Thesis Report
on

Financial Performance Analysis of westAceBD

Submitted by:

Avijit Saha
ID: BBA2203027097
Program: Bachelor of Business Administration
Major: Accounting
Department of Business Administration
Sonargaon University (SU)

Submitted to:
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Faculty of Business Administration

Sonargaon University (SU)

Date of Submission: September 09, 2024

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ID: BBA2203027097
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Supervised by:

Mst. Marium Akter
Lecturer
Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration



Sonargaon University (SU)

Date of Submission: September 09, 2024

Letter of Transmittal

September 09, 2024

To

Mst. Marium Akter

Lecturer

Department of Business Administration

Sonargaon University (SU)

Subject: Submission of Internship Report on "Financial Performance Analysis in westAceBD".

Respected madam,

With humble honor and respect, I am submitting my internship report on "**Financial Performance Analysis in westAce BD**". As per partial accomplishment of the requirements for the BBA degree, this internship has been carried out under your supervision. This report is an integral part of our academic courses in the completion of the BBA program, which has allowed me to gain an insight into the accounting procedure practiced by IAS (International Accounting Standards) & IFRS (International Financial Reporting Standards). I hope this report reflects on the contemporary issues of the general accounting procedure, risk assessment through ratio analysis, comparisons with market leaders, Comparisons with industry standards, and compliance with NBR (National Board of Revenue) guidelines that are being practiced by organizations in our country.

In completing the report, I tried my best to blend all my knowledge and imparted every available detail, and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,

_____

Avijit Saha

BBA2203027097

Department of Business Administration

Sonargaon University (SU)

Acknowledgment

I would like to express my sincere gratitude to my internship supervisor **Mst. Marium Akter**, Lecturer, of the Department of Business Administration, at Sonargaon University. His patience, enthusiasm, cooperation, and suggestions made me present this internship report to produce in the present form. His brilliant, skillful supervision enriched this study higher than I expected. I could not remain any more without giving heartfelt thanks to my supervisor for his painstaking supervision throughout the study period. This research work would not have been possible without his stimulation, inspiration, and cooperation.

Further, yet importantly, a sense of respect goes to our Operational Manager, **Bajlul Huda Nurullah** Khan, for his powerful support in helping me to collect information and regular encouragement in every step to put me in the present stage. Similarly, other colleagues are also subject to special thanks for their inspiration and cooperation in my study.

I am also thankful to all other officers and employees of westAce BD, whose extended cooperation helped me prepare the report.

I also would like to thank all my respected teachers in the Department of Business Administration who directly and indirectly provided me with inspiration and valuable suggestions during this study.

Student's Declaration

I, am Avijit Saha, a dedicated student in the Bachelor of Business Administration program at Sonargaon University, bearing the ID: BBA2203027097, hereby declare that the report titled "**Financial Performance Analysis in westAce BD**" has been genuinely and meticulously prepared by me. This report reflects my individual effort, research, and analysis, and is a true representation of the knowledge I have acquired throughout my studies.

Throughout the preparation and composition of this report, I have ensured that I strictly followed all applicable international copyright laws and ethical guidelines. I have taken great care to provide proper attribution for all referenced materials and sources, ensuring the integrity and originality of my work. I affirm that every part of this report, including the analysis and recommendations, has been developed solely by me without resorting to unauthorized assistance.

Furthermore, I would like to emphasize that this report has not been previously submitted, either wholly or in part, to any other institution or for any other purpose related to obtaining a degree or qualification. This report is an exclusive submission for the partial fulfillment of my Bachelor's degree program at Sonargaon University.

I remain committed to upholding the values of academic honesty and integrity throughout my educational journey.

_____

Avijit Saha

BBA2203027097

Department of Business Administration

Sonargaon University (SU)

Letter of Authorization

This is to officially certify that the internship report titled "**Financial Performance Analysis in westAce BD**" is the original and bona fide work of **Avijit Saha**, a student who conducted this research as part of his academic internship under my direct supervision. Avijit demonstrated diligence, critical thinking, and a keen understanding of financial concepts throughout the course of this project. The report presents a thorough analysis of the financial performance of WestAce BD, incorporating detailed research, financial data analysis, and practical application of key financial theories and tools.

I also certify that, to the best of my knowledge, this work is entirely original and has not been used in any prior project or dissertation, either by Avijit Saha or any other individual, for the attainment of a degree, diploma, or academic qualification at this or any other institution. Avijit's research stands out for its depth, clarity, and relevance, providing valuable insights into the company's financial standing.

His dedication to understanding the financial dynamics of westAce BD and the accuracy with which he has presented the data is commendable, and I believe this report will serve as a significant academic contribution and a valuable resource for the organization.

_____

Mst. Marium Akter

Lecturer

Department of Business Administration

Sonargaon University (SU)

Executive Summary

This report is based on “Financial Performance Analysis in WestAce BD. a Bangladesh-based clothing brand located in Uttara Sector 9, is part of a larger global organization under its parent company, AFS Fashion Ltd., headquartered at Unit 10B Estuary House, Thamesview Business Park, Fenttiman Road, Canvey Island, Essex, SS8 0EQ, United Kingdom. AFS Fashion Ltd. also operates regional offices in Australia and Germany, expanding its global reach.

Westace BD primarily specializes in men's clothing, focusing on the production of high-quality jeans, chino shorts, cargo pants, and cargo shorts. In addition to its clothing line, the company has a robust IT wing that provides a range of services, including website development, mobile app development, and UI/UX design. This dual business model positions Westace BD as both a leading clothing brand and a growing player in the software and mobile app development sector.

