

Internship Report
On
Financial Performance Analysis of Imperial Hotel Management
Training Institute.

Submitted to:

Controller of examination
National University

Supervised by:

Shakila Jahan Nipa

Assistant Professor, BBA Program

Co-ordinator, Marketing & Promotion Department

Daffodil Institute of Information Technology (DIIT)

Submitted by:

Saif Akter

Roll No.: 2181856

Registration No.: 17501002856

Major in Finance & Banking

Session: 2017-18

Program: BBA Professional



National University, Bangladesh

Date of Submission:

19th October, 2023

Letter of Transmittal

Controller of Examination
National University
Gazipur- 1704

Subject: Submission of Internship Report

Dear Sir,

This is my pleasure to submit the study report on **Financial Performance Analysis of Imperial Hotel Management Training Institute**, which I was assigned. This is a great chance for me to acquire knowledge and experience in respect of performing this report.

This is assigned to me as partial requirement for the completion of BBA program. Throughout the study I have tried with the best of my capacity to accommodate as much information and relevant issues as possible and tried to follow the instructions you have suggested. I tried my best to make this report as much informative as possible. I sincerely believe that it will satisfy your requirements. However sincerely I believe that this report will serve the purpose of my project submission program.

I gave my best efforts to achieve the objectives of this report and hope that my endeavor will serve the purpose. Besides, I have followed your remarks and instructions very carefully while preparing this report. I tried the best to maintain your schedule, format and discipline.

Thank you for your kind consideration.

Sincerely yours

.....
Saif Akter

Roll No.: 2181856

Registration No.: 17501002856

Major in Finance & Banking

Session: 2017-18

Program: BBA Professional

Daffodil Institute of Information Technology (DIIT)

National University (NU)

Supervisor's Declaration

This is to certify that, Saif Akter, Student of Bachelor of Business Administration (BBA), major in Finance of Daffodil Institute of IT (DIIT) has completed this Internship Report on **Financial Performance Analysis of Imperial Hotel Management Training Institute**. He has completed this Internship report satisfactorily under my supervision as he partial fulfillment for the award of BBA degree.

He has done his job according to my supervision and guidance. He has tried his best to do this successfully. I think his study will help him in future to up build his career. I wish him every success in life.

.....
Shakila Jahan Nipa
Assistant Professor, BBA Program
Co-ordinator, Marketing & Promotion Department
Daffodil Institute of Information Technology (DIIT)

Student's Declaration

I hereby declare that the study of the report the **Financial Performance Analysis of Imperial Hotel Management Training Institute** includes the result of my own works, pursued under the supervision of Shakila Jahan Nipa, Assistant Professor of BBA Program, Daffodil Institute of IT (DIIT).

I also like to declare that this report paper is my original work and is prepared for academic purpose which is a part of BBA program.

.....
Saif Akter

Roll No.: 2181856

Registration No.: 17501002856

Major in Finance & Banking

Session: 2017-18

Program: BBA Professional

Daffodil Institute of Information Technology (DIIT)

National University (NU)

Acknowledgement

First, I would to thank Almighty Allah who gave me the opportunity to prepare this Internship Report. I also give thanks to the respondents who give their valuable opinion and help me to prepare my survey properly. This report has created a deal of interest to me.

Preparation of this report received assistance, guidance, and too valuable time from many important and prestigious personalities. I would like to express my appreciation to my supervisor Shakila Jahan Nipa, Assistant Professor, Department of Business Administration, Daffodil Institute of IT (DIIT) and I like to give my cordial gratitude to Lakkhan Chandra Robi Das, Head, BBA program, Daffodil Institute of IT (DIIT). I would like to give my cordial respect to Professor Dr. Mohammed Shakhawat Hossain, Principal, Daffodil Institute of IT (DIIT). I would like to give thanks to Mahamudur Rahman, Director & CEO, Imperial Hotel Management Training Institute.

I would like to thank the authority of the Daffodil Institute of IT (DIIT) for allowing me to do my report here.

Executive Summary

The Internship report is prepared as a requirement of BBA program of Daffodil Institute of Information and Technology. This report is on “Financial Performance Analysis of Imperial Hotel Management Training Institute”. This report is intended to assist the reader in detailed understanding the financial performance of an institute. The purpose of this report is to have an idea about the “Financial Performance of an Institute of Bangladesh in tourism sector.

