**Figure-1: Organogram of Melody & Co**

## **2.9 Administration Department**

**The major activities of administration department are as follows:**

- Staff recruitment, staffing, staff management (transfer, promotion) and staff controlling.
- Administrative activities regulating, setting up workings of various subordinate ept. And monitoring employees.
- Some additional activities benefiting the company.

### **2.9.1 Accounts Department:**

This dept. basically does the following activities:

- Preparing monthly account's report
- Preparing and financing report
- LC import related banking activities
- Central accounting process.

### **2.9.2 Audit Department:**

**The main task of the department is auditing. It does it as follows:**

- Visiting different branch and auditing level of physical cash and inventory.
- Auditing showroom activities whether they are doing properly or not.

### **2.9.3 Marketing Department:**

**This department does the following activities mainly:**

- Market survey
- Sales promotional activities
- Advertisement
- Market research
- Competitor analysis .....
- Additional activities like arrangement of foreign trip or incentive bonus for employees etc.

## **2.9.4 Credit Department:**

**The following activities are done by the department:**

- Hire purchase activities.
- Monitoring and preparing credit functions of field officers
- Checking out and preparing arrear collection report of showroom managers
- Monitoring total reporting
- Checking out the latest position of hire account, monthly running amount (hire). Throughout the latest position of hire account.
- Observing any type of discrepancy gap and performance evaluation of field officers.
- Supervising branch level data (Hire Agreement) through area managers.

## **2.9.5 Logistic Department:**

**The activities of the department are no less significant which are as follows:**

- Any type of product distribution.
- Product support and logistic support.
- Controlling and management of store.

## **2.9.6 Inventory Department:**

**The following activities are done by the department:**

- Management of inventory.
- Recording total amount of purchase of product monthly.
- Preparing record of total sales unit of products weekly and monthly.

## **2.9.7 IT Department:**

**The department is doing the following activities:**

- Data Storage.
- ERP Support.

## 2.9.8 Service Department:

The department does the following things:

- Management of after sales service
- Product service is done by expertise like service engineer and B.S.C Engineer.
- Only own product servicing is done
- After sale service is done at free of cost for one year.

**2.9.8.1 Showroom Activities:** Showroom is the grass root level of Melody & Co serving the customers directly.

There are more than 400 showrooms all over the country. Method of selling is in both cash and hire sales. Various forms are used in selling which are as follows:

- **Forms used for Cash Sales:**
  - F304 ( Final Receipt General), LPR ( without VAT)
  - F364 (Cash Receipt with VAT)
- **Forms used for Hire Sale:**
  - Hirer Proposal Form
  - Guarantor' Form
  - Agreement Form (F315)
  - Salesman's Certificate (F317)
  - Hirer's Down- payment Receipt (F365)
  - Installment / Collection Receipt (F314)
- **Major consideration in Hire Sales:**
  - Hirer's full name, Parent's name address, occupation no. of years involved in the job.
  - Students or below 18 years aged can't be a hirer.
  - Two guarantor who are 'not related' to Hirer and also have enough financial strength to compensate later if hirer defaults.
  - Hirer will have to make four signatures in the agreement form and all signatures in the agreement form and all signatures should at the same language at the same manner.
  - At first, Down Payment + 2 installments will be taken including VAT if any.
  - For Police, BDR, Army ID No. is compulsory.
  - Hirer cannot hire more than one product at a time.

- Service charge of collecting installment will be within 10 kilo distance Tk.20 and for every next 10 kilo Tk. 3.
  - There should not be any amendment using fluid or mutilation of the agreement form.
  - The hirer will pay installment within 7<sup>th</sup> day of each month. Otherwise will be fined @ Tk.25 from 8 to 20<sup>th</sup> of that month
- **Other Issues related to hire Sales:**
    - **Revert:** If hirer fails to pay installment, then the product is taken return to the showroom back.
    - **Reverse:** The reverted product returned to the previous hirer if he pays area or Sale to another person.
    - **Sale cancel:** If any hirer surrenders the product who is not capable of paying installment, the sale is then cancelled. In this case, change of Tk. 1000 for use of each 1 month will be deducted from hire value and the rest amount will be refunded.
    - **Delinquent list:** The installments due for collection in the current month.
  - **Forms used for reporting:**
    - Weekly Cash Sale Report (F320): Cash Receipt & Disbursement of Salary. Bulk Sales Commission & Incentive bonus are described here. The balance goes to remittance sheet.
    - Weekly Hire Sale Report (F321): It includes collecting Bonus (if 100% collection – 4% bonus otherwise not), Installment collection data from collection sheet (F322), Down Payment with or without VAT. Stock of Hire agreement.
    - Remittance Sheet (F312): Balance from F320 & F 321, method of remittance transfer (DD, PO etc.) in details to the Head Office.
    - Monthly Reporting. Summary of Month’s cash & hire sales and other relevant data.
  - **Discount Method:**
    - If hirer makes full payments within two months, then he will get the product at cash price.
    - If hirer makes full payment at 3<sup>rd</sup> month, he will have to pay cash price + a lump sum amount (of course the sum will be less than hire price).
    - If hirer makes payment at 4<sup>th</sup> to 10<sup>th</sup> month, he will get discount at a chronological down percentage manner.

## **2.10 Products Manufactured**

Melody & Co always emphasizes on supreme priority in achieving customer satisfaction. Melody & Co producing different types of Melody & Co Brand product such as:

- AS Guitars
- Melody Harmonium
- Dhol
- Tabla
- Ukuleles
- Cajon's

## **2.11 SWOT Analysis of Melody & Co:**

### **Strength**

- Efficient management
- Good distribution channel
- Identified customer need.
- Long experience in this industry and good learning curve.
- Reputation as a global company Environment friendly products
- Wide distribution capability
- Brand loyal customers
- Brand image of Melody & Co
- Easy access to capital investments
- Economies of scale due to standardized product
- Structured geographic network.
- Two sales category higher purchases system or cash.

## **Weakness**

- Weak marketing strategy.
- Lack of strong marketing network rather than competitors.
- Quick decision making problem.
- Lower frequency in Advertisement in electronic media.
- Lack of proper decoration of showrooms.
- So high price than china base product. (Guitars and Cajon's)

## **Opportunity:**

- Melody & Co has very positive corporate image
- Proper utilization of hire sales system can flourish the sales growth
- New products developed through.
- Small and local competitors are decreasing
- Changes in people's life style, enhancement of purchasing power and changes in social values.

## **Threat:**

- A shift in buyer needs and tastes away from the industry's product
- Adverse demographic changes.
- As opportunities are increasing some Korean companies may enter the market as they already have similar products Guitars and Cajon's. (*Superaristion*)
- The frequency of advertisement is increasing by the competitors rather than Melody & Co.
- Day by day inter new product in Bangladesh which price is so low. (China product)



# Chapter Three

Financial performance analysis of  
Melody & Co.

<b>Melody &amp; Co.</b>					
<b>Income Statement</b>					
<b>From the year 2014 to 2018</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Perticular</b>	<b>BDT '000</b>	<b>BDT '000</b>	<b>BDT '000</b>	<b>BDT '000</b>	<b>BDT '000</b>
Sales	14,700,900	13,830,098	13,696,300	14,200,039	12,890,902
Cost of goods sold	(8,780,030)	(8,030,090)	(7,080,304)	(8,600,300)	(9,103,700)
<b>Gross profit</b>	<b>5,920,870</b>	<b>5,800,008</b>	<b>6,615,996</b>	<b>5,599,739</b>	<b>3,787,202</b>
Other operating income	184,055	179,900	176,090	185,660	205,500
Research, Development & Selling expense	(468,090)	(380,970)	(399,000)	(340,094)	(375,530)
General and administrative expense	(488,610)	(400,305)	(410,007)	(345,900)	(392,200)
<b>Operating profit:</b>	<b>5,148,225</b>	<b>5,198,633</b>	<b>5,983,079</b>	<b>5,099,405</b>	<b>3,224,972</b>
Non operating income	54,000	49,005	40,020	51,090	34,200
Financial income/ (expenses)	239,099	176,900	189,800	119,020	120,200
Contribution to workers 'Provident fund'	(123,006)	(156,250)	(103,256)	(88,750)	(73,211)
<b>Profit before taxation:</b>	<b>5,318,318</b>	<b>5,268,288</b>	<b>6,109,643</b>	<b>5,180,765</b>	<b>3,306,161</b>
Income tax expenses	603,030	(503,400)	(500,190)	590,050	(489,800)
Present year	(524,090)	435,510	(410,505)	(533,900)	(315,300)
Previous year	(18,700)	(17,890)	(18,055)	(18,400)	(16,600)
Deferred tax	8,775	(4,880)	4,690	(8,600)	(6,560)
<b>Profit for the year:</b>	<b>5,387,333</b>	<b>5,177,628</b>	<b>5,185,583</b>	<b>5,209,915</b>	<b>2,477,901</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income:</b>	<b>5,387,333</b>	<b>5,177,628</b>	<b>5,185,583</b>	<b>5,209,915</b>	<b>2,477,901</b>

In 2018, the net income and total sales of Melody & Co was higher than other years. It is noticeable that, the sales of Melody & Co was increasing from the year 2016 to 2018. But their profit was decrease from 2016 to 2017.