The company's strong market presence, especially in North America, along with its innovative IT solutions, provides a solid foundation for future growth and expansion opportunities.

westAce has so many clients around the globe. The main objective of this report is to get an overview of the Financial Performance Analysis in general and specifically of westAce.

The study has covered the Financial Performance Analysis of WestAce BD. For current and past years. The study has used both primary and secondary data sources.

The first chapter of this report consists of an introductory part of this report, the second chapter includes an overview of WestAce BD where I am currently working as Executive of Accounts The third chapter is the General definition, purpose & process of Financial Performance Analysis, the fourth chapter is Financial Performance Analysis, the fifth chapter is Findings (positives & negatives), the sixth chapter is Recommendations, and in the seventh Conclusion.

To understand the Analysis process, data collection was made through interviews with Colleagues, Annual reports, the Company website, my last few years' practical experiences with westAce, and learning the standards from books and a few websites.

Those who love to take challenges are getting interested in westace. If you are not a tech and clothing lover or quick learner, you might struggle a lot.

List Of Acronyms

IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ERP	Enterprise Resource Planning
IT	Information Technology
FY	Financial Year
ROE	Return on Equity
ROCE	Return on Capital Employed
EBIT	Earnings Before Interest and Taxes
SWOT	Strengths, Weaknesses, Opportunities, and Threats
COGS	Cost of Goods Sold
eHRMS	Electronic Human Resource Management System

Table of Contents

SL. No.	Particulars	Page No.
Cover Page		i
Inner Cover Page		ii
Letter of Transmittal		iii
Acknowledgement		iv
Student's Declaration		v
Letter of Authorization		vi
Executive Summary		vii
List of Acronyms		viii
List Of Acronyms		ix
Table of Contents		x
Chapter-01	**Introduction**	1
1.1	Introduction	2
1.2	Objective of the report	2
1.3	Research Quantitative	3
1.4	Limitations of the study	4
1.5	Background of the Study	4
1.6	Scope of the Study	4
Chapter-02	**Literature Review**	5
2.1	Literature Review	6
Chapter-03	**Organizational Overview**	8
3.1	Overview of WestAce BD	9
3.2	Vision	9
3.3	Mission	9
3.4	3.4 Services of the firm	9
3.5	3.5 Human Resources of the Organization	10
3.6	**3**.6 Culture and Benefits	11
Chapter-04	**Financial Performance Analysis of westace BD**	12
4.1	General Definition of Financial Performance Analysis	13
4.2	Purpose of Financial Performance Analysis	13
4.3	The Financial Performance Analysis Process	13
4.4	Key Performance Indicators (KPIs)	14
4.5	Benchmarking	14

4.6	Financial Ratios and Analysis	15
4.7	Risk Management	15
4.8	Financial Performance Analysis	16
4.9	Comparative Analysis	17
4.10	SWOT Analysis	21
Chapter-05	**Findings**	23
5.1	Findings	24
Chapter-06	**Recommendations And Conclusion**	25
6.1	Recommendations	26
6.2	Conclusion	27
	Bibliography	28

Chapter One
Introduction

1.1 Introduction

The main purpose of financial performance analysis for a Clothing company is to evaluate its financial health, efficiency, and effectiveness in utilizing resources to achieve its objectives. Analysis helps in determining how profitable the organization is. This involves examining metrics such as gross profit margin, net profit margin, and return on capital employed (ROCE), etc. Understanding profitability indicates the firm's ability to generate earnings from its operations. Liquidity analysis focuses on the firm's ability to meet short-term financial obligations. It involves assessing metrics such as the current ratio and quick ratio to ensure the firm has enough liquid assets to cover its liabilities. For a Clothing company, this is crucial given the fast-paced nature of the industry and the need to respond swiftly to market demand. Efficiency analysis helps in evaluating how effectively the firm utilizes its resources to generate revenue. Clothing companies also need to optimize resource allocation to remain competitive in a rapidly evolving market. Financial analysis enables the identification of trends and patterns in the firm's financial performance over time. This includes analyzing revenue growth, expense patterns, and cash flow trends. Understanding these trends helps in making informed decisions regarding strategic planning, resource allocation, and risk management. Comparing the financial performance of the Clothing Company with industry peers or competitors provides valuable insights into its relative position in the market. Benchmarking against industry standards helps in identifying areas of strength and weakness, as well as opportunities for improvement. Financial analysis provides stakeholders, including investors, creditors, and management, with valuable information for decision-making purposes. Whether it's assessing investment opportunities, securing financing, or formulating strategic plans, a thorough understanding of the firm's financial performance is essential. Overall, financial performance analysis serves as a vital tool for evaluating the overall health and sustainability of a Clothing company, guiding strategic decision-making, and driving long-term success in a dynamic and competitive industry landscape.

1.2 Objective of the report

Broad objective

This report aims to analyze WestAce BD's financial performance and efficiency, using ratio analysis and industry benchmarks to assess its competitiveness in both the clothing and IT sectors.

Specific objectives

- To gain insight into the operations of the Clothing company.
- To acquire in-depth knowledge of the financial performance Analysis procedures
- To develop versatility by working on various tasks.
- To understand the performance of fieldwork during the operation.
- To understand the proper ratio analysis with interpretation in an actual scenario.
- To understand the related core activities of Clothing Company.
- To gain insight into the Regulatory risk assessment for Clothing Companies.
- To understand the financial performance of a Clothing company compared with others in Bangladesh.