This internship report was prepared on the basis of financial performance from 2021 to 2023 of this Institute. IHMTI started its journey on 11th January of 2021 recognize as the private organization. The study is based on annual report of 2021-2023 year by using the updated data about their business era.

The report is prepared in five chapters. In First chapter the report covers with Introductory part i.e. introduction of the report, rationale of the report, objectives of the Report, research methodology, and limitation of the report.

In second chapter the report deals with organizational part. This part contains the Mission, vision, and overall organization profile of Imperial Hotel Management Training Institute.

In third chapter, theoretical overview of financial performance evaluation.

In fourth chapter there are different type ratios which will be analyzed for measuring the financial position and performance also shown in both mathematically and Graphically

Fifth chapter is the last part of this report. In this part I have include Findings, Recommendations & conclusion of Imperial Hotel Management Training Institute.

Table of Contents

SL.NO.	Particulars	Page No.
01	Letter of Transmittal	i
02	Supervisor's Declaration	ii
03	Students Declaration	iii
04	Acknowledgement	iv
05	Executive Summary	v
Chapter 1: Introduction		
1.1	Introduction	1
1.2	Origin of the Report	1
1.3	Objectives of the Report	1-2
1.4	Methodology	2-3
1.5	Scope of the Report	3
1.6	Limitations of the Study	4
Chapter 2: Company Overview		
2.1	Company Profile	6
2.2	Mission of IHMTI	6
2.3	Vision of IHMTI	7
2.4	Objectives of IHMTI	7-8
2.5	Strategies of IHMTI	8-9
2.6	Corporate Focus	9
2.7	Management Hierarchy of IHMTI	10
2.8	IHMTI Strength	11
Chapter 3: Theoretical Overview		
3.1	Financial Performance Analysis	13-14
3.2	Types of Financial Analysis	14
3.2.1	Vertical Analysis	15
3.2.2	Horizontal Analysis	15
3.2.3	Leverage Analysis	16
3.2.4	Growth Analysis	16

3.2.5	Profitability Analysis	17
3.2.6	Liquidity Analysis	18
3.2.7	Rates of Return	19-20
Chapter 4: Analysis of Financial Performance		
4.1	Current Ratio	22
4.2	Quick Ratio	23
4.3	Account Receivable Turnover	24
4.4	Account Payable Turnover	25
4.5	Fixed Asset Turnover	26
4.6	Total Asset Turnover	27
4.7	Net Profit Margin	28
4.8	Gross Profit Margin	29
4.9	Return On Asset	30
4.10	Operating Profit Margin	31
4.11	Debt Ratio	32
Chapter 5: Findings, Recommendations and Conclusion		
5.1	Findings	34
5.2	Recommendations	35
5.3	Conclusion	36
5.4	Bibliography	37
5.5	Appendix	38-41

Chapter-1

Introduction

1.1 Introduction:

Institutions and educational organizations are crucial in determining how people will develop in the future and how society will function overall in the dynamic and ever-changing educational landscape of today. One important component of their operations that is frequently examined and assessed is their financial performance. There are many different stakeholders who need to understand an institute's financial health, including students, parents, faculty, staff, investors, and policymakers.. For my internship program, according to the requirement of my course I was assigned to Imperial Hotel Management Training Institute. During my internship program I have prepared report on **“Financial Performance Analysis of Imperial Hotel Management Training Institute”** under the supervisor of **Shakila Jahan Nipa**, Assistant Professor, Department of Business Administration, Daffodil Institute of IT (DIIT).

1.2 Origin of the Report:

Basic economic and financial principles are the foundation for the examination of financial performance in educational institutions. For millennia, budgeting, resource allocation, and financial analysis have been crucial components of management. Academic scholars, policymakers, and education specialists have all contributed to the topic's evolution. They have performed research and created frameworks to evaluate financial success.

1.3 Objectives of the study:

The report has two objectives

- A. Broad Objectives
- B. Specific Objectives

- **Broad Objectives:**

The broad objectives of this study are to understand and analyze the Financial Performance Evaluation of Imperial Hotel Management Training Institute.