<b>Melody and Co.</b>					
<b>Balance Sheet</b>					
<b>Form the Year 2014 to 2018</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Perticular</b>	<b>BDT '000</b>	<b>BDT '000</b>	<b>BDT '000</b>	<b>BDT '000</b>	<b>BDT '000</b>
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipments	3,178,000	3,252,905	3461770	3,640,800	3,785,895
Capital works in progress	563,733	688,570	584660	626,008	691,200
Investments	102,055	109,700	235405	201,055	212,340
Intangible assets	1,905	545	480	890	9,050
<b>Total Non-Current Assets:</b>	<b>3,845,693</b>	<b>4,051,720</b>	<b>4,282,315</b>	<b>4,468,753</b>	<b>4,698,485</b>
<b>Current assets</b>					
Inventories	1,620,399	1,578,490	1,189,804	1,320,204	1,676,010
Other assets	65,000	62,757	121,800	114,351	146,000
Other receivables	1,206,775	1,367,550	1,002,303	889,020	1,120,090
Advances, Deposits and Payments	610,343	622,088	590,455	698,700	610,200
Cash and cash equivalents	3,604,880	3,870,355	3,319,920	4,029,055	3,664,055
<b>Total Current Assets:</b>	<b>7,107,397</b>	<b>7,501,240</b>	<b>6,224,282</b>	<b>7,051,330</b>	<b>7,216,355</b>
<b>Total Assets:</b>	<b>10,953,090</b>	<b>11,552,960</b>	<b>10,506,597</b>	<b>11,520,083</b>	<b>11,914,840</b>
<b>Equity and Liabilities</b>					
<b>Capital and reserves</b>					
Capital reserve	1,210,040	1,210,040	1,210,040	1,210,040	1,210,040
General reserve	17,000	17,000	17,000	17,000	17,000
Revaluation reserve	55,400	55,400	55,400	55,400	55,400
Retained earnings	3,925,750	4,180,805	4,300,704	4,407,560	6,170,005
<b>Total Capital and Reserve:</b>	<b>5,208,190</b>	<b>5,463,245</b>	<b>5,583,144</b>	<b>5,690,000</b>	<b>7,452,445</b>
<b>Non-Current Liabilities</b>					
Long term provision	3,755	3,755	3,755	3,755	3,755
Long term loan	632,775	632,775	632,775	632,775	632,775
Defined benefit obligations (gratuity)	-	401,800	115,070	120,904	102,950
Deferred tax liability	458,870	578,440	510,554	545,005	601,900
<b>Total Non Current liabilities:</b>	<b>1,095,400</b>	<b>1,616,770</b>	<b>1,262,154</b>	<b>1,302,439</b>	<b>1,341,380</b>
<b>Current liabilities</b>					
Trade and other payable	3,820,056	3,609,440	2,927,954	3,677,600	2,379,105
Long term loan	-	-	-	26,000	15,000
Dividends payable	247,570	195,430	170,495	171,005	255,900
Provision for other liabilities	541,045	618,990	510,950	591,009	426,980
Provision for taxation	40,829	49,085	51,900	62,030	44,030
<b>Total current liabilities:</b>	<b>4,649,500</b>	<b>4,472,945</b>	<b>3,661,299</b>	<b>4,527,644</b>	<b>3,121,015</b>
<b>Total liabilities:</b>	<b>5,744,900</b>	<b>6,089,715</b>	<b>4,923,453</b>	<b>5,830,083</b>	<b>4,462,395</b>
<b>Total Equity and Liabilities:</b>	<b>10,953,090</b>	<b>11,552,960</b>	<b>10,506,597</b>	<b>11,520,083</b>	<b>11,914,840</b>

The total assets of the company was increasing continuously. So, it indicate the good position.

**Melody & Co.**  
Income Statement  
From the year 2014 to 2018

Particular	Horizontal Analysis									
	2018	2018	2017	2017	2016	2016	2015	2015	2014	2014
	BDT '000		BDT '000		BDT '000		BDT '000		BDT '000	
Sales	14,700,900	6.30%	13,830,098	0.98%	13,696,300	-3.55%	14,200,039	10.16%	12,890,902	100.00%
Cost of goods sold	(8,780,030)	9.34%	(8,030,090)	13.41%	(7,080,304)	-17.67%	(8,600,300)	-5.53%	(9,103,700)	100.00%
<b>Gross profit :</b>	<b>5,920,870</b>	<b>2.08%</b>	<b>5,800,008</b>	<b>-12.33%</b>	<b>6,615,996</b>	<b>18.15%</b>	<b>5,599,739</b>	<b>47.86%</b>	<b>3,787,202</b>	<b>100.00%</b>
Other operating income	184,055	2.31%	179,900	2.16%	176,090	-5.15%	185,660	-9.65%	205,500	100.00%
Research, Development and selling expenses	(468,090)	22.87%	(380,970)	-4.52%	(399,000)	17.32%	(340,094)	-9.44%	(375,530)	100.00%
General and administrative expenses	(488,610)	22.06%	(400,305)	-2.37%	(410,007)	18.53%	(345,900)	-11.81%	(392,200)	100.00%
<b>Operating profit :</b>	<b>5,148,225</b>	<b>-0.97%</b>	<b>5,198,633</b>	<b>-13.11%</b>	<b>5,983,079</b>	<b>17.33%</b>	<b>5,099,405</b>	<b>58.12%</b>	<b>3,224,972</b>	<b>100.00%</b>
Non-Operaning income	54,000	10.19%	49,005	22.48%	40,010	-21.69%	51,090	49.39%	34,200	100.00%
Financial income/(expenses)	239,099	35.16%	176,900	-6.80%	189,800	59.47%	119,020	-0.98%	120,200	100.00%
Contribution to workers' provident fund	(123,005)	-21.28%	(156,250)	51.32%	(103,256)	16.34%	(88,750)	21.22%	(73,211)	100.00%
<b>Profit before taxation :</b>	<b>5,318,319</b>	<b>0.95%</b>	<b>5,268,288</b>	<b>-13.77%</b>	<b>6,109,633</b>	<b>17.93%</b>	<b>5,180,765</b>	<b>56.70%</b>	<b>3,306,161</b>	<b>100.00%</b>
Income tax expenses	603,030	-219.79%	(503,400)	0.64%	(500,190)	-15.23%	(590,050)	20.47%	(489,800)	100.00%
Present year	(524,090)	-220.34%	435,510	-206.09%	(410,505)	-23.11%	(533,900)	69.33%	(315,300)	100.00%
Previous year	(18,700)	4.53%	(17,890)	-0.91%	(18,055)	-1.88%	(18,400)	10.84%	(16,600)	100.00%
Deferred tax	8,775	-282.81%	(4,800)	2.35%	(4,690)	-45.47%	(8,600)	31.10%	(6,560)	100.00%
<b>Profit for the year :</b>	<b>5,387,334</b>	<b>4.05%</b>	<b>5,177,708</b>	<b>0.03%</b>	<b>5,176,193</b>	<b>28.45%</b>	<b>4,029,815</b>	<b>62.63%</b>	<b>2,477,901</b>	<b>100.00%</b>
Other comprehensive income	-		-		-		-		-	
<b>Total comprehensive income :</b>	<b>5,387,334</b>	<b>4.05%</b>	<b>5,177,708</b>	<b>0.03%</b>	<b>5,176,193</b>	<b>28.45%</b>	<b>4,029,815</b>	<b>62.63%</b>	<b>2,477,901</b>	<b>100.00%</b>

The percentage of Total Income or Horizontal Analysis was decreasing from the year 2014 to 2017.

