Internship Report
on
Financial Statement Analysis of Modern Enterprise

Supervised by:
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ID: 221-14-370
Program: MBA
Major in Accounting
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Date of Submission: 22ndDecember, 2023

Letter of Submission

December 22nd, 2023

Dr. Md. Abdur Rouf
Associate Professor & Director MBA Program
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University.

Subject: Submission of Internship Report on Financial Statement Analysis of Modern Enterprise.

Dear Sir,
With great delight and modest surrender, I am presenting my report during my time as an intern, which was completed under your kind supervision and covers Financial Statement Analysis of Modern Enterprise, to you in partial completion of the criteria for the MBA degree (Major in Accounting). It was my top responsibility to create this report by the best standard and recommended format possible, using all of my dedication, expertise, and effort.

Working under your insightful supervision has been an incredible honor and privilege that has motivated me to put my all into making this report a success.

Sincerely yours,

Juhirul Islam

....
(Md. Juhirul Islam)
ID No.: 221-14-370
Major in Accounting
Program: MBA
The Department of Business Administration
Daffodil International University

Approval of Internship Report

This certifies that the task titled "Financial Statement Analysis at Modern Enterprise" was written by Md. Juhirul Islam, ID number 221-14-370, is a major in Accounting at Daffodil International University, Department of Business Administration. Additionally, the internship report was finished under my supervision and turned in to partially fulfill the requirements for Daffodil International University's Master of Business Administration (MBA) degree (Daffodil Smart City Campus). I hope he has the highest moral success in life.

....

Dr. Md. Abdur Rouf
Associate Professor of Accounting
Department of Business Administration
Daffodil International University

MODERN ENTERPRISE

House # 1/9, (1st Floor), Kazi Nazrul Islam Road, Mohammadpur, Dhaka-1207. Bangladesh.
Tel : 02-8100824, E-mail : moderndhaka8@gmail.com

Letter of Authorization

Md. Juhirul Islam
1590, Paterbag,
South Donia, Kadomtoli,
Donia-1236, Dhaka.

Dear Mr. Md Juhirul Islam

Internship

We are pleased to inform that your assignment as an Intern, in the Accounts Division of MODERN ENTERPRISE, with effect from 1st August 2023. The assignment expected to be completed within 3 months for which you will receive an allowance of Tk 7,000 per month. You will report to **Mr. Md. Himel, Head of Accounts & Finance Division**.

We expect your sincere effort for successful completion of the assignment.

With Regards,

Modern Enterprise
Proprietor

MODERN ENTERPRISE DHAKA

Md.Mahfuzur Rahaman
Managing Director
MODERN ENTERPRISE

Reg. Office : House-152/2 (1st Floor) Green Road , Dhaka-1205, Bangladesh.

STUDENT'S DECLARATION

I therefore really affirm that the work I have completed for the internship report is unique to me and hasn't been submitted for credit toward a degree or certificate to any other university, college, or organization.

As required by Daffodil International University for the Master of Business Administration degree, I, Md. Juhirul Islam, ID no. 221-14-370, certifies that I wrote the internship report on **"Financial Statement Analysis of Modern Enterprise"** that was submitted.

No aspect of the work I have given is plagiarized from any previously completed degree-granting or other work, and the work does not violate any copyrights.

I also promise to compensate for any harm caused by my failure to uphold the aforementioned duties.

Juhirul Islam

…………………………..

(Md Juhirul Islam)
ID no. 221-14-370
Major in Accounting
Department of Business Administration,
Daffodil International University

Recognition

I want to start by expressing my gratitude to the Almighty for providing me with the courage, chance, and sound mind necessary to finish the internship report. I am appreciative of several people for helping me to successfully finish my internship report.

Firstly, I would like to express my gratitude to Dr. Md. Abdur Rouf, Professor, who oversees my internship and provided guidance and encouragement while I worked on this fascinating subject for my report on intern. I feel that they will help me a great deal in developing my professional skills and launching my future career.

I like to express my gratitude to Mr. Md. Himel, Leader of Accounts & Finance Division, my external supervisor, for his guidance and assistance throughout my time at Modern Enterprise. Throughout the internship program, he was a great assistance and gave me all the information I needed to produce my report. It improved my understanding of company culture in the real world.

My sincere gratitude is extended to everyone who participated and provided direct or indirect assistance in the preparation of this report. All of this would not have been feasible without them.

Table of Articles

Chapter One
Introduction

1.1 Overview of the Research

Financial statement analysis is the systematic process of examining and evaluating a company's financial statements in light of its growth, profitability, liquidity, solvency, and operational effectiveness. Making the greatest possible financial decisions is crucial. Financial statements include the cash argument, equilibrium sheet, and income statement, which are concise accounts of a business's financial transactions. shift in the equity. Analyzing financial statements is necessary to assess an organization's risks, performance, financial situation, and prospects. The financial accounts of Modern Enterprise are examined in this research.