- **Specific Objectives:**

1. To analyze the activities of the company
2. To evaluate the financial performance of the company from 2020-2022.
3. To find out the problems of the company.
4. To provide some recommendations about the problems of the company

1.4 Methodology:

The study on the financial performance of an institute outlines the approach and techniques that will be used to gather and analyze data. The choice of methodology depends on the research objectives, available resources, and the nature of the study. Here's a general outline of the methodology for such a study.

Data Collection:

- **Primary Data:** Involves collecting data directly from the institute, which may include financial statements, budgets, reports, and other internal documents.
- **Secondary Data:** Utilizing publicly available data, such as government reports, accreditation agency reports, or data from national educational databases.
- **Surveys or Interviews:** Conducting surveys or interviews with key personnel within the institute, like financial officers, administrators, and stakeholders, to gain insights into the financial management processes.

Data Analysis:

- **Quantitative Analysis:** Applying statistical and financial analysis techniques to quantify and assess the financial data. Common quantitative methods include ratio analysis, trend analysis, and financial modeling.
- **Qualitative Analysis:** If interviews or surveys are conducted, qualitative data analysis techniques, such as content analysis or thematic coding, can be employed to extract meaningful insights.

1.5 Scope of the Report:

Depending on the resources available, the educational goal of the institution, and market demand, a training institute's scope might range from being very general to being quite specialized. Training facilities are essential for closing the skills gap, getting people ready for the workforce, and encouraging lifelong learning. Their reach can change over time to accommodate new technology and shifting industrial demands

1.6 Limitations of the Study:

The limitations can vary depending on various factors, including the type of training, the resources available, and the specific goals of the institute. Here are some common limitations that training institutes may face:

- Training institutes may have limitations in terms of funding, facilities, and equipment. This can affect their ability to provide high-quality training programs.
- The location of the institute can be a limitation, especially if it's not easily accessible for potential students. This can affect enrollment
- Maintaining consistent quality in training can be a challenge for some institutes, particularly if they lack standardized processes for assessment and improvement.
- The cost of tuition and fees can be a significant limitation for potential students, potentially restricting access to those who can't afford it.
- The presence of other training institutes in the same area can create competition for students and resources.
- If the institute does not provide opportunities for students to network with professionals in their field, it can be a limitation in terms of career development.

Training institutes should focus on continuous improvement, staying updated with industry trends, and ensuring they have the necessary resources and expertise to provide high-quality education and training. It's important for both students and institutes to carefully evaluate the institute's offerings and address any limitations that may impact their educational goals.

Chapter- 2

Company Overview

2.1 Company Profile:

Imperial Hotel Management Training Institute is one of the leading private institutes of Hotel Management in Bangladesh that has achieved tremendous popularity and credibility among the people for its product & services. It is an accredited and renowned private organization located in G.P.O, Dhaka, Bangladesh. This is an independent institute with its own board of trustees. The institute offers several programs in Diploma and under Diploma level from its available faculties. If anyone find themselves passionate about cooking or baking and consider preparing food as an art, they can think about pursuing a career in this field. To becomes a chef.

2.2 Mission of IHMTI:

The mission of conducting a financial performance analysis for a training institute is to provide a comprehensive and data-driven assessment of the institute's financial health and efficiency.

In all this voices, we are here to navigate you towards a perfect path which will establish confident, passion, professional knowledge, skills and positive attitude.

Their mission is to build skill human resources to master the arts of Hospitality as per the standard of modern culinary world.

2.3 Vision of IHMTI:

"The vision of this financial performance analysis study is to empower the training institute to achieve and maintain financial sustainability while fostering transparency, accountability, and continuous improvement. By providing data-driven insights and recommendations, the study aims to support the institute's mission of delivering high-quality education and training, ensuring that its financial decisions are aligned with its educational goals and that it remains a resilient and innovative institution in an ever-changing landscape."

2.4 Objectives of IHMTI:

The objectives of conducting a financial performance analysis for a institute are to gain a deeper understanding of its financial health, identify areas of strength and weakness, and make informed decisions to improve its financial stability and efficiency. Here are the key objectives of such a study.

- Determine the overall financial health of the training institute by analyzing its financial statements and ratios. This includes assessing its solvency, liquidity, and profitability.
- Evaluate the profitability of the institute to understand if it is generating a sufficient return on its investments and if there is room for improvement.
- Identify areas where the institute can improve cost efficiency, reduce unnecessary expenses, and optimize resource allocation.
- Determine the institute's ability to meet short-term financial obligations and identify any potential liquidity challenges.
- Examine long-term financial trends to make predictions about the institute's financial future and identify areas where improvements or changes are needed.