1.3 Research Quantitative

The preparation of this report is based on the experience gained during the work at westAce BD, as well as the guidance and assistance provided by senior colleagues and supervisors. The methodology of this study focuses on the sources used to collect the necessary data, which are described below:

Data Sources: The data for this report was collected from both primary and secondary sources.

Sources of Data

Primary Sources

- Annual Financial Reports.
- Questioning immediate Supervisors and staff
- Physical and practical observation.

Secondary Sources

- Studying International Accounting Standards (IAS).
- International Financial Reporting Standards (IFRS).
- Learning various analyses from YouTube tutorials.
- Newspaper and website.
- Auditor's report of various companies published online.
- Various articles online.

Sources of Data	
Primary Sources	**Secondary Sources**
• Annual Financial Reports. • Questioning immediate Supervisors and staff. • Physical and practical observation.	• Studying International Accounting Standards (IAS). • International Financial Reporting Standards (IFRS). • Learning various analyses from YouTube tutorials. • Newspaper and website. • Auditor's report of various companies published online. • Various articles online.

1.4 Limitations of the study

- Time constraint. Three months is not enough for such a comprehensive study. It is very challenging to collect all the information in such a short time.
- Statutory auditors do not disclose any information which they classify as confidential documents. Because all the limited companies don't need to publish reports publicly. Therefore, I have to conduct a significant portion of the thesis based on publicly available documents.
- When I joined, I signed a confidentiality agreement (NDA). One of the codes is confidentiality. As the thesis is conducted on a private limited company, in some cases I was unable to cite references of information used for this report.

1.5 Background of the Study

The evolution of accounting systems from manual methods to computerized platforms reflects the growing complexity of business environments. Traditional accounting involved manual record-keeping, while modern systems rely on automated processes that increase efficiency and accuracy. The rapid development of accounting software, such as ERP systems and cloud-based platforms, has allowed businesses to maintain real-time financial data, aiding in better decision-making (Weygandt, Kimmel, & Kieso, 2018). This shift underscores the importance of accounting in ensuring transparency and compliance with regulatory standards, which this study aims to explore further.

1.6 Scope of the Study

The scope of this study includes an analysis of the following:

- The adoption and effectiveness of computerized accounting systems in various organizations.
- A comparison between financial accounting and managerial accounting, focusing on their roles in financial reporting and internal decision-making.
- Ethical challenges in accounting, particularly in ensuring transparency and adherence to regulations.
- The influence of accounting systems on corporate strategy and financial planning.

This study will primarily focus on medium to large organizations with well-established accounting systems and practices.

Chapter Two
Literature Review

2.1 Literature Review

Introduction

Accounting is a vital function in any organization, providing financial information that supports effective decision-making, planning, and control. The role of accounting has expanded with technological advancements, making it more than just a tool for recording transactions. It now encompasses financial reporting, budgeting, and strategic analysis, crucial for both internal management and external stakeholders. This study investigates how modern accounting systems contribute to organizational success by enhancing financial accuracy and decision-making.

Clothing E-Commerce Sector

- **Market Growth**: The clothing e-commerce sector in Bangladesh has experienced substantial growth in recent years. According to Ahmed and Khan (2021), the sector has been growing at an annual rate of approximately 20% to 25%, driven by increasing internet penetration and a shift in consumer behavior towards online shopping. This growth is reflective of a broader global trend, where e-commerce is expanding rapidly due to technological advancements and changing consumer preferences.

- **Consumer Preferences:** and Trends: Research by Rahman and Ali (2022) indicates that the Bangladeshi e-commerce market for clothing has seen a notable rise in online transactions. The percentage of consumers opting for online clothing purchases has increased by around 30% over the past three years. This trend highlights the growing acceptance of digital shopping platforms among Bangladeshi consumers, particularly in urban areas.

- **Challenges and Barriers:** Despite the positive growth, the sector faces several challenges. Logistical issues such as delivery delays and inefficiencies in supply chain management have caused a slowdown in growth rates. Rahman and Ali (2022) report that delivery delays have led to a decrease in customer satisfaction, which could potentially impact future growth rates. Additionally, payment security issues have led to a decline in the rate of successful online transactions by about 10% over the past two years.

- **Competitive Landscape:** The competitive environment in the clothing e-commerce sector is intensifying. Local brands are experiencing increasing competition from international players entering the Bangladeshi market. While local brands have shown resilience, the market share of international e-commerce giants has grown by approximately 15% in the past year (Ahmed and Khan, 2021).

- Regulatory Environment: The regulatory framework is still catching up with the rapid expansion of e-commerce. Research by Islam and Rahman (2019) highlights that while there have been improvements in policies supporting digital transactions, the regulatory environment remains fragmented. This has led to a 5% decline in the overall efficiency of e-commerce operations due to regulatory hurdles and lack of comprehensive guidelines.

IT Sector

- **Sector Growth:** The IT sector in Bangladesh is witnessing impressive growth, with an annual expansion rate of around 18% to 22%, as reported by Sultana et al. (2020). This growth is driven by an increase in IT outsourcing, software development, and the emergence of tech startups. The sector's contribution to the national GDP has increased by approximately 12% over the past five years.