1.2 The Study's Inception

Three three-month internships at a company are required for the Master of Business Administration (MBA) degree at the university. After the internships, students must write an internship report on a subject selected by the supervisor at the university. In order to partially meet the requirements for the MBA degree, I must complete the internship at Modern Enterprise and prepare the report on the financial statement analysis of Modern Enterprise that my supervisor assigned me.

1.3 Importance of the Research

In Bangladesh, Modern Enterprise is a well-known supplier and service provider of inkjet date coding printer ink. For use in the food and beverage, extrusion, cable and wire, co-pharmaceutical and healthcare, electronic components, automotive, construction, and other industrial sectors, it offers a wide range of ink and solvent kinds. Experienced experts offer machine repair services.

1.4 Objective of the Study

- To know the financial position of Modern Enterprise.
- To know the profitability and solvency of Modern Enterprise.
- To find some problems and give recommendations.

1.5 Study Scope

The observations and information gained during the "Modern Enterprise" internship term are the basis for preparing this report. The financial statement analysis that provides a broad overview of the financial situation and financial performance of "Modern Enterprise" will be the main emphasis of the report. As a result, just the viewpoint of "Modern Enterprise" will be covered in this study. Those who are just interested in learning about the financial performance of "Modern Enterprise" could find some inspiration in this report.

1.6 The study's methodology

Depending on the subject of research, several kinds of research techniques are utilized in studies. Because the focus of this research is financial statement analysis, certain procedures were used to meet the study's goals, maximizing scope usage and minimizing constraints to set up the study's final product.

i. Qualitative Method

The qualitative approach is focused on characterizing meaning and quality or type.

ii. Quantitative Method

The quantitative measures of some qualities serve as the foundation for quantitative research. It is useful for phenomena that have a quantitative expression. To do statistical content analysis and assess the significance of the results, I utilized quantitative techniques in this study.

iii. Analytical Method

In analytical research, the investigator must utilize pre-existing facts or information and do critical analysis on it in order to arrive at a conclusion. In this study, I assessed the financial performance of the "Modern Enterprise" using the analytical approach for ratio analysis.

iv. Descriptive Method

Surveys and many types of inquiry into the facts are included in descriptive research. A description of the current condition of affairs is the main goal of descriptive research.

1.7 Sources of information

Data have been gathered from two different sources, including primary and secondary sources. Primary sources of data are those from which the researcher obtains information directly via fieldwork, whereas secondary sources of information include information that has previously been gathered by another researcher. From this vantage point, I additionally gathered information from secondary and primary sources.

a) Primary Sources of data

- ❖ In-person discussion with the relevant "Modern Enterprise" leaders.
- ❖ Interview with the accountable officers verbally.
- ❖ By examining multiple departments within the "Modern Enterprise".

b) Secondary sources of data

- ❖ Reports issued annually by "Modern Enterprise"
- ❖ The yearly budget of "Modern Enterprise"
- ❖ Research related to the appropriate document as supplied by the relevant officers.
- ❖ Website of "Modern Enterprise" along with other relevant websites

1.8 Limitations of the Study

I put my best effort and careful consideration into preparing this report. Nevertheless, there were some challenges in getting the necessary data. In our nation, microfinance is not considered an advanced field. The mechanism for maintaining books and records has not advanced significantly. Information collection is further hampered by the limited use of technology. Furthermore, maintaining data in hard form makes it much more difficult to remove it for report creation needs. In addition to this, the following list includes some other restrictions encountered during the report's preparation:

1. Inadequate Data:

It was challenging to get the necessary data due to the dearth of information on Modern Enterprises' import business operations.

2. Lack of Record:

The group placed constraints on studies that made it impossible to do more. Inadequacy of adequate written documentation to perform a complete analysis of the necessary. Frequently, current information was unavailable.

3. Lack of experience:

Experience has been a hindrance to the rhythmic investigation of the topic. Since I worked for the company, I was unable to discuss any delicate matters.

4. Legal Bindings:

The management was hesitant to give some sensitive material because of certain legal requirements and strategic confidentiality.

5. Study is limited:

This study is restricted to the published data that is currently accessible, together with a limited number of official and informal interviews and surveys.

6. Extensive nature of the Study:

Even though this specific study is rather large, great effort was made to make it valuable and significant, despite certain constraints.

7. Strategic restrictions on disclosure of some information:

The officials of the company were prohibited from disclosing some kinds of information because of security concerns and other business commitments.

Chapter Two
Organizational Profile

2.1 About Modern Enterprise :

Modern Enterprise is a well-known ink provider in Bangladesh as well as a distributor of Ec-Jet Inkjet Date Coding Printers. China is where it was made and assembled. The purpose of modern enterprise is to assist and collaborate with end users to fulfill their objectives. Foods, beverages, medications, feeds, cables, PVC pipes, cosmetics, steel, eggs, spices, pesticides, etc. are the primary business areas we concentrate on. We carry a large selection of Food-Grade ink as well as ink in the colors Black, White, Blue, Green, and Yellow. We print information on products such as the MRP price, batch number, MFG and EXP dates, etc. Our motto is "Solutions built on Value, Service, and Integrity". Also, skilled experts offer equipment repair services. The difference between "I wish we could" and "Look what we did!" is what makes us valuable.