- Provide insights and recommendations to help the management team and stakeholders make informed decisions on resource allocation, investment, and financial management.
- Identify potential financial risks and propose strategies to mitigate or manage them, ensuring the institute's financial stability and sustainability.
- Conduct a financial SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis to provide a holistic view of the institute's financial position.

2.5 Strategies of IHMTI:

To conduct an effective financial performance analysis of a training institute, several key strategies should be employed. These strategies are designed to ensure that the analysis is comprehensive, accurate, and insightful. Here are some key strategies for conducting the study:

- **Define Clear Objectives:** Begin by clearly defining the objectives of the study, such as assessing financial health, identifying areas for improvement, and supporting strategic decision-making.
- **Ratio Analysis:** Utilize financial ratios (e.g., liquidity ratios, profitability ratios, and efficiency ratios) to assess different aspects of the institute's financial performance. Compare these ratios to industry benchmarks.
- **Trend Analysis:** Analyze financial data over several years to identify trends and patterns in revenue, expenses, and key financial metrics. This can help in making predictions and assessing long-term financial health.
- **Cash Flow Analysis:** Examine cash flow statements to understand how cash is generated and used in operations, investing, and financing activities. Assess the institute's cash management practices.

- **Cost Analysis:** Break down expenses into categories to identify areas where cost reductions or optimizations can be made, without compromising the quality of education and training.
- **Liquidity Management:** Analyze the institute's ability to meet short-term financial obligations and make recommendations for maintaining healthy liquidity.
- **Stakeholder Engagement:** Involve key stakeholders, such as the board of directors, management, and financial experts, to gather diverse perspectives and expertise.
- **Continuous Monitoring:** Establish a framework for ongoing financial monitoring and analysis, allowing for regular updates and adjustments to financial strategies as needed.

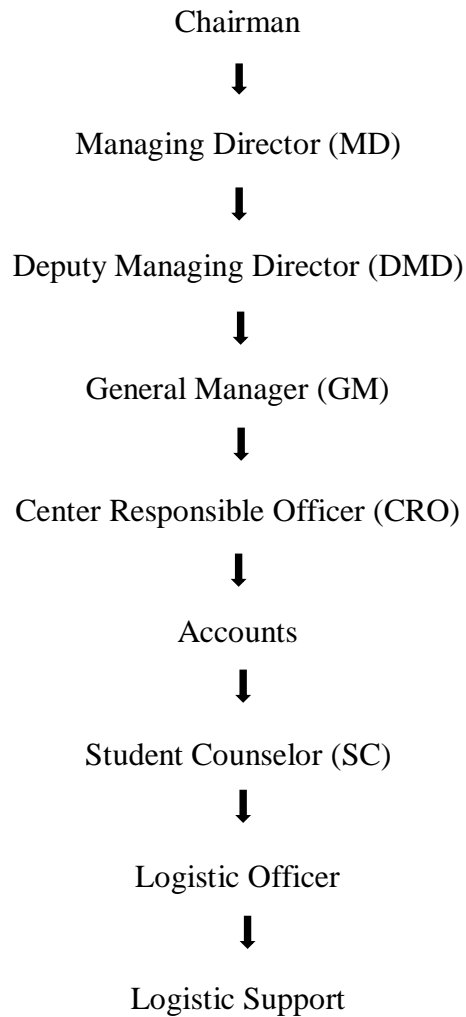
2.6 Corporate Focus:

Our vision, mission, and our objectives are to emphasize on the quality of product, process and service leading to growth of the company imbued with good governance practices.

..