- **Innovation and Startups:** The number of tech startups in Bangladesh has surged by nearly 25% in the last two years, reflecting a burgeoning entrepreneurial spirit in the IT sector (Chowdhury and Hossain, 2023). These startups are playing a crucial role in driving innovation and positioning Bangladesh as a competitive player in the global tech market.

- **Infrastructure and Investment:** Despite the growth, challenges related to infrastructure and investment persist. The sector has experienced a 7% drop in foreign direct investment (FDI) over the past year, primarily due to concerns about inadequate infrastructure and regulatory uncertainties (Islam and Rahman, 2019). This decline in investment is a critical issue that needs addressing to sustain long-term growth.

- **Regulatory and Policy Support:** The effectiveness of regulatory support remains uneven. While there have been positive developments, such as the introduction of tech-friendly policies, more comprehensive and consistent regulatory measures are needed. Studies by Ahmed and Khan (2021) indicate that gaps in regulatory frameworks have led to a 6% decrease in the overall growth rate of IT companies, particularly those engaged in international markets.

- **Comparative Performance:** A comparative analysis by Sultana et al. (2020) shows that while Bangladesh's IT sector is growing rapidly, it still lags behind more developed regions in terms of technological advancement and R&D investment. The sector's technological capabilities are approximately 15% behind leading IT hubs globally, which underscores the need for increased investment and innovation.

The clothing e-commerce and IT sectors in Bangladesh are both experiencing notable growth, with the e-commerce sector expanding at an annual rate of 20% to 25% and the IT sector growing at 18% to 22%. However, each sector faces unique challenges, including logistical issues and regulatory inefficiencies in e-commerce and infrastructure and investment shortfalls in the IT sector. Addressing these challenges and improving regulatory and infrastructure support will be crucial for sustaining and accelerating growth in both industries.

Chapter Three
Organizational Overview

3.1 Overview of westAce BD

WestAce BD. started its journey on 01.03.2020 and since then we have been getting more client base to cooperate. Here at westAce BD, we love to solve problems. This means they are always challenging the status quo to make things better, faster, and more efficient for their clients. We're the cost-effective solution to all of your development problems, and what's more, we treat our clients like family. We're fans of responsive design and development, keeping your business agile and interesting.

Westace BD is a dynamic clothing company based in Uttara, Bangladesh, specializing in men's fashion. They offer a wide range of products, including jeans, t-shirts, and short pants. The company operates under the umbrella of AFS Fashion LTD, a UK-based company located in Canvey Island. AFS Fashion LTD is known for its successful online presence, particularly on Amazon, where it sells high-quality jeans and cargo pants. Westace BD brings this international fashion expertise to the Bangladeshi market, offering trendy and durable apparel through its local operations.

3.2 Vision

"To become a leading global brand in men's fashion, providing innovative, stylish, and sustainable clothing solutions that empower individuals to express their unique style with confidence."

3.3 Mission

- Provide high-quality, stylish, and comfortable clothing to our customers.
- Ensure an exceptional customer experience through our e-commerce platforms.
- Deliver innovative software solutions in backend, frontend, mobile app development, and UI/UX design.
- Maintain global standards in both the fashion and IT sectors.
- Promote sustainable practices for long-term growth and community impact.
- Foster a culture of continuous improvement and innovation in both fashion and technology.
- Build strong, lasting relationships with clients and partners through trust and reliability.

Expand our market reach globally while staying connected to our local roots.

3.4 Services of the firm

E-Commerce Sales:

- Westace BD sells men's clothing items through various e-commerce platforms, including their website, Facebook, Instagram, etc.

Men's Clothing Production:

- The company produces a wide range of men's clothing, including jeans, cargo pants, chino pants, and other apparel.

IT Solutions:

- Backend Development: Provides robust backend solutions for websites and applications.
- Frontend Development: Offers user-friendly and visually appealing frontend development services.
- App Development: Specializes in creating mobile applications tailored to client needs.
- UI/UX Design: Delivers professional user interface and user experience design services.

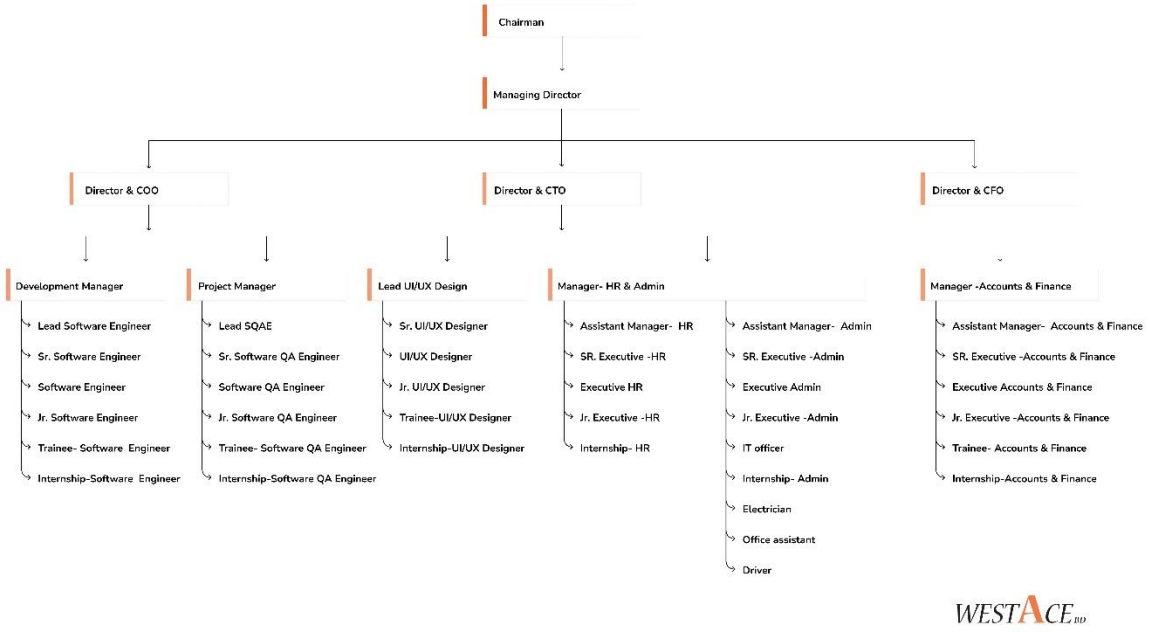
External Software Services:

- The IT wing of Westace BD also provides software development and design services to external clients, extending their expertise beyond the clothing industry.

This structure will help you present a clear and comprehensive overview of Westace BD's services.

3.5 Human Resources of the Organization

At present the organization has a total number of 130 resources. We have 3 offices in Australia, USA, Germany, with the Head office located in the UK (Canvey Island).



westAce BD Organogram

3.6 Culture and Benefits

At westAce we believe in creating an excellent culture and working environment for our employees. We understand that our team members are the backbone of our company, and we strive to create a place where they can thrive.



We have a gaming zone that our employees can use to relax and unwind after a long day of work. We also organize an annual pleasure tour for our team members to bond and have fun together.



Our team is made up of vibrant individuals who are passionate about technology and dedicated to developing amazing products. We value personal and professional growth and provide opportunities for our employees to develop their skills and advance their careers.



We have an open feedback culture where employees are encouraged to share their ideas and suggestions. We believe in creating a positive and inclusive work environment where everyone feels valued and respected.

-

Chapter Four

Financial Performance Analysis of westAce BD

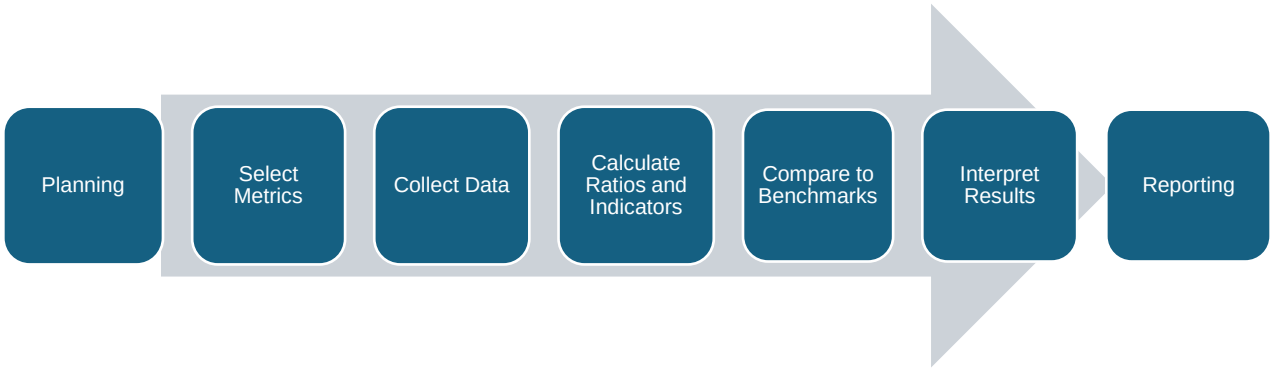
4.1 General Definition of Financial Performance Analysis

Financial Performance Analysis refers to the process of evaluating the effectiveness and efficiency of an organization's financial activities and operations. It involves analyzing various financial metrics and indicators to assess how well a company is utilizing its resources to generate profits and create value for stakeholders.

4.2 Purpose of Financial Performance Analysis

The purpose of financial performance Analysis is to provide insights into the financial health and performance of an organization, enabling stakeholders such as investors, creditors, managers, and analysts to make informed decisions. It helps in identifying areas of strength and weakness, monitoring progress toward financial goals, and guiding strategic planning and decision-making processes.

4.3 The Financial Performance Analysis Process



i. **Planning:** During the planning phase, we need to assess the whole scenario on a single page. My whole planning was based on the IT industry company.

ii. **Select Metrics:** We need to Identify and select the appropriate financial metrics and indicators to measure performance. These may include metrics such as profitability ratios, quick ratios, leverage ratios, efficiency, and others.

iii. **Collection Data:** I have collected relevant financial data from internal and external sources. This data may come from financial statements (income statement, balance sheet, cash flow statement), accounting records, management reports, industry benchmarks, or other sources.

iv. **Calculate Ratios and Indicators:** I have calculated the selected financial ratios and indicators using the collected data. This involves performing mathematical calculations based on predefined formulas for each metric.

v. **Compare to Benchmark:** I have also compared the calculated financial ratios and indicators to industry benchmarks, historical performance, or predetermined targets/goals.

vi. **Interpret Results:** Interpret the results of the financial performance Analysis analysis. Identify strengths, weaknesses, opportunities, and threats to the organization's financial health and performance.

vii. **Reporting:** Prepare reports or presentations summarizing the findings of the financial performance Analysis process. Communicate the results to relevant stakeholders, such as management, investors, creditors, regulators, or board members.