**Melody & Co.**

**Balance Sheet**

From the year 2014 to 2018

**Horizontal Analysis**

Particular	2018	2018	2017	2017	2016	2016	2015	2015	2014	2014
	BDT'000		BDT'000		BDT'000		BDT'000		BDT'000	
<b>Assets</b>										
<b>Non-Current Assets</b>										
Property, plant and equipments	3,178,000	-2.30%	3,252,905	-6.03%	3,461,770	-4.92%	3,640,800	-3.83%	3,785,895	100.00%
Capital works in progress	563,733	-18.13%	688,570	17.77%	584,660	-6.61%	626,008	-9.43%	691,200	100.00%
Investment	102,055	-6.97%	109,700	-53.40%	235,405	17.08%	201,055	-5.31%	212,340	100.00%
Intangible assets	1,905	249.54%	545	13.54%	480	-46.07%	890	-90.17%	9,050	100.00%
<b>Total Non-Current Assets :</b>	<b>3,845,693</b>	<b>-5.08%</b>	<b>4,051,720</b>	<b>-5.38%</b>	<b>4,282,315</b>	<b>-4.17%</b>	<b>4,468,753</b>	<b>-4.89%</b>	<b>4,698,485</b>	<b>100.00%</b>
<b>Current assets</b>										
Inventories	1,620,399	2.66%	1,578,490	32.67%	1,189,804	-9.88%	1,320,204	-21.23%	1,676,010	100.00%
Other assets	65,000	3.57%	62,757	-48.48%	121,800	6.51%	114,351	-21.68%	146,000	100.00%
Other receivables	1,206,775	-11.76%	1,367,550	36.44%	1,002,303	12.74%	889,020	-20.63%	1,120,090	100.00%
Advances and deposits and payments	610,343	-1.89%	622,088	5.36%	590,455	-15.49%	698,700	14.50%	610,200	100.00%
Cash and cash equivalents	3,604,880	-6.86%	3,870,355	16.58%	3,319,920	-17.60%	4,029,055	9.96%	3,664,055	100.00%
<b>Total Current Assets :</b>	<b>7,107,397</b>	<b>-5.25%</b>	<b>7,501,240</b>	<b>20.52%</b>	<b>6,224,282</b>	<b>-11.73%</b>	<b>7,051,330</b>	<b>-2.29%</b>	<b>7,216,355</b>	<b>100.00%</b>
<b>Total Assets :</b>	<b>10,953,090</b>	<b>-5.19%</b>	<b>11,552,960</b>	<b>9.96%</b>	<b>10,506,597</b>	<b>-8.80%</b>	<b>11,520,083</b>	<b>-3.31%</b>	<b>11,914,840</b>	<b>100.00%</b>
<b>Equity and Liabilities</b>										
<b>Capital and Reserves</b>										
Capital reserve	1,210,040	0.00%	1,210,040	0.00%	1,210,040	0.00%	1,210,040	0.00%	1,210,040	100.00%
General reserve	17,000	0.00%	17,000	0.00%	17,000	0.00%	17,000	0.00%	17,000	100.00%
Revaluation reserve	55,400	0.00%	55,400	0.00%	55,400	0.00%	55,400	0.00%	55,400	100.00%
Retained earnings	3,925,750	-6.10%	4,180,805	-2.79%	4,300,704	-2.42%	4,407,560	-28.56%	6,170,005	100.00%
<b>Total Capital and Reserves :</b>	<b>5,208,190</b>	<b>-4.67%</b>	<b>5,463,245</b>	<b>-2.15%</b>	<b>5,583,144</b>	<b>-1.88%</b>	<b>5,690,000</b>	<b>-23.65%</b>	<b>7,452,445</b>	<b>100.00%</b>
<b>Non Current Liabilities</b>										
Long term provision	3,755	0.00%	3,755	0.00%	3,755	0.00%	3,755	0.00%	3,755	100.00%
Long term loan	632,775	0.00%	632,775	0.00%	632,775	0.00%	632,775	0.00%	632,775	100.00%
Defined benefit obligations (gratuity)	-	-100.00%	401,800	249.18%	115,070	-4.83%	120,904	17.44%	102,950	100.00%
Deferred tax liability	458,870	-20.67%	578,440	13.30%	510,554	-6.32%	545,005	-9.45%	601,900	100.00%
<b>Total Non Current Liabilities :</b>	<b>1,095,400</b>	<b>-32.25%</b>	<b>1,616,770</b>	<b>28.10%</b>	<b>1,262,154</b>	<b>-3.09%</b>	<b>1,302,439</b>	<b>-2.90%</b>	<b>1,341,380</b>	<b>100.00%</b>
<b>Current Liabilities</b>										
Trade and other payables	3,820,056	5.84%	3,609,440	23.28%	2,927,954	-20.38%	3,677,600	54.58%	2,379,105	100.00%
Short term loan	-	#DIV/0!	-	#DIV/0!	-	-100.00%	26,000	73.33%	15,000	100.00%
Dividends payable	247,570	26.68%	195,430	14.63%	170,495	-0.30%	171,005	-33.18%	255,900	100.00%
Provision for other liabilities	541,045	-12.59%	618,990	21.14%	510,950	-13.55%	591,009	38.42%	426,980	100.00%
Provision for taxation	40,829	-16.82%	49,085	-5.42%	51,900	-16.33%	62,030	40.88%	44,030	100.00%
<b>Total Current Liabilities :</b>	<b>4,649,500</b>	<b>3.95%</b>	<b>4,472,945</b>	<b>22.17%</b>	<b>3,661,299</b>	<b>-19.13%</b>	<b>4,527,644</b>	<b>45.07%</b>	<b>3,121,015</b>	<b>100.00%</b>
<b>Total Liabilities :</b>	<b>5,744,900</b>	<b>-5.66%</b>	<b>6,089,715</b>	<b>23.69%</b>	<b>4,923,453</b>	<b>-15.55%</b>	<b>5,830,083</b>	<b>30.65%</b>	<b>4,462,395</b>	<b>100.00%</b>
<b>Total Equity and Liabilities :</b>	<b>10,953,090</b>	<b>-5.19%</b>	<b>11,552,960</b>	<b>9.96%</b>	<b>10,506,597</b>	<b>-8.80%</b>	<b>11,520,083</b>	<b>-3.31%</b>	<b>11,914,840</b>	<b>100.00%</b>

Horizontal analysis is used in the review of a company's financial statements over multiple periods. In 2016, the percentage of horizontal analysis was lowest (-8.80%) than other years.

**Melody & Co.**  
**Income Statement**  
**For the year 2014 to 2018**

**Vertical Analysis**

Particular	2018	2018	2017	2017	2016	2016	2015	2015	2014	2014
	BDT '000		BDT '000		BDT '000		BDT '000		BDT '000	
Sales	14,700,900	100.00%	13,830,098	100.00%	13,696,300	100.00%	14,200,039	100.00%	12,890,902	100.00%
Cost of goods sold	(8,780,030)	-59.72%	(8,030,090)	-58.06%	(7,080,304)	-51.70%	(8,600,300)	-60.57%	(9,103,700)	-70.62%
<b>Gross profit :</b>	<b>5,920,870</b>	<b>40.28%</b>	<b>5,800,008</b>	<b>41.94%</b>	<b>6,615,996</b>	<b>48.30%</b>	<b>5,599,739</b>	<b>39.43%</b>	<b>3,787,202</b>	<b>29.38%</b>
Other operating income	184,055	1.25%	179,900	1.30%	176,090	1.29%	185,660	1.31%	205,500	1.59%
Research, Development and selling expenses	(468,090)	-3.18%	(380,970)	-2.75%	(399,000)	-2.91%	(340,094)	-2.40%	(375,530)	-2.91%
General and administrative expenses	(488,610)	-3.32%	(400,305)	-2.89%	(410,007)	-2.99%	(345,900)	-2.44%	(392,200)	-3.04%
<b>Operating profit :</b>	<b>5,148,225</b>	<b>35.02%</b>	<b>5,198,633</b>	<b>37.59%</b>	<b>5,983,079</b>	<b>43.68%</b>	<b>5,099,405</b>	<b>35.91%</b>	<b>3,224,972</b>	<b>25.02%</b>
Non Operating income	54,000	0.37%	49,005	0.35%	40,020	0.29%	51,090	0.36%	34,200	0.27%
Financial income/(expenses)	239,099	1.63%	176,900	1.28%	189,800	1.39%	119,020	0.84%	120,200	0.93%
contribution to workers 'Providend fund'	(123,006)	-0.84%	(156,250)	-1.13%	(103,256)	-0.75%	(88,750)	-0.62%	(73,211)	-0.57%
<b>Profit before taxation :</b>	<b>5,318,318</b>	<b>36.18%</b>	<b>5,268,288</b>	<b>38.09%</b>	<b>6,109,643</b>	<b>44.61%</b>	<b>5,180,765</b>	<b>36.48%</b>	<b>3,306,161</b>	<b>25.65%</b>
Income tax expenses	603,030	4.10%	(503,400)	-3.64%	(500,190)	-3.65%	590,050	4.16%	(489,800)	-3.80%
Present year	(524,090)	-3.57%	435,510	3.15%	(410,505)	-3.00%	(533,900)	-3.76%	(315,300)	-2.45%
Previous year	(18,500)	-0.13%	(17,890)	-0.13%	(18,055)	-0.13%	(18,400)	-0.13%	(16,600)	-0.13%
Deferred tax	8,775	0.06%	(4,880)	-0.04%	4,690	0.03%	(8,600)	-0.06%	(6,560)	-0.05%
<b>Profit for the year :</b>	<b>5,387,533</b>	<b>36.65%</b>	<b>5,177,628</b>	<b>37.44%</b>	<b>5,185,583</b>	<b>37.86%</b>	<b>5,209,915</b>	<b>36.69%</b>	<b>2,477,901</b>	<b>19.22%</b>
Other comprehensive income	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
<b>Total comprehensive income :</b>	<b>5,387,533</b>	<b>36.65%</b>	<b>5,177,628</b>	<b>37.44%</b>	<b>5,185,583</b>	<b>37.86%</b>	<b>5,209,915</b>	<b>36.69%</b>	<b>2,477,901</b>	<b>19.22%</b>