2.2 Logo of Modern Enterprise:

2.3 Slogans of the organization:

QUALITY WITH MORALITY

2.4 Mission, Vision & Goals:

Mission and Vision

Mission:

The mission of MODERN ENTERPRISE is to establish and run one stop services are provided by experienced engineers to all customers.

- Increase employee
- Create a brunch of our company in the country

Vision:

The vision of MODERN ENTERPRISE has the following long-term objectives:

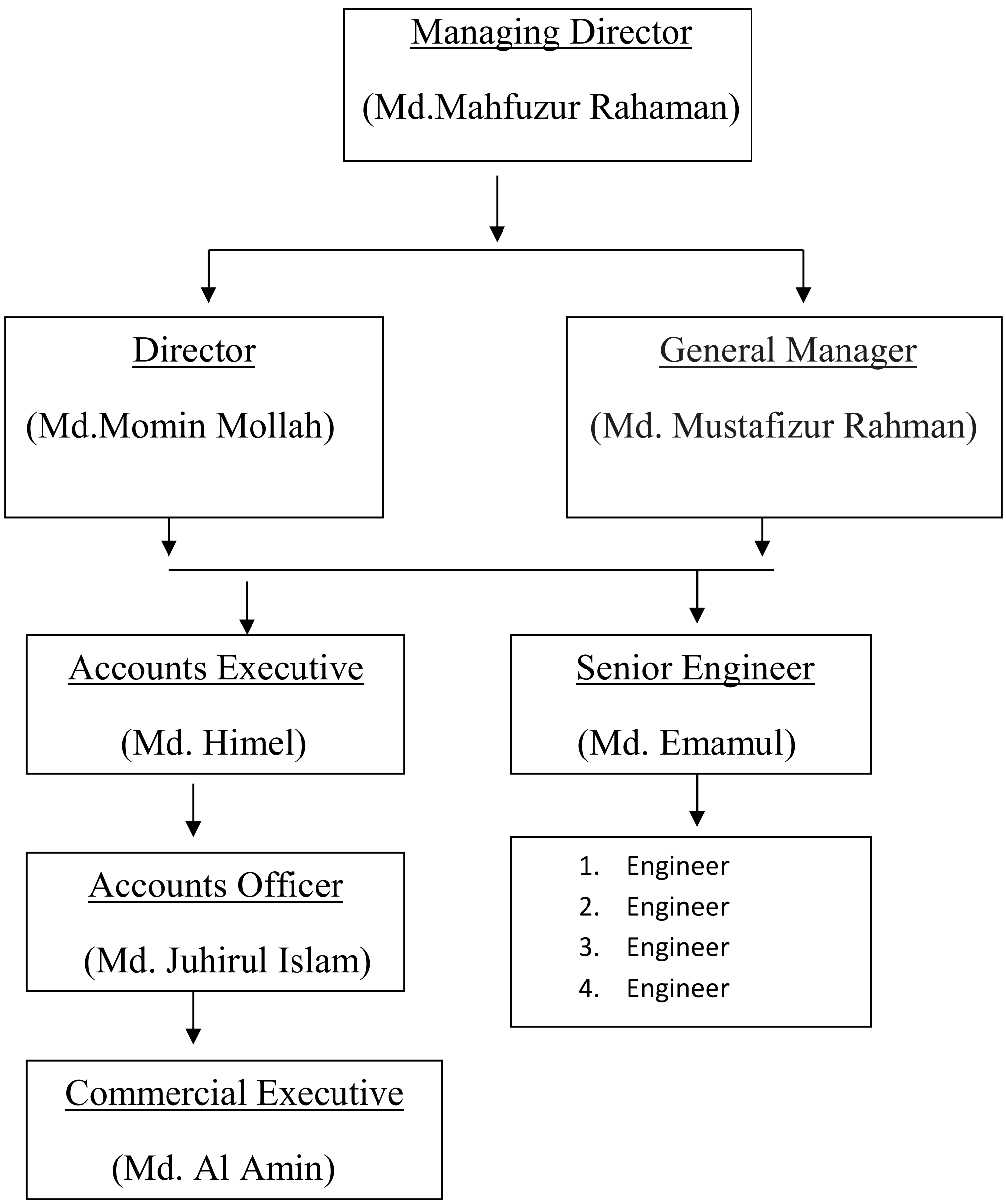
- To be a model in providing the best quality service in the country.
- To contribute significantly to achieving
- Operate internationally in Global standards in collaboration with international.

Goal of the Company:

Our goal is straightforward: we want to help clients, one at a time, by offering the best equipment (DOD, CIJ, Laser, TIJ, and High Definition Print) at an affordable cost of ownership and by creating application-specific solutions.

a. To achieve national.
b. To ensure employment opportunity.
c. To contribute to the GDP.
d. Ensuring welfare for the employee
e. Ensuring a hygienic environment at the workplace.