The overall process is designed to provide proper financial analysis based on financial reports. Based on that Organization can set up upcoming financial and operational performance.

4.4 Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) are specific, measurable metrics used to gauge the financial performance of a business. They provide insights into various aspects of financial health, such as profitability, liquidity, and operational efficiency.

Types of KPIs:

- **Profitability KPIs**: Gross profit margin, net profit margin, return on equity (ROE).
- **Liquidity KPIs**: Current ratio, quick ratio, cash flow from operations.
- **Efficiency KPIs**: Inventory turnover ratio, accounts receivable turnover, asset utilization ratio.
- **Leverage KPIs**: Debt-to-equity ratio, interest coverage ratio.

Purpose: KPIs help businesses track performance against strategic goals, identify areas of strength and weakness, and make informed decisions.

4.5 Benchmarking

Benchmarking is the process of comparing a company's financial metrics against those of industry peers or best practices.

Types of Benchmarking:

- **Internal Benchmarking**: Comparing performance within different departments or units of the same organization.
- **Competitive Benchmarking**: Comparing financial performance with direct competitors.
- **Functional Benchmarking**: Comparing performance against organizations with similar functions but not necessarily in the same industry.
- **Best-in-Class Benchmarking**: Comparing against the highest performers in the industry or across industries.

Purpose: Benchmarking helps identify performance gaps, set performance targets, and implement best practices.

4.6 Financial Ratios and Analysis

Financial ratios are calculations derived from financial statements to assess various aspects of a company's performance.

Types of Ratios:

- **Profitability Ratios**: Measures of how well a company generates profit relative to its revenue, assets, or equity.
- **Liquidity Ratios**: Measures of a company's ability to meet short-term obligations.
- **Leverage Ratios**: Measures of the extent of a company's financial leverage.
- **Activity Ratios**: Measures of how efficiently a company uses its assets.

Purpose: Financial ratios provide a quick snapshot of financial health and performance, facilitating more detailed analysis and comparisons.

4.7 Risk Management

Risk management involves identifying, assessing, and mitigating financial risks to protect the organization's assets and earnings.

Components:

- **Risk Identification**: Recognizing potential financial risks, such as market risk, credit risk, and operational risk.
- **Risk Assessment**: Evaluating the likelihood and impact of identified risks.
- **Risk Mitigation**: Implementing strategies to minimize or manage the impact of risks.

Purpose: Effective risk management protects the organization from potential financial losses and ensures long-term stability.

4.8 Financial Performance Analysis

Screening of Financial Reports

To make a plan properly we have to properly go through the financial reports. I have gathered data directly from the Annual report. For my analysis part I have used data for FY 2021-22 & FY 2022-23.

WestAce BD Ltd.
Statement of Financial Position
As at 30 June, 2023

Particulars	Notes	Amount in Taka	
		30 JUNE 2023	30 JUNE 2022
ASSETS:			
Non Current Assets :		**31,865,483**	**14,463,983**
Property, Plant & Equipment	3.00	31,865,483	14,463,983
Current Assets :		**66,272,069**	**66,365,784**
Advance, Deposits & Prepayments	4.00	7,283,964	6,632,443
Trade & Others Receivable	5.00	1,159,572	14,944,973
Cash and Cash Equivalents	6.00	57,828,533	44,788,368
Total Assets		**98,137,552**	**80,829,767**
EQUITY AND LIABILITIES:			
Equity :		**94,757,057**	**79,395,840**
Share capital	7.00	1,000,000	1,000,000
Retained Earnings	8.00	93,757,057	78,395,840
Current Liabilities:		**3,380,495**	**1,433,927**
Liabilities for Expenses	9.00	1,579,651	685,981
Trade & Others Payable	10.00	927,423	747,946
Liabilities for WPPF	16.00	873,421	-
Total Equity & Liabilities		**98,137,552**	**80,829,767**

The annexed notes form an integral part of these financial statements.

WestAce BD Ltd.

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June, 2023

Particulars	Notes	Amount in Taka	
		30 JUNE 2023	30 JUNE 2022
Revenue	11.00	138,686,183	121,398,028
Less : Cost of Service Provided	12.00	117,638,392	67,909,351
Gross profit		**21,047,791**	**53,488,677**
Operating Expenses			
Administrative expenses	13.00	23,589,615	10,341,580
		23,589,615	10,341,580
Operating Income		**(2,541,824)**	**43,147,097**
Less: Finance Expenses	14.00	188,337	119,130
Add: Non Operating Income	15.00	21,072,000	3,725,100
Profit before Contribution to WPPF		**18,341,838**	**46,753,067**
Contribution to WPPF (Expenses)	16.00	873,421	-
Profit before Income Tax		**17,468,417**	**46,753,067**
Less: Income tax expense		2,107,200	372,400
Net Profit/(loss) after tax		**15,361,217**	**46,380,667**
Total Comprehensive Income for the year		**15,361,217**	**46,380,667**

The annexed notes form an integral part of these financial statements.

4.9 Comparative Analysis

Non-Current Assets

FY	2022-23	2021-22	Growth in Amount	In %
	BDT	BDT	BDT	
Property, Plant & Equipment's	31,865,483	14,463,983	17,401,500	120%

We can see the non-current asset of WestAce BD goes up more than double in FY 2022-23. Growth was almost 120%. The main reason was there both new offices (Dhanmondi and Chattogram were under development).