A vertical analysis is used to show the relative sizes of the different accounts on a financial statement. For example, when a vertical analysis is done on an income statement, it will show the top-line sales number as 100%, and every other account will show as a percentage of the total sales number. The highest percentage of vertical analysis was 37.86% in 2016.

**Melody & Co.**  
Balance Sheet  
From the year 2014 to 2018

**Vertical analysis**

Particular	2018	2018	2017	2017	2016	2016	2015	2015	2014	2014
		BDT' 000		BDT' 000		BDT' 000		BDT' 000		BDT' 000
<b>Assets</b>										
<b>Non-Current Assets</b>										
Property plant and equipment	29.01%	3,178,000	28.16%	3,252,905	32.95%	3,461,770	31.60%	3,640,800	31.77%	3,785,895
Capital works-in-progress	5.15%	563,733	5.96%	688,570	5.56%	584,660	5.43%	626,008	5.80%	691,200
Investments	0.93%	102,055	0.95%	109,700	2.24%	235,405	1.75%	201,055	1.78%	212,340
Intangible assets	0.02%	1,905	0.00%	545	0.00%	480	0.01%	890	0.08%	9,050
<b>Total Non-Current Assets :</b>	<b>35.11%</b>	<b>3,845,693</b>	<b>35.07%</b>	<b>4,051,720</b>	<b>40.76%</b>	<b>4,282,315</b>	<b>38.79%</b>	<b>4,468,753</b>	<b>39.43%</b>	<b>4,698,485</b>
<b>Current assets</b>										
Inventories	14.79%	1,620,399	13.66%	1,578,490	11.32%	1,189,804	32.77%	1,320,204	14.07%	1,676,010
Other assets	0.59%	65,000	0.54%	62,757	1.16%	121,800	0.99%	114,351	1.23%	146,000
Other receivables	11.02%	1,206,775	11.84%	1,367,550	9.54%	1,002,303	7.72%	889,020	9.40%	1,120,090
Advances, Deposits and Payments	5.57%	610,343	5.38%	622,088	5.62%	590,455	6.07%	698,700	5.12%	610,200
Cash and cash equivalents	32.91%	3,604,880	33.50%	3,870,355	31.60%	3,319,920	34.97%	4,029,055	30.75%	3,664,055
<b>Total Current Assets :</b>	<b>64.89%</b>	<b>7,107,397</b>	<b>64.93%</b>	<b>7,501,240</b>	<b>59.24%</b>	<b>6,224,282</b>	<b>61.21%</b>	<b>7,051,330</b>	<b>60.57%</b>	<b>7,216,355</b>
<b>Total Assets :</b>	<b>100%</b>	<b>10,953,090</b>	<b>100%</b>	<b>11,552,960</b>	<b>100%</b>	<b>10,506,597</b>	<b>100%</b>	<b>11,520,083</b>	<b>100%</b>	<b>11,914,840</b>
<b>Equity and Liabilities</b>										
<b>Capital and Reserves</b>										
Capital reserve	11.05%	1,210,040	10.47%	1,210,040	11.52%	1,210,040	10.50%	1,210,040	10.16%	1,210,040
General reserve	0.16%	17,000	0.15%	17,000	0.16%	17,000	0.15%	17,000	0.14%	17,000
Revaluation reserve	0.51%	55,400	0.48%	55,400	0.53%	55,400	0.48%	55,400	0.46%	55,400
Retained earnings	35.84%	3,925,750	36.19%	4,180,805	40.93%	4,300,704	38.26%	4,407,560	51.78%	6,170,005
<b>Total Capital and Reserves :</b>	<b>47.55%</b>	<b>5,208,190</b>	<b>47.29%</b>	<b>5,463,245</b>	<b>53.14%</b>	<b>5,583,144</b>	<b>49.39%</b>	<b>5,690,000</b>	<b>62.55%</b>	<b>7,452,445</b>
<b>Non Current Liabilities</b>										
Long term provision	0.03%	3,755	0.03%	3,755	0.04%	3,755	0.03%	3,755	0.03%	3,755
Long term loan	5.78%	632,775	5.48%	632,775	6.02%	632,775	5.49%	632,775	5.31%	632,775
Defined benefit obligation (gratuity)	0.00%	-	3.48%	401,800	1.10%	115,070	1.05%	120,904	0.86%	102,950
Deferred tax liability	4.19%	458,870	5.01%	578,440	4.86%	510,554	4.73%	545,005	5.05%	601,900
<b>Total Non Current Liabilities :</b>	<b>10.00%</b>	<b>1,095,400</b>	<b>13.99%</b>	<b>1,616,770</b>	<b>12.01%</b>	<b>1,262,154</b>	<b>11.31%</b>	<b>1,302,439</b>	<b>11.26%</b>	<b>1,341,380</b>
<b>Current Liabilities</b>										
Trade and other payables	34.88%	3,820,056	31.24%	3,609,440	27.87%	2,927,954	31.92%	3,677,600	19.97%	2,379,105
Short term loan	0.00%	-	0.00%	-	0.00%	-	0.23%	26,000	0.13%	15,000
Dividends payable	2.26%	247,570	1.69%	195,430	1.62%	170,495	1.48%	171,005	2.15%	255,900
Provision for other liabilities	4.94%	541,045	5.36%	618,990	4.86%	510,950	5.13%	591,009	3.58%	426,980
Provision for taxation	0.37%	40,829	0.42%	49,085	0.49%	51,900	0.54%	62,030	0.37%	44,030
<b>Total Current Liabilities :</b>	<b>42.45%</b>	<b>4,649,500</b>	<b>38.72%</b>	<b>4,472,945</b>	<b>34.85%</b>	<b>3,661,299</b>	<b>39.30%</b>	<b>4,527,644</b>	<b>26.19%</b>	<b>3,121,015</b>
<b>Total Liabilities :</b>	<b>52.45%</b>	<b>5,744,900</b>	<b>52.71%</b>	<b>6,089,715</b>	<b>46.86%</b>	<b>4,923,453</b>	<b>50.61%</b>	<b>5,830,083</b>	<b>37.45%</b>	<b>4,462,395</b>
<b>Total Equity and Liabilities :</b>	<b>100%</b>	<b>10,953,090</b>	<b>100.00%</b>	<b>11,552,960</b>	<b>100.00%</b>	<b>10,506,597</b>	<b>100.00%</b>	<b>11,520,083</b>	<b>100.00%</b>	<b>11,914,840</b>

Vertical analysis is the proportional analysis of a financial statement, where each line item on a financial statement is listed as a percentage of another item.

## 3.1 Financial Ratio Analysis:

Financial information will often be used to measure the performance and financial health of an organization. This is done in order to evaluate the success of the business, determine any weaknesses of the business, compare current and past performance, and compare current performance with industry standards. Financially stable organizations are desirable, because a financially stable business is one that successfully ensures its ability to generate income for investors and retain or increase value.

### **Using of financial ratio**

Ratio analysis involves the methods of calculating and explaining financial ratio in order to assess the company's performance and status. The basic inputs to ratio analysis are the company's income statement and balance sheet. In this part I illustrate the result from my data analysis. To analyze the company's / firm's performance can be possible by understanding and calculating of the financial ratios.