2.5. Company Management and members:



2.7 Accounting Practice in Modern Enterprise:

Daily tasks:

- Cash book
- Debit Voucher posting
- Credit voucher posting
- Journal Voucher posting
- Cash register
- Cheque register
- Cost analysis
- Profit or loss analysis
- Customers dues collection
- Supplier bill posting
- Suppliers (party) ledger posting

Monthly tasks:

- Profit & Loss Accounts
- Depreciation
- Bank reconciliation
- Balance Sheet

Yearly:

- Budget
- Audit
- Tax assessment
- Credit rating

Report

- Receipt & Payment
- P/L Account
- Department wise Income Statement
- Bank Reconciliation
- Monthly Suppliers (Liabilities) bill
- Monthly Liabilities Report
- Accounts Receivable collection dues list

Meeting

- Weekly departmental meeting
- Monthly store co-ordination meeting
- Weekly purchase co-ordination meeting

Software

- Tally ERP9

Chapter Three
Theoretical Framework

3.1 Introduction

A key tool for implementing strategies is financial statement analysis, which enables a company to assess the anticipated outcomes of different courses of action and methodologies. Financial ratio comparisons, both to industry norms and to previous years' results, offer important information on how feasible certain plan implementation strategies are.

3.2 Financial Statement Analysis

The practice of analyzing financial data to support investment and financial decision-making is known as financial statement analysis. Managers can identify issue areas inside the company and analyze efficiency with the use of financial analysis. Additionally, it aids management in determining the firm's strengths and where to expand. Financial analysis is helpful to investors thinking about purchasing security and credit managers assessing loan requests from the outside. It does this by deciphering the hints about a company's future that may be found in its recent past, enabling insightful projections of future performance. It assists investors in determining if a firm is a creditworthy borrower or if its shares are worth purchasing. The choice made by a stock investor ultimately comes down to valuation opinions. We purchase a firm if we believe its worth exceeds its market price, based on projections of future performance. If not, we don't. To put it briefly, the quality of the projections and business values that financial statement analysis generates determines a significant portion of its utility. A comprehensive financial statement analysis must go through four consecutive processes in order to generate predictions and values that assist investors in determining where their capital is likely to earn its maximum risk-adjusted returns:

a. Industry and business analysis

It lists the primary rivals in the business's sector, the principal dangers to the company's operations, and the origins and durability of competitive advantage.

b. Analysis of accounting

It lists the decisions management has made on accounting policy and assesses how acceptable those decisions are.

c. Examining finances

Using financial records and associated data, it assesses a company's historical performance and attempts to ascertain how sustainable that performance is.

3.3 Income Statement

Income statements give a company's operating summary for a certain time period. Income statements that typically cover a one-year period at a given date—typically, December 31 of the calendar year.

3.4 Balance Sheet

A balance sheet provides an overview of the company's financial situation at a specific point in time. The balance sheet shows the firm's assets, debt, and equity at a specific point in time.

3.5 Ratio Analysis

Ratio analysis is the process of deciphering and computing financial data in order to assess and track the company's financial performance. The firm's balance sheet and income statement serve as the foundation for ratio analysis.

3.6 Comparison Types

• Time series analysis: Using financial analysis, assess the company's financial performance over some time.
• Cross-sectional Analysis: A comparison of the financial ratios of several firms at the same period.

3.7 Importance of Ratio Use

- For comparison with other financial statement ratios.
- To compare financial statements from the previous year using the same ratios.
- To contrast with performance standards.

3.8 Warnings

Before talking about certain ratios, we should think about heeding the warnings.

• It is impossible to evaluate sufficient information with a single ratio.
• Verify that the dates of the financial statements under comparison occur at the same time.
• Ratio calculations should not be used instead of audited financial statements.