2.7 Management hierarchy of Imperial Hotel Management Training Institute

Management hierarchy of Imperial Hotel Management Training Institute is given below:



2.8 IHMTI Strength

The strength of a financial performance analysis study for a training institute lies in its ability to provide valuable insights and drive positive outcomes for the organization. Here are some of the strengths of such a study:

- **Informed Decision-Making:** The study empowers the institute's management and stakeholders to make data-driven decisions regarding budgeting, resource allocation, and financial planning.
- **Financial Health Assessment:** It offers a comprehensive assessment of the training institute's financial health, helping to identify areas of strength and weakness.
- **Strategic Alignment:** It ensures that financial strategies align with the institute's mission and long-term goals, supporting its overall strategic planning.
- **Liquidity Management:** It assesses the institute's ability to meet short-term financial obligations, promoting sound liquidity management practices.
- **Long-Term Planning:** Through trend analysis, the study assists in long-term financial planning, helping the institute anticipate and adapt to changing economic conditions.
- **Continuous Improvement:** By establishing a framework for ongoing financial monitoring and analysis, the study promotes continuous improvement in financial performance.
- **Objective Analysis:** Financial performance analysis is conducted using objective financial metrics, reducing the influence of subjectivity in decision-making.

Chapter-3

Theoretical Overview

3.1 Financial Performance Analysis

Financial performance analysis is the process of evaluating and assessing an organization's financial health, efficiency, and overall performance by analyzing its financial statements, ratios, and other financial data. The primary goal of financial performance analysis is to gain insights into an organization's financial strengths and weaknesses, make informed decisions, and develop strategies to enhance its financial stability and profitability.

Key components of financial performance analysis typically include:

- **Financial Statements Analysis:** Reviewing and interpreting financial statements, including the income statement, balance sheet, and cash flow statement, to understand the organization's financial performance and position.
- **Ratio Analysis:** Calculating and analyzing various financial ratios, such as liquidity ratios, profitability ratios, leverage ratios, and efficiency ratios, to assess different aspects of the organization's financial performance.
- **Trend Analysis:** Evaluating financial data over time to identify patterns and trends, which can help in making predictions and understanding the organization's historical financial performance?
- **Benchmarking:** Comparing an organization's financial performance with industry benchmarks, competitors, or its own historical performance to gauge its relative strength and areas for improvement.
- **Budget vs. Actual Analysis:** Comparing budgeted financial figures with actual financial results to determine the organization's budget adherence and the reasons for variances.

- **Cash Flow Analysis:** Examining the organization's cash flow statement to understand how cash is generated and used in its operations, investing, and financing activities.
- **Risk Assessment:** Identifying potential financial risks and challenges that the organization may face and proposing strategies to mitigate these risks.
- **Strategic Alignment:** Ensuring that financial strategies are aligned with the organization's broader mission, vision, and strategic objectives.

Financial performance analysis is an essential tool for organizations, whether they are businesses, non-profit entities, government agencies, or educational institutions. It provides stakeholders, including management, investors, lenders, and governing bodies, with valuable insights to make informed decisions, manage financial resources effectively, and plan for the future.

3.2 Types of Financial Analysis

The most common types of financial analysis are:

1. Vertical
2. Horizontal
3. Leverage
4. Growth
5. Profitability
6. Liquidity
7. Efficiency
8. Rates of Return

3.2.1 Vertical Analysis

Vertical analysis, also known as common-size analysis, is a technique used to analyze a company's financial statements by expressing each line item as a percentage of common base, typically total revenue (for the income statement) or total assets (for the balance sheet). This allows for a better understanding of the relative proportion of each item within the financial statements. In the context of a financial performance analysis for a training institute, vertical analysis can be applied to the income statement and balance sheet.

Vertical analysis is useful for comparing the relative composition of financial statements over time, benchmarking against industry standards, or comparing different organizations. It can help identify trends and potential areas for further investigation, such as cost overruns or shifts in the composition of assets and liabilities.

3.2.2 Horizontal Analysis

Horizontal analysis, also known as trend analysis, is a financial analysis technique used to evaluate the changes in financial data and performance over multiple reporting periods. In the context of a financial performance analysis for a training institute, horizontal analysis involves comparing financial data for different years or periods to identify trends and changes. This analysis can be applied to both the income statement and balance sheet.

Horizontal analysis provides insights into the organization's financial performance trends, enabling you to identify areas of improvement or concern. It helps stakeholders understand how the institute's financial position and operations have evolved over time and can inform decision-making and strategic planning.

3.2.3 Leverage Analysis

Leverage analysis, also known as financial leverage analysis, involves assessing the level of debt and the impact of debt on an organization's financial performance and risk. In the context of a financial performance analysis for a training institute, leverage analysis can help evaluate the institute's capital structure, solvency, and the risks associated with its debt.