#### **Liquidity Ratios:**

##### ➤ **Current Ratio:**

The current ratio is calculated by taking the total amount of current assets and dividing it by the total amount of current liabilities. This ratio indicates the extent to which current liabilities are covered by those assets expected to be converted in the near future. Current assets generally include cash, marketable securities, accounts receivables, and inventories.

##### ➤ **Quick Ratio (Acid-test ratio):**

The quick ratio or acid test ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets. Quick assets are current assets that can be converted to cash within 90 days or in the short-term. Cash, cash equivalents, short-term investments or marketable securities, and current accounts receivable are considered quick assets.



## **Activity Ratios:**

### ➤ **Inventory Turnover Ratio:**

Inventory turnover is a ratio showing how many times a company has sold and replaced inventory during a given period. The inventory turnover is calculated by taking the total cost of goods sold and dividing it by total inventory. The ratio regarded as a test of efficiency and indicates the rapidly with which the company is able to move its merchandise.

### ➤ **Total Asset Turnover Ratio:**

The fixed asset turnover ratio measures the effectiveness in generating net sales revenue from investments in net property, plant, and equipment back into the company. Complete Asset Turnover Ratio is the organization's absolute income, the receipt, money installment and different incomes.

## **Leverage Ratio:**

### ➤ **Debt Ratio:**

Debt to Total Asset shows the percentage of the firms' assets that are supported by debt financing. It is a money related proportion that estimates the degree of an organization's or customer's influence.

## **Profitability Ratio:**

### ➤ **Net Profit Ratio:**

Net profit ratio (NP ratio) is a popular profitability ratio that shows relationship between net profit after tax and net sales. It is computed by dividing the net profit (after tax) by net sales. A proportion of gainfulness determined as total compensation or net benefits separated by deals.

### ➤ **Gross Profit Margin:**

Gross Profit Margin on sales gives us the gross profit that the business is earning per taka of sales. Gross profit margin is a metric used to assess a company's financial health and business model by revealing the amount of money left over from subtract the cost of goods sold. The gross profit margin is often disclosed as a percentage of sales and may be called the gross margin ratio.

➤ **Return on Equity:**

In corporate finance, the return on equity (ROE) is a measure of the profitability of a business in relation to the equity, also known as net assets or assets minus liabilities. ROE is a measure of how well a company uses investments to generate earnings growth.

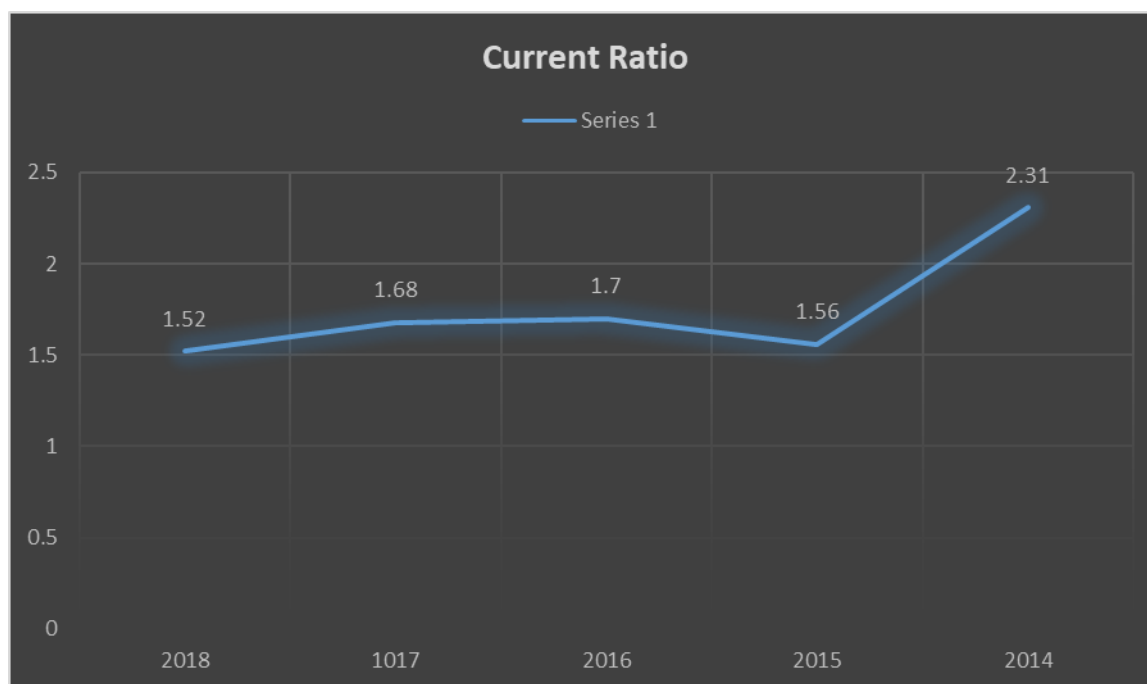
➤ **Return on Assets (ROA):**

The capacity of an organization of transform or change over the benefit into benefit can be estimated by the arrival on resource proportion (ROA). Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea of how efficient a company's management is at using its earnings to generate revenue.

## 3.2 Ratio Analysis:

### 1. Current Ratio = Current Assets / Current Liabilities

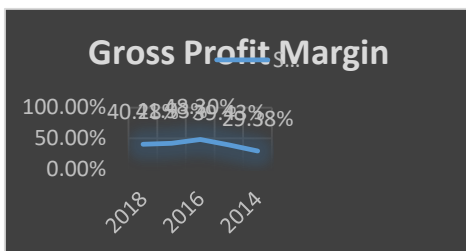
Year	Calculation	Ratio
2018	7107397 / 4649500	1.52 Times
1017	7501240 / 4472945	1.68 Times
2016	6224282 / 3661299	1.70 Times
2015	7051330 / 4527644	1.56 Times
2014	7216355 / 3121015	2.31 Times



**Interpretation:** The current ratio is used to measure a company's short-term liquidity position and provides a quantitative relationship between current assets and current liabilities. From 2015 to 2018, their current ratio were lower than 2014 which is bad indication for the company.

**2. Gross Profit Margin = (Gross Profit / Net Sales)\*100**

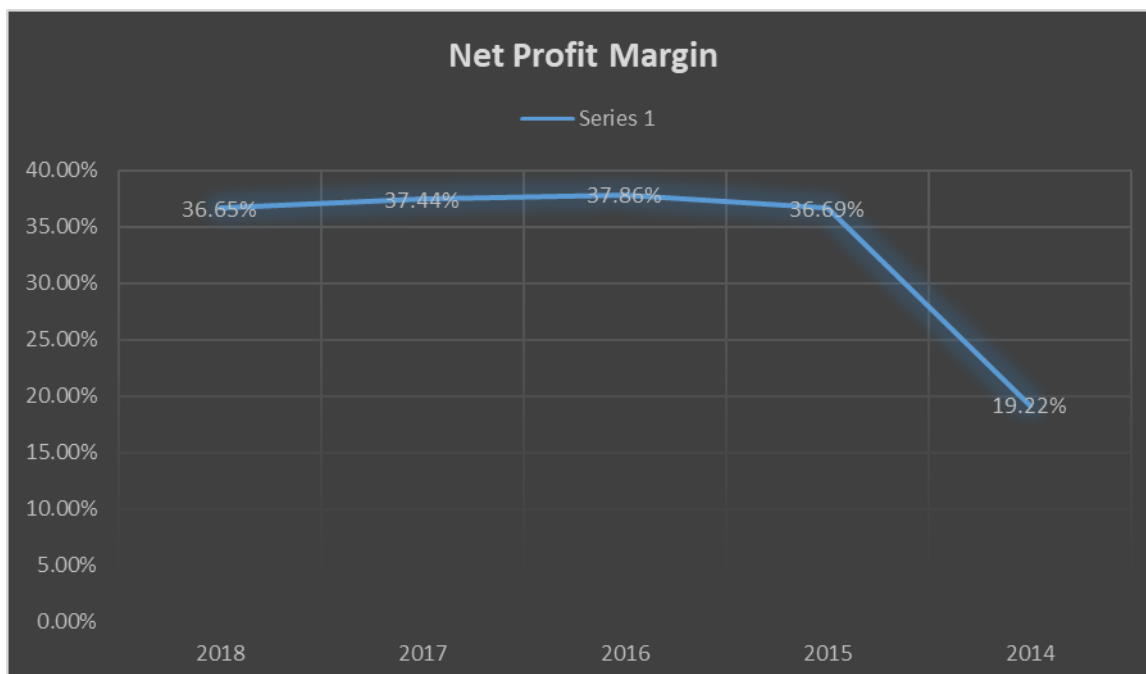
Year	Calculation	Ratio
2018	$(5920890 / 14700900) * 100$	40.28%
2017	$(5800008 / 13830098) * 100$	41.93%
2016	$(6615996 / 13696300) * 100$	48.30%
2015	$(5599739 / 14200039) * 100$	39.43%
2014	$(3787202 / 12890902) * 100$	29.38%



**Interpretation:** Generally, the higher the Gross Profit Margin the better. In 2016 to 2018 Gross profit margin was comparatively average but in 2016 we can see Gross profit margin was 29.38% and it shows negativity of the company.