Chapter Four
Financial Statement Analysis of Modern Enterprise

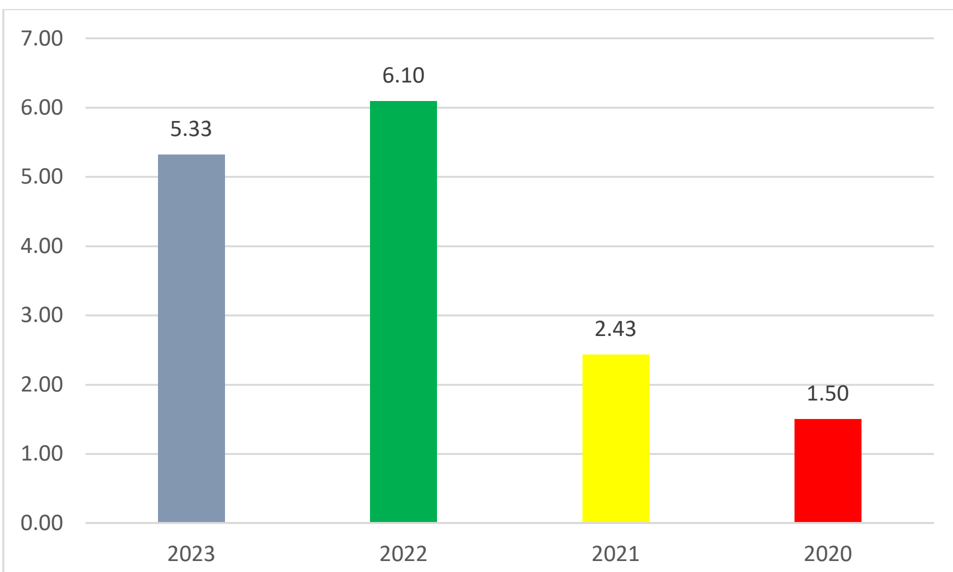
❖ **Liquidity Ratio**

4.1Current ratio

The current ratio evaluates a company's capacity to cover its immediate liabilities with its current assets. Because there are short-term commitments within the next year, the current ratio is essential for assessing the liquidity of the organization.

Current Ratio=Current Asset/Current Liabilities

Current Ratio				
Year	**2020**	**2021**	**2022**	**2023**
Ratio	5.33:1	6.10:1	2.43:1	1.50:1



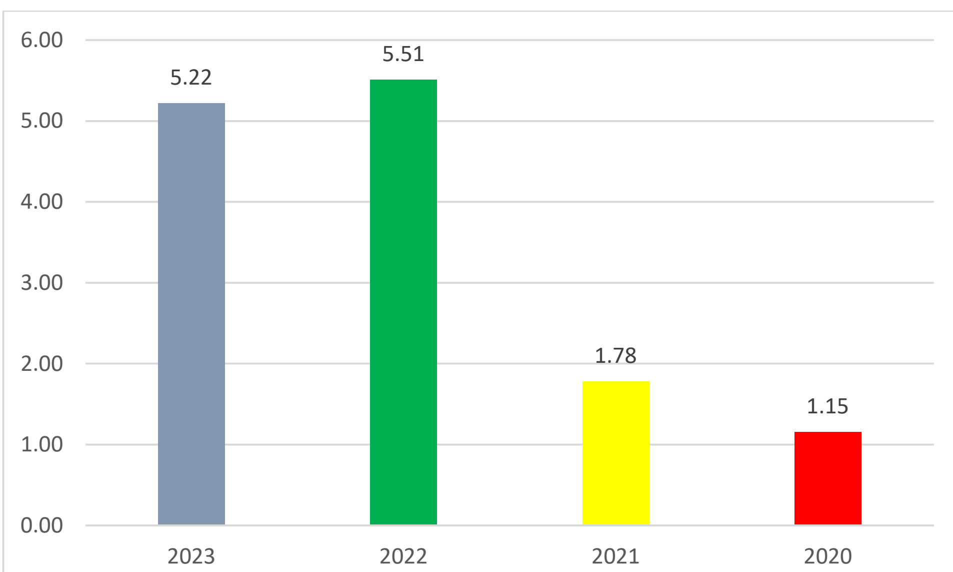
Interpretation: A current ratio of 1.1 to 2 is considered as the norm. If the ratio is less than 1, it can be difficult for a firm to pay current liabilities. If the ratio is greater than 1 which indicates to a company that it is able to cover its entire short-term obligation. Here we can see that the current ratio of Modern Enterprise is 1.50:1 in 2020, 2.43:1 in 2021, 6.10:1 in 2022 and 5.33:1 in 2023. This indicates that the Modern Enterprise current liquidity. The position is not bad.

4.1Acid-test or Quick ratio

The current ratio assesses how well a business can use its current assets to pay down its immediate liabilities. Given the upcoming year's short-term obligations, the organization's liquidity must be evaluated using the current ratio.

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

Quick Ratio				
Year	**2023**	**2022**	**2021**	**2020**
Ratio	5.22:1	5.51:1	1.78:1	1.15:1



Interpretation: The higher the ratio indicates the favorable financial health of a company where there if the ratio is equal to 1 then the company has just 1 taka to recover their every 1 taka current liabilities. Here, we observe that Modern Enterprise's fast ratio is 1.15:1 in 2020, 1.78:1 in 2021, 5.51:1 in 2022 and 5.22:1 in 2023. This indicates that Modern Enterprise can be paid off their current liabilities within a short time period. The position is good.