Current Assets

FY	2022-23	2021-22	Growth in Amount	In %
	BDT	BDT	BDT	
Advance, Deposit & Prepayments	7,283,964	6,632,443	651,521	10%
Trade & Others Receivables	1,159,572	14,944,973	(13,785,401)	-92%
Cash & Cash Equivalents	57,828,533	44,788,368	13,040,165	29%

Advance, Deposit & Prepayments increased by 10%, and it's quite logical as construction work was going on there might be some advance paid to the supplier. Also, as the new office was hired advance lease payment was another reason to increase that part.

Trade & Others Receivables are going down a lot compared to last year. It is almost a 92% decline compared with FY 2021-22. We have received more money from receivables.

Cash & Cash Equivalents look like a fair growth of around 29%. Getting more money from suppliers from receivables is one of the major reasons for jumping cash higher compared to last financial year.

Equity

FY	2022-23	2021-22	Growth in Amount	In %
	BDT	BDT	BDT	
Share Capital	1,000,000	1,000,000	-	0%
Retained Earnings	93,757,057	78,395,840	15,361,217	20%

Share Capital remains unchanged as no movement was found in the shareholding structure.

Retained Earnings go up 20% because of profit made during the year.

Current Liabilities

FY	2022-23	2021-22	Growth in Amount	In %
	BDT	BDT	BDT	
Labilities for Expenses	1,579,651	685,981	893,670	130%
Trade & Others Payables	927,423	747,946	179,477	24%
Liabilities for WPPF	873,421	-	873,421	NA

Liabilities for expenses, also known as provision for expenses raise 130% because of the Earn Leave bonus provision. Sudden business expansion and huge recruitment happened during the year.

Around a 24% increase is shown in Trade & Others Payables. Provision for Tax and few payables to regular suppliers were due at that point.

WPPF also known as Workers Profit Participation Fund newly introduced in WestAce BD. As per Bangladesh Labor Act 2006 (Amendment-2013) the amount is computed at 5% of the net profit before Income Tax.

Profit or Loss and Other Comprehensive Income Analysis

FY	2022-23	2021-22	Growth in Amount	Growth In %
	BDT	BDT	BDT	
Revenue	138,686,183	121,398,028	17,288,155	14%
COGS	117,638,392	67,909,351	49,729,041	73%
Administrative Expenses	23,589,615	10,341,580	13,248,035	128%
Finance Expenses	188,337	119,130	69,207	58%
Non Operating Income	21,072,000	3,725,100	17,346,900	466%
Income Tax	2,107,200	372,400	1,734,800	466%

Revenue was increased by 14% due to having more workflow from clients.

COGS increased by 73% and in a normal view it's not normal but there are some specific reasons for this. First, salaries were increased a lot due to having an increment in Jan'23 and new staff recruitment for upcoming projects. Another reason for this is the festival bonus, performance bonus, provident fund, and Internet bandwidth expansion for three offices.

Administrative expenses rose by 128%, which is more than double. Major expenses were office transportation, lunch and snacks for staff, local and foreign travel for staff and management team, health benefits, repair, and maintenance, etc.

Finance expenses look quite normal. As business grows you must consume charges.

Non-operating income generated from cash incentives. As per the Bangladesh bank circular, ITES services are about to get a 10% incentive from export.

For income Tax IT companies are exempt till Jun'24 for export sales. So, it's the same 10% that which bank deducted from the cash incentive.

Ratio Analysis

FY	2022-23	2021-22
Current Ratio **Formula: Current Assets/Current Liabilities**	20	46

WestAce BD.'s current year current ratio decreased compared to last year. But it is still far ahead of the industry average. A good company should have 1.2 to 2. Another noticeable issue is holding too much cash during both years.

FY	2022-23	2021-22
Quick Ratio **Formula: [Current Assets – Prepaid expenses] / Current Liabilities**	17	42

Again, the same reason is that holding too much cash at a bank quick ratio looks abnormal compared with industry standards. Better financial planning or investment could help to increase profit besides following the industry average.

FY	2022-23	2021-22
Return on Capital Employed (ROCE) **Formula: EBIT/ Total Assets - Current Liabilities**	18%	59%

We can see around a 41% decline in ROCE during the year. The main reason was the lower profit margin compared with last financial year. The good industry average should be 20%. Better cost control or looking after areas to increase revenue could help to hit the desired margin.

FY	2022-23	2021-22
Gross Profit Margin **Formula: (Net Sales – COGS)/Net Sales**	15%	44%

As per industry standards 50% and above is the safe place. In both years it was below standard and in 2022-23 it looks very concerning. Too much recruitment and its impact (payroll & bonus etc.) affected badly here.

FY	2022-23	2021-22
Net Profit Margin **Formula: Net Profit/Net Sales**	11%	38%

A good IT company maintains its net profit margin of around 20%. In FY 2021-22 it was well above standard but dramatically fall in FY 2022-23. The main reason was sales have not increased compared to cost we have consumed.

4.10 SWOT Analysis

The SWOT analysis technique is a more effective tool for identifying strengths and weaknesses and tracking growth – when a business is regularly assessed, its development can be tracked more easily. After a few evaluations, it is evident which aspects of the company require immediate attention.



Strengths:

i. Have offices in 4 countries. It's easier for them to attend meetings, fairs, and conferences daily to capture more organic clients.
ii. Our company apparel have international brand value.
iii. Largest A/B testing-based IT company in Bangladesh.
iv. Very experienced and proven team to deliver tasks within the promised time.
v. A very affordable rate is offered for the newsletter.
vi. Flexible credit term offered.