**3. Net Profit Margin = (Net Income / Net Sales)\*100**

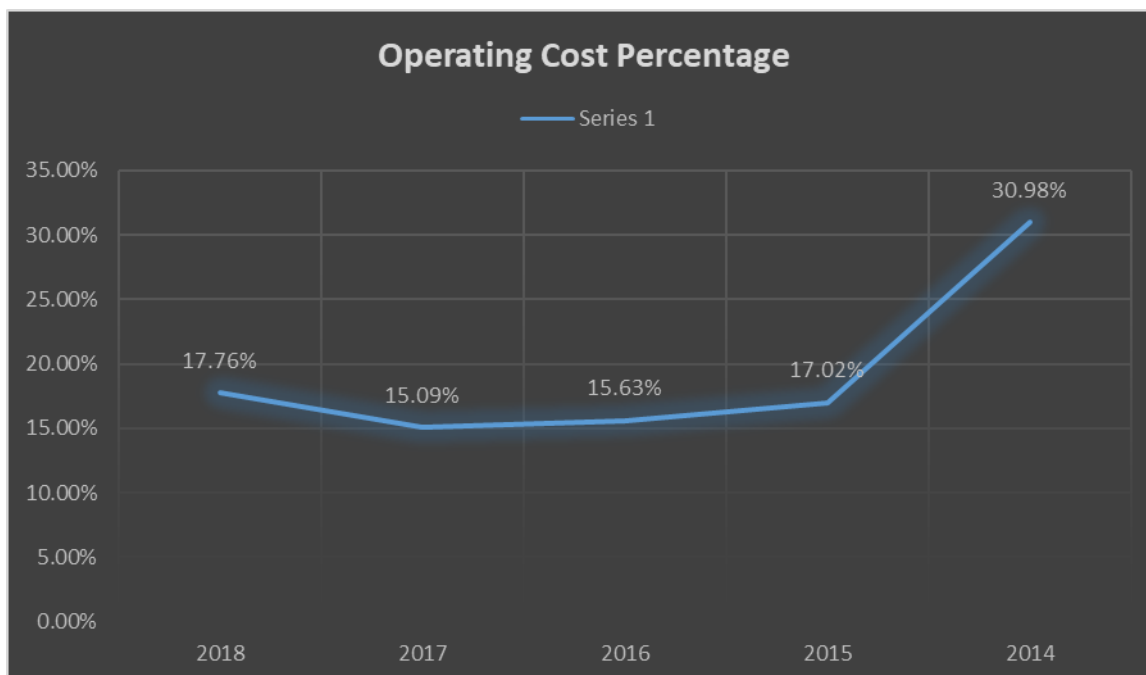
Year	Calculation	Ratio
2018	$(5387333 / 14700900) * 100$	36.65%
2017	$(5177628 / 13830098) * 100$	37.44%
2016	$(5185583 / 13696300) * 100$	37.86%
2015	$(5209915 / 14200039) * 100$	36.69%
2014	$(2477901 / 12890902) * 100$	19.22%



**Interpretation:** From 2014 to 2015, Net Profit Margin was increased rapidly. After that, it decreased slowly from the year 2015 to 2018.

**4. Operating Cost Percentage = (Operating cost / Revenue)\*100%**

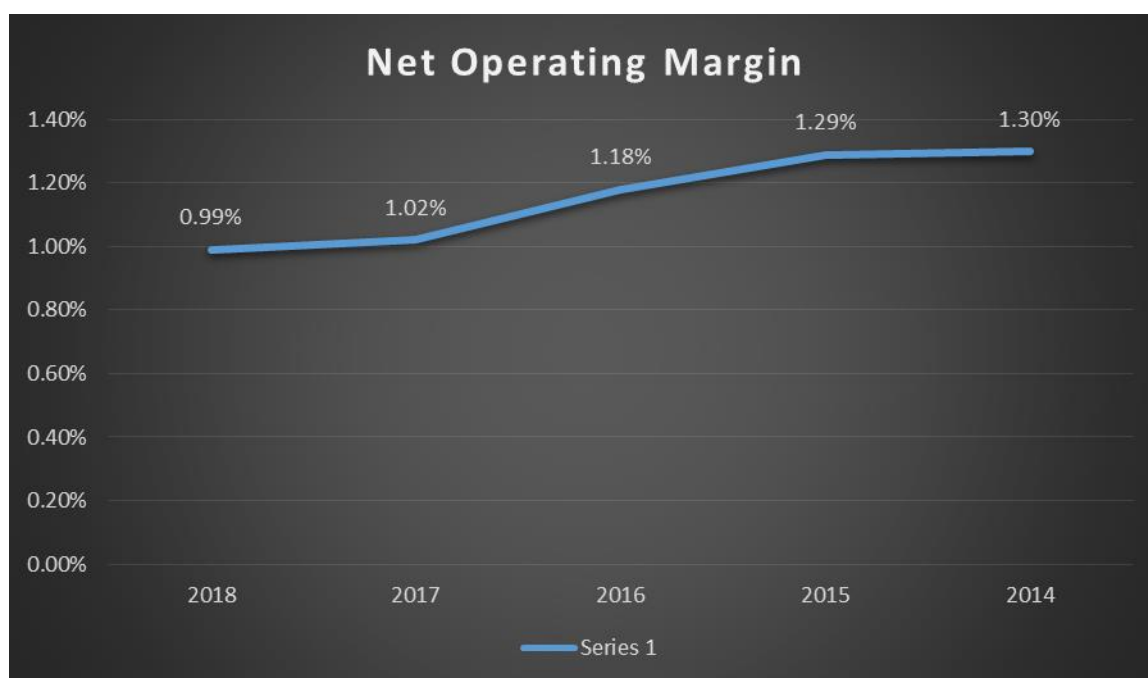
Year	Calculation	Ratio
2018	956780 / 5387334	17.76%
2017	781275 / 5177708	15.09%
2016	809007 / 5176193	15.63%
2015	685994 / 4029815	17.02%
2014	767730 / 2477901	30.98%



**Interpretation:** From 2014 to 2018 revenue were increases continuously. On the other hand the operating cost will decreased from 2014 to 2015. In 2014, the percentage of operating cost were the highest (30%) and the lowest cost of percentage were 15.09%.

**5. Net Operating Margin = (Profit before interest and tax / revenue)**

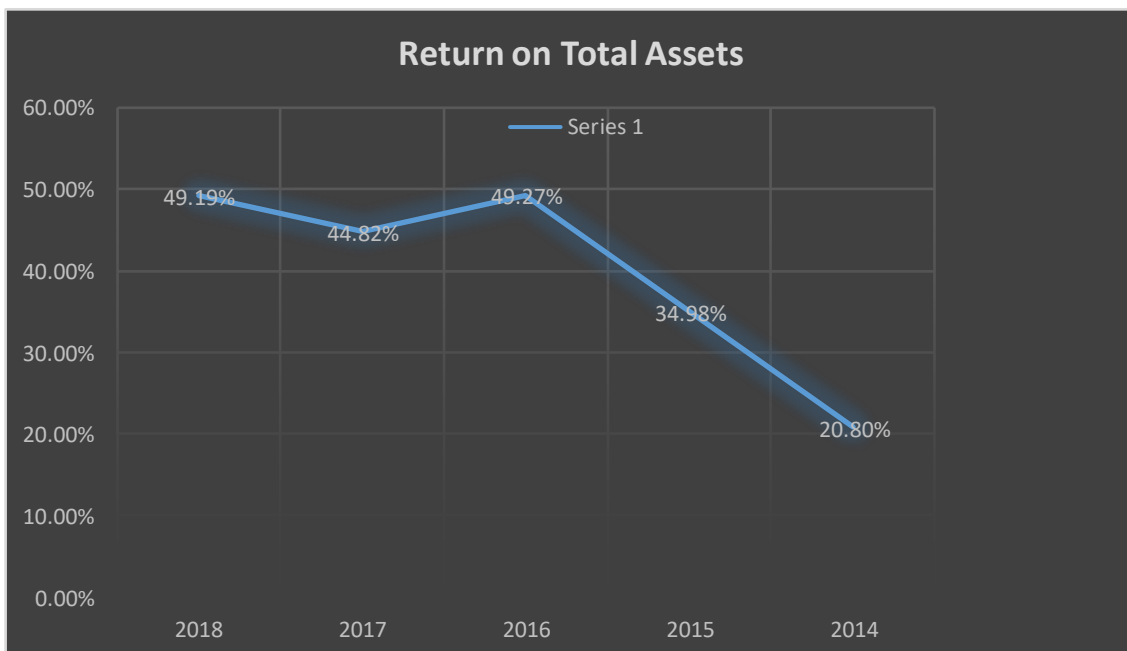
Year	Calculation	Ratio
2018	5318319 / 5387334	0.99%
2017	5268288 / 5177708	1.02%
2016	6109633 / 5176193	1.18%
2015	5180765 / 4029815	1.29%
2014	3224972 / 2477901	1.30%