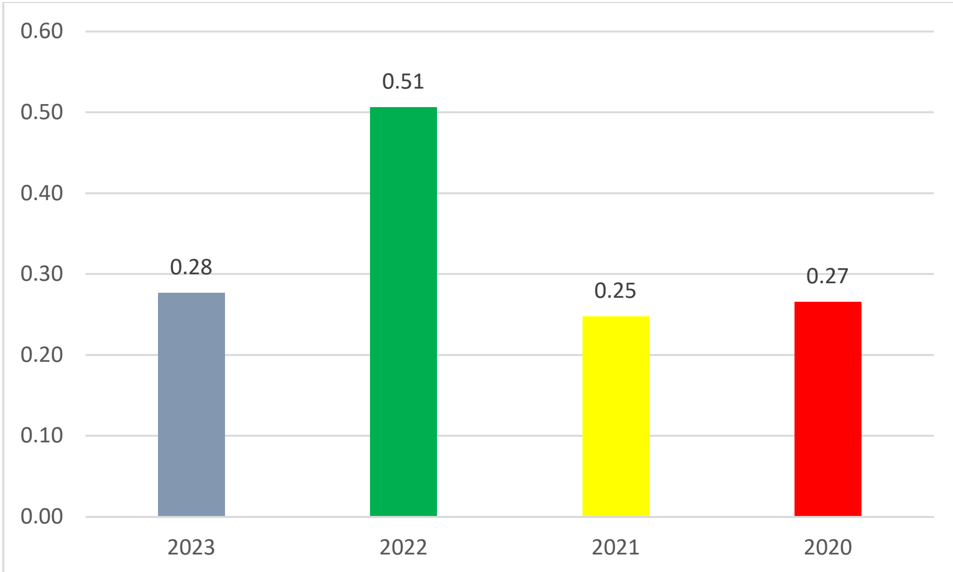
❖ Leverage Ratio

4.2Debt ratio

The debt ratio is called financial ratio that measures the leverage of a firm. If the debt ratio is 1 or more than 1 indicates that the company is more leveraged that could bring high financial risk but the benchmark of the ratio varies on the nature of the industry.

Debt Ratio = (Total Debt / Total Assets) X 100

Debt Ratio				
Year	**2023**	**2022**	**2021**	**2020**
Percentage of Ratio	0.28%	0.51%	0.25%	0.27%



Interpretation: Here we can see that the debt ratio of Modern Enterprise is 0.27% in 2020, 0.25%in 2021, 0.51% in 2022 and 0.28% in 2023. Modern Enterprise has a debt ratio of less than 1% which tells us that the company owns more assets than its debt. The fact that Modern Enterprise's debt ratio is less than one indicates that it has more assets than debt.

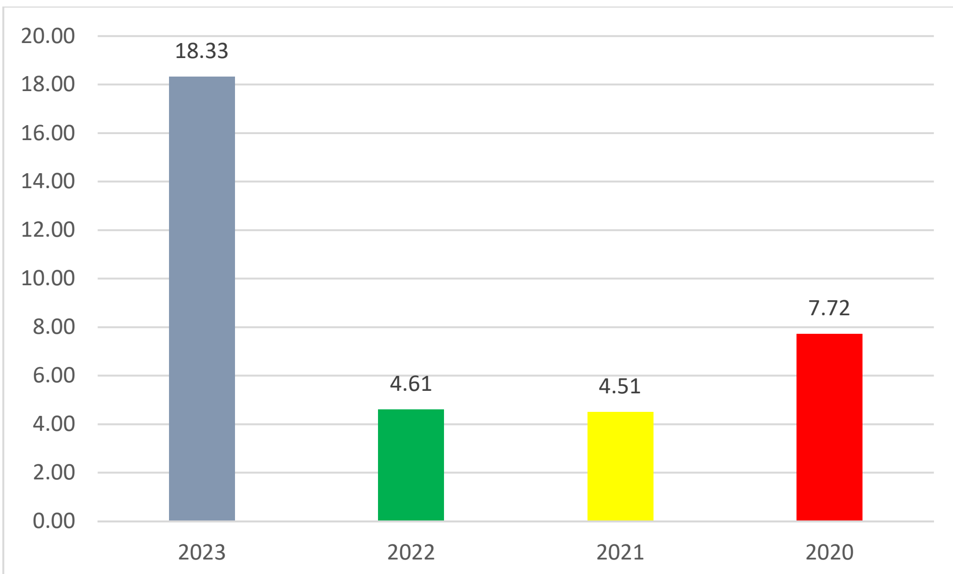
❖ Activity Ratio

4.3Inventory Turnover Ratio

Inventory turnover is the rate that inventory stock is sold, or used, and replaced. The inventory turnover ratio is calculated by dividing the cost of goods by average inventory for the same period. A higher ratio tends to point to strong sales and a lower one to weak sales

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

Inventory Turnover Ratio				
Year	**2023**	**2022**	**2021**	**2020**
Times	18.33	4.61	4.51	7.72



Interpretation: Inventory turnover measures how often a company replaces inventory relative to its cost of sales. Here we can see that the debt ratio of Modern Enterprise is 7.72 times in 2020, 4.51timesin 2021, 4.61 times in 2022 and 18.33 times in 2023. Generally higher ratio is better. A low inventory turnover ratio might be a sign of weak sales or excessive inventory, also known as overstocking.