Weakness:

i. The main product is A/B testing where sometimes it becomes very difficult to capture new others' work from the market.
ii. There is a shortage of well-trained developers for A/B testing in the market.
iii. High turnover of employees than expected for similar roles all the time.
iv. Very new in the USA so it will be challenging to get some good clients compared with the UK.
v. Currently our westAce Bangladesh office face some challenges for digital marketing cause of efficient employee.

Opportunities:

i. Our clothing brand has the opportunity to expand its business in Canada, as we are seeing a significant number of orders coming from there. Currently, we fulfill these Canadian orders by shipping from the USA
ii. To be aligned with the current rapid advancement of technologies (artificial intelligence, blockchain, etc.) westAce BD could develop by itself too as they have well trained 130 resources.
iii. Like the USA the whole Europe market is also lucrative. Besides A/B testing WestAce should plan for some full stack development, python work, Shopify work, and Magneto work to make future risk balanced.
iv. There are lots of local works in Bangladesh where WestAce could contribute and earn.

Threats:

i. Currently WestAce is facing too much competition from rivals. Daily new players are entering the market to challenge more.
ii. Rapid technological changes are affecting us a lot. Without having a proper research and development center it will be challenging for WestAce to sustain in the long run.
iii. Resources are becoming more costly.

Chapter Five
Findings

5.1 Findings

- ### Unused Office Space

Around 50% of resource space is still unoccupied. Where we are paying lots of money for rent and maintenance. It's still not clear when the project will be available to make this place fully occupied. Still nothing from management for an alternative plan for this place.

- ### Revenue vs COGS

Compared with last year's revenue and its COGS with the current year, revenue has not increased in line with COGS consumption. It’s a clear indication of the sudden loss of major clients.

- ### Probable Loss-making Company

In FY 2022-23 without adding a cash incentive that is not related to operation we are going to make a loss. It's a clear indication that costs are too large compared with revenue.

- ### Learning Limitation

After interviewing a few employees, I have discovered that a certain portion of employees are not happy with only A/B testing work. They want various kinds of testing with proper setup.

- ### Lack of Internal Audit Team

There is no monitoring team or internal Audit team to identify and raise issues specifically. Most of the time issues have been identified but nothing is resolved properly without having the proper concerned people.

- ### Inefficient Cost Management

The clothing wing struggles with cost management, particularly in inventory handling, logistics, and promotional expenses, which impact overall profitability.

- ### Customer Retention Issues

While the clothing wing has been successful in acquiring new customers, retention rates remain low, leading to higher acquisition costs and inconsistent sales.

- ### Lack of Product Diversification

The clothing e-commerce wing primarily focuses on a narrow range of men’s fashion products, which limits its ability to attract a broader customer base and diversify revenue streams.

- ### Inconsistent Digital Strategy

The company’s digital marketing efforts for the clothing wing are inconsistent, resulting in suboptimal brand visibility and customer engagement, particularly in global markets.

Chapter Six
Recommendations and Conclusion

6.1. Recommendations

- ### Investment of Surplus Fund

There is no point in holding such liquid cash as the operational bank account doesn't pay handsome returns for holding cash there. It's always better to invest the surplus fund in safe places with proper returns.

- ### Unused Office Space

As almost 50% of the space in the uttara Office is still unoccupied let's rent it out or use it for another business unit if possible. Then we can recover its minimum cost for sustain.

- ### Assets

As per financial reports of FY 2022-23 total non-current assets have grown more than double. Proper investigation should have happened when we have surplus assets based on actual projects in hand. If we have any surplus let's decide to utilize them to earn something.

- ### Revenue

Revenue should have been increased with alignment with cogs. Need to review all client's agreements timely and send reminders for renewal. The budget projection for revenue needs to be accurate based on the actual active contract.

- ### COGS

There should be some surplus resources and we need to identify them and if needed release them. As there are very few revenue increases compared with last year there are so many resources without proper work.

- ### Administrative Expenses

There are a few major items like travel, conveyance, and tour, staff entertainment costs are increasing a lot compared with last year. A proper investigation needs to be carried out to make sure valid office expenses.

- ### Diversification

Besides A/B testing WestAce should try to work with Python, Shopify, magneto, etc.(for IT part) and new product packing system need to try (for clothing part) It will help to diversify business and operational risks. It will also help employees to get refreshments between switching tasks.

6.2 Conclusion

Despite WestAce BD's extensive network of branches, skilled employees, and a loyal customer base, its profitability ratios and overall profit margins currently lag behind key competitors. This discrepancy points to significant untapped potential and opportunities for improvement. With a solid foundation already in place, WestAce BD has the capacity to drive growth and strengthen its financial position.

By adhering to international quality standards, focusing on operational efficiency, and leveraging innovative solutions in both its clothing and IT sectors, the company can enhance its competitive edge. Furthermore, strategic investments in marketing, product diversification, and digital transformation can contribute to increasing both revenue and profit margins.

As WestAce BD refines its focus on core areas like cost management, customer engagement, and global market expansion, it is well-poised to capitalize on new growth opportunities. With the right leadership and strategic vision, the company has the potential to not only improve its profitability but also set industry standards, positioning itself as a market leader in both the apparel and IT sectors. We remain optimistic that, with these efforts, WestAce BD will achieve sustained financial success and long-term market dominance.

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