**Interpretation:** Operating margin is used to measure company's pricing strategy and operating efficiency. In 2014 and 2015, operating margin was 1.30% and 1.29% then it continuously decreased from 2016 to 2018.

**6. Return on Total Assets = Net Income ÷ Total Assets**

Year	Calculation	Ratio
2018	5387334 / 10953090	49.19%
2017	5177708 / 11552960	44.82%
2016	5176193 / 10506597	49.27%
2015	4029815 / 11520083	34.98%
2014	2477901 / 11914840	20.80%

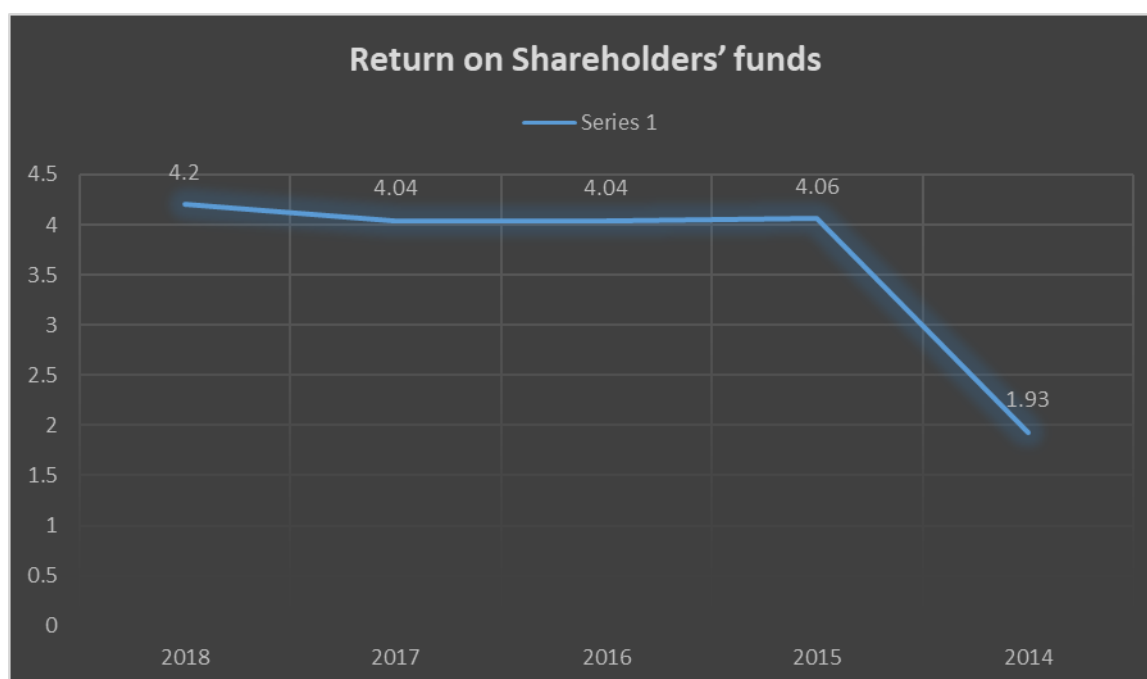


**Interpretation:** In general return on asset shows the overall investment earned by the firm. Higher return on assets better for the company than lower. From the analysis, it's assume that the company is in a good position because it is increasing day by day. But in 2017, it was decreased which was bad for the company.



**7. Return on Shareholders' funds = Net profit for the period/ (Share capital + Reserves)**

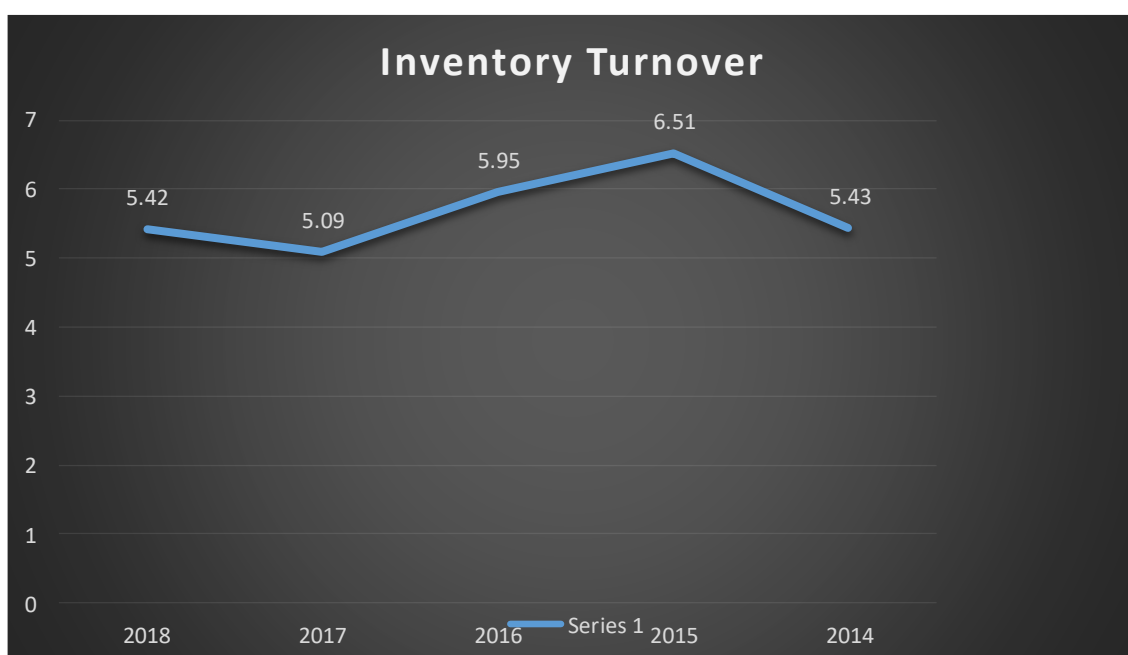
Year	Calculation	Ratio
2018	5387333 / 1282440	4.20
2017	5177628 / 1282440	4.04
2016	5185583 / 1282440	4.04
2015	5209915 / 1282440	4.06
2014	2477901 / 1282440	1.93



**Interpretation:** Shareholders' funds refers to the amount of equity in a company, which belongs to the shareholders. In 2014, The Return on shareholder's fund was 1.93. Then it increased from 2015 to 2018.