❖ **Profitability Ratio**

4.5 Margin of Net Profit

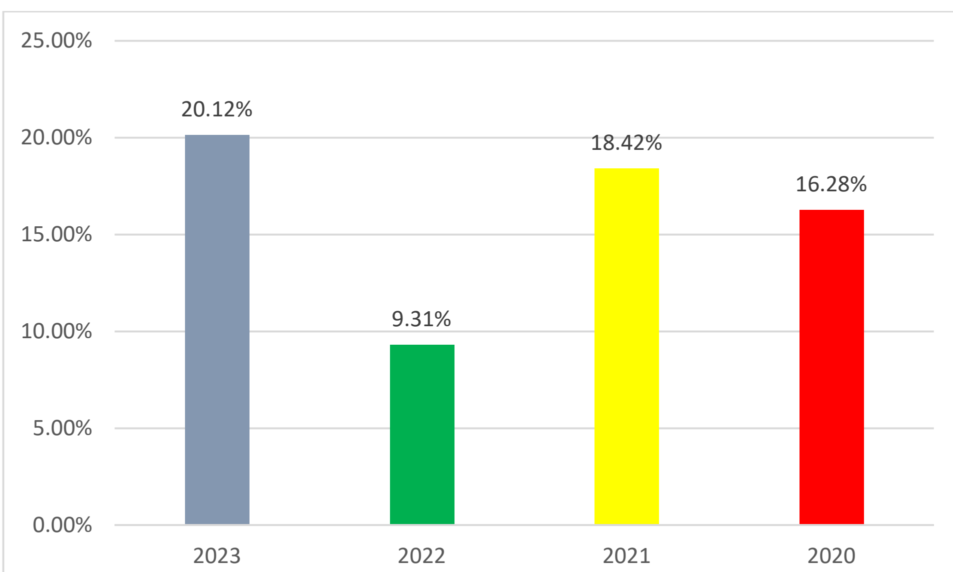
The proportion of money or profit made as a percentage of income is known as the net profit margin. The ratio of a company's net profit to its earnings is known as its net profit margin.

Net Profit Margin=Net profit after tax ÷ operating income

Graphical Presentation:

Net Profit Margin				
Year	**2023**	**2022**	**2021**	**2020**
Percentage of Ratio	20.12%	9.31%	18.42%	16.28%

Source: Annual report of Modern Enterprise



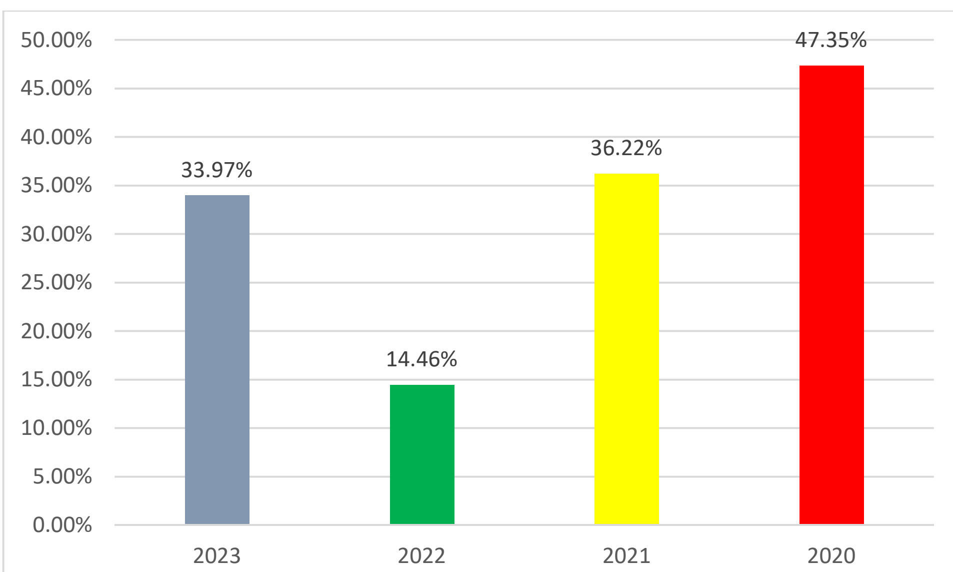
Interpretation: Here we can see that the debt ratio of Modern Enterprise is 16.28% times in 2020, 18.4% in 2021, .31% in 2022 and 20.12% in 2023. This indicates that Modern Enterprise profit is higher than other years. The net profit margin has decreased from 2020 to2023which indicates that Modern Enterprise is effectively running its company.

4.6Return on Assets (ROA)

Return on assets (ROA) is a ratio that measures a company's earnings before interest and tax (EBIT), compared to a company's total net asset.

Return on Asset (ROA) = (Net Profit after tax ÷ Average Total Asset) X 100

Return on Total Asset				
Year	**2023**	**2022**	**2021**	**2020**
Percentage of Ratio	33.97%	14.46%	36.22%	47.35%



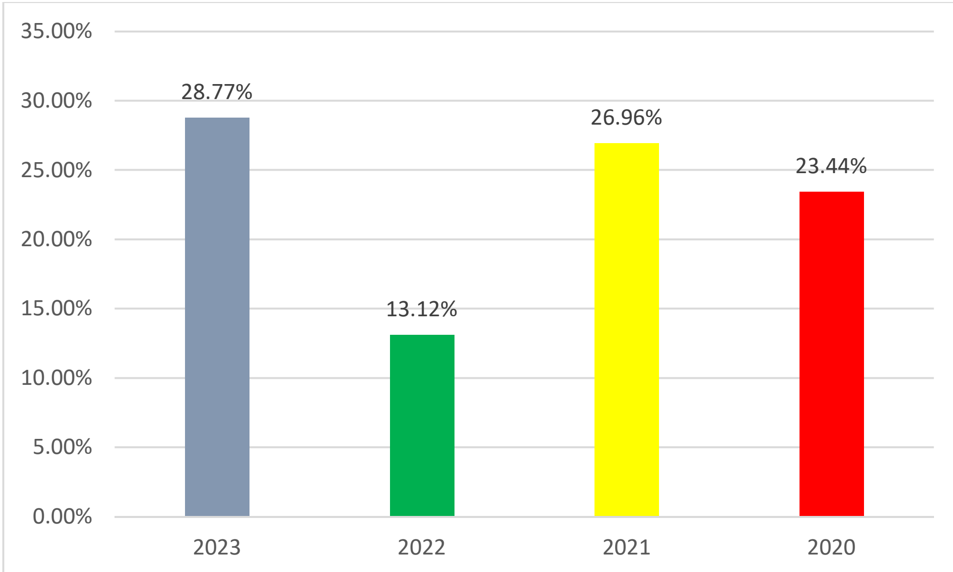
Interpretation: From the graph it is shown that the return on assets decreased slightly from 2020 to 2022 and it decreased somewhat in 2021 and 2022, it was 36.22% and 14.46% respectively. According to the graph in 2023, assets were the highest 33.97% on return. This represent that the 2023 year make the most revenue.

4.7 Operating Profit Margin

The ratio of operating income to net sales is known as the operating profit margin. After taking into consideration the variable costs of manufacturing, it calculates profitability on a per-Taka basis; interest and tax expenses are not included. Additionally known as a profitability ratio, operational profit margin is the percentage of net income that comes from operating profit margin and also indicates the percentage of revenue that may be used to cover any non-operating costs. It also explains how the business supports its operations, as a company's stability may be determined by how well it supports its activities.

Operating Profit Margin = (Operating Profit / Net Sales) X 100

Operating Profit Margin				
Year	**2023**	**2022**	**2021**	**2020**
Percentage of Ratio	28.77%	13.12%	26.96%	23.44%



Interpretation: Here we can see that the debt ratio of Modern Enterprise is 23.44% times in 2020, 26.96% in 2021, 13.12% in 2022 and 28.77% in 2023. The higher the ratio indicates a more favorable situation like Modern Enterprise has continuously increased the period 2023 year. From 2020 to 2021 the ratio raised almost and in 2022 decrease.

Chapter Five
Findings, Recommendations and Conclusion

5.1 Findings:

The most crucial instrument and method for determining a company's profitability and liquidity is ratio analysis. It gauges the effectiveness with which we may use our capital—whether owned or borrowed—without having to pay additional costs. By offering effective asset management strategies via ratio analysis, it also aids in preserving an organization's ability to repay debt. Comparing a company's performance inside itself is also beneficial because ratio analysis is the most popular and trustworthy way to analyze financial results. The results of this investigation may now be stated as follows.

- The company "Modern Enterprise" has excellent solvency because of its better current and quick ratios, which indicate that it can pay off both short- and long-term debt.
- Since the net profit margin is now higher than in prior years, this performance must possibly hold steady for a few more years.
- The corporation should spend its earnings on other new projects to increase profits, as the return on assets is often high.
- The company's operation profit margin and net sales are in standard condition since the operation profit margin is now in a strong position.
- The current financial status of Modern Enterprise is excellent.
- Profitability The enterprise's equity, balance sheet assets, and ability to generate profits from sales and operations are all in good condition.
- Inventory turnover quantifies the frequency with which a business replenishes its stock about its cost of sales. The inventory turnover ratio for modern enterprises is in excellent shape.

5.2 Recommendations:

- This research provided me with some useful knowledge. All of Modern Enterprise's ratios have been doing really well, so it would be happy to keep them operating at the current levels of profitability and liquidity. Therefore, this performance must go on for at least a few more years in a row.

- Despite the expectation of improved Return on Equity and Return on Investment performance. The performance of Return on Equity was strong over the years.

- Moreover, solvency ratios perform admirably.

- All things considered, Modern Enterprise will continue to thrive admirably, and we anticipate even greater financial results in the future.

5.3 Conclusion

I've done my best to compile my internship report out of appreciation for my Daffodil International University MBA course. This internship course's primary goals are to introduce the student to a work and help them understand the extent of organizational attachment. Practically speaking, I can say with confidence that I have liked my internship at this company since day one. In addition, although though this mandatory internship program for my MBA degree is brief, it has undoubtedly given me more time to consider my career options. I have made every effort to include the research report with the pertinent data that I want for my report.

5.4 Bibliography

A. Books

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B. Reports

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3. MODERN ENTERPRISE, Annual Report 2022
4. MODERN ENTERPRISE, Annual Report 2023

C. Email

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