**8. Inventory Turnover = Cost of goods sold / Inventories**

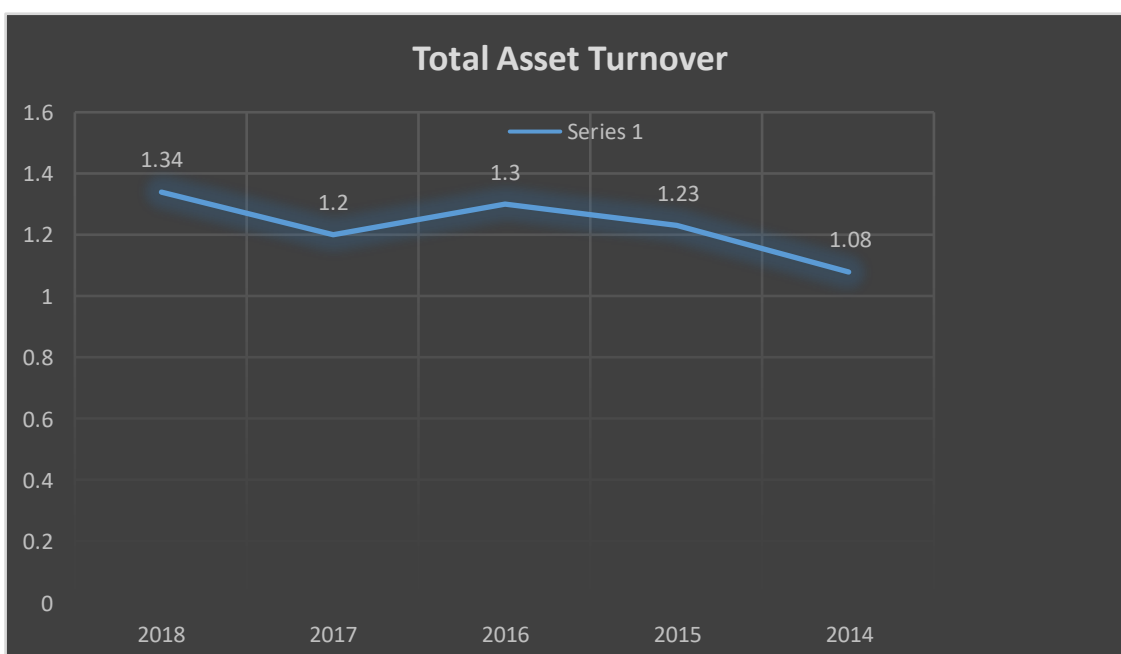
Year	Calculation	Ratio
2018	8780030 / 1620399	5.42 Times
2017	8030090 / 1578490	5.09 Times
2016	7080304 / 1189804	5.95 Times
2015	8600300 / 1320204	6.51 Times
2014	9103700 / 1676010	5.43 Times



**Interpretation:** In general higher turnover ratio is better than lower. Inventory Turnover indicates the effectiveness of the inventory management practices of the firm. In 2014 we can see their Inventory turnover efficiency was 5.43 times then it's increased in 2015 that was 6.51 times. But In 2017 it's decreased 5.09 times. Because, their sale was good but they have not available inventory.

**9. Total Asset Turnover= Sales / Total asset**

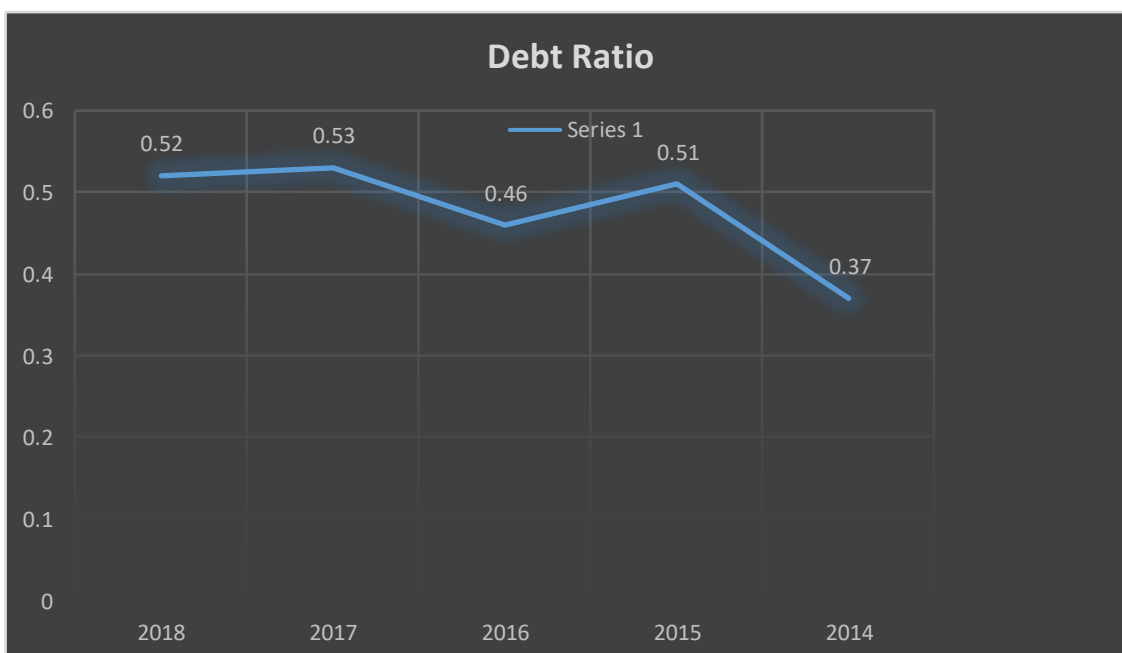
Year	Calculation	Ratio
2018	14700900 / 10953090	1.34
2017	13830098 / 11552960	1.20
2016	13696300 / 10506597	1.30
2015	14200039 / 11520083	1.23
2014	12890902 / 11914840	1.08



**Interpretation:** The total asset turnover ratio shows how efficiently the total assets of a company are used to generate sales. The data above shows that the total asset increase continuously from 2014 to 2016. After that it decrease in the year 2017 (around 1.2) then it again increased. Which shows that their total assets have been efficient enough to generate enough sales.

**10. Debt ratio = Total liabilities / total assets**

Year	Calculation	Ratio
2018	5744900 / 10953090	0.52
2017	6089715 / 11552960	0.53
2016	4923453 / 10506507	0.46
2015	5830083 / 11520083	0.51
2014	4462395 / 11914840	0.37



**Interpretation:** In 2018, the debt ratio of Melody & Co is 0.52, which suggests that 52 percent of their total assets are their total liabilities. In contrast to their previous year’s ratio of 0.53, which was almost same. So this is a very positive sign for the company.

# Chapter Four

## Findings, Recommendations & Conclusion

## 4.1 Findings:

**Findings regarding various perspective of financial information are given below:**

- ✓ **Current Ratio:** In 2014, Current Ratio (2.31 Times) was higher than other years. But in 2015, 2016, 2017 and 2018 the current ratios were low. It may indicate negative side of the organization.
- ✓ **Gross profit margin:** Generally, the higher Gross profit margin is better. From 2016 to 2018, Gross profit margin decreased slowly which was bad for the company.
- ✓ **Net Operating Margin:** From 2014 to 2018, Net Operating Margin were 0.99%, 1.02%, 1.18%, 1.29%, 1.30%, sequentially, so, it was not stable.
- ✓ **Debt ratio:** From 2014 to 2018, the debt ratio increased from 37 to 52. Their previous year's (2017) ratio is 0.53, this is very positive sign for the company.
- ✓ **Return on Total Assets:** From the analysis, it is assumed that in 2018, Melody & CO is in a good position (49.19%) than 2017 (44.82), because it is significantly higher than 2017.
- ✓ The company's sales and income have gone over the time period, 2016 to 2018.

#### **4.4 Recommendations:**

The problems of Melody & Co. can be solved to certain extent. The following suggestions may be applicable in order to solve the company's problem.

- ❖ Melody & Co. should give the importance on the important parts of Current Assets and Current Liabilities. Also they should monitor the borrower's collection period.
- ❖ The Company need to increase their Current Assets by rising their shareholder's fund, pay off current liabilities and sell off unproductive assets etc.
- ❖ The Company need to increase their operating Profit Margin by reducing direct costs such as use cheaper material but also need to remember the product quality.
- ❖ Though Melody & Co. is in profitable situation but they need to concentrate to increase the Gross Profit Ratio and Net Profit Ratio.
- ❖ The Company should focus on to reduce the expense without losing the product quality.
- ❖ None can earn profit or increase the total net income without the proper using of the asset. So the Melody & Co. must need to handle the assets properly to earn the maximum return from investment.

## Conclusion

Melody & Co was established in 1996 by our Honorable Chairman Mongal Sarker, who is specialize in the distribution of only the best quality & original musical instruments and equipment's, and to provide the best of services. Melody & Co. has tremendous chance to grow its business in future and contribute more in the economy of Bangladesh.

Customers are not very well-known about Melody & Co product like due to the drawback of advertisement. Advertisement is one of the key issues of sales growth through which World music. Guitar Lab and some other non-brand are doing very well in sales. Melody and World music are most demanding in the gray market because of lower price, nice getup and for guarantor period. The demand of Musical Instruments increasing day by day which is a positive sign for Melody & Co. Price is the first choice of the customer for purchasing Musical instruments in the gray market but brand loyalty and quality are not ignorable. They need to increase their operating Profit Margin by reducing direct costs such as use cheaper material but also need to remember the product quality. Overall, they are in a good position in present's competitive marketplace.

The three months temporary job program helped me to improve my insight past the course books. Increased down to earth information with respect to the professional workplace which expectation would bolster me later on.



## References

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