Leverage analysis allows you to assess the extent to which the training institute has used debt as a source of financing and how that leverage affects its financial stability and risk. It can also help in making informed decisions about managing debt, refinancing, or reducing leverage if necessary. Ultimately, the goal is to strike a balance between leveraging resources for growth and maintaining a manageable level of debt to avoid financial distress.

Common examples of ratios include:

Debt/equity

Determine the amount of debt on the institute's balance sheet, including both short-term and long-term debt. This can be expressed in terms of total debt or specific debt instruments.

$$\text{Debt to Equity Ratio} = \text{Total Debt} / \text{Shareholders Equity}$$

3.2.4 Growth Rates

Growth rates are a key aspect of financial performance analysis and are used to evaluate how various financial metrics have changed over time. Growth rates provide insights into the organization's financial progress and trends. Common examples of analyzing growth include:

- Year-over-year (YOY)
- Regression Analysis
- Bottom-up analysis
- Top-down analysis
- Other forecasting methods

3.2.5 Profitability Analysis

Profitability analysis is a crucial component of financial performance analysis for a training institute. It assesses the institute's ability to generate profit from its operations and provides insights into its financial sustainability and overall performance. Several key profitability metrics and factors can be considered in this analysis:

Gross Profit Margin: The gross profit margin measures the percentage of revenue that remains after deducting only the cost of goods sold (COGS). It provides insights into the institute's core profitability before considering operating expenses. The formula is:

$$\text{Gross Profit Margin} = [(\text{Total Revenue} - \text{COGS}) / \text{Total Revenue}] \times 100$$

A higher gross profit margin suggests that the institute is effectively managing its cost of goods sold.

Net Profit Margin: The net profit margin measures the percentage of revenue that remains as profit after all expenses, including operating costs, taxes, and interest, have been deducted. The formula is:

$$\text{Net Profit Margin} = (\text{Net Profit} / \text{Total Revenue}) \times 100$$

A higher net profit margin indicates that the institute is more efficient at converting its revenue into profit.

Earnings before Interest and Taxes (EBIT) Margin: EBIT margin reflects the profitability of the institute's core operations before considering interest and taxes. The formula is:

$$\text{EBIT Margin} = (\text{EBIT} / \text{Total Revenue}) \times 100$$

A higher EBIT margin indicates stronger core operational profitability.

3.2.6 Liquidity Ratio

Liquidity ratios are used to assess the training institute's ability to meet its short-term financial obligations and are crucial for ensuring financial stability. Two common liquidity ratios are the current ratio and the quick ratio (acid-test ratio).

Current Ratio:

The current ratio measures the institute's ability to meet its short-term liabilities with its short-term assets.

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

Current assets typically include cash, accounts receivable, and other assets that can be quickly converted into cash. Current liabilities include obligations due within one year, such as accounts payable and short-term debt.

A current ratio greater than 1 indicates that the institute has more current assets than current liabilities, which is generally considered a positive sign. However, an excessively high ratio may suggest inefficient use of assets.

Quick Ratio (Acid-Test Ratio):

The quick ratio is a more conservative measure of liquidity as it excludes inventory, which is less liquid, from current assets.

$$\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$$

This ratio is particularly useful for organizations where inventory turnover is relatively slow. A quick ratio greater than 1 suggests that the institute can meet its short-term liabilities without relying on the sale of inventory.

3.2.7 Rates of Return

At the end of the day, investors, lenders, and finance professionals, in general, are focused on what type of risk-adjusted rate of return they can earn on their money. As such, assessing rates of return on investment (ROI) is critical in the industry.

Common examples of rates of return measures include:

Return on Equity (ROE)

Return on Equity (ROE) is a financial ratio that measures the profitability and efficiency of a company or institution in generating profit from its shareholders' equity. In the context of a training institute, ROE assesses how effectively the institute uses the equity provided by its owners or shareholders to generate profit. It is a valuable indicator of the institute's financial performance and management efficiency.

The formula for calculating ROE is as follows:

$$\text{ROE} = (\text{Net Profit} / \text{Shareholders' Equity}) \times 100$$

Net Profit: This is the income left after deducting all operating expenses, interest, taxes, and other costs from the total revenue. It represents the institute's profit generated from its operations.

Shareholders' Equity: This represents the owners' stake in the institute and is typically the sum of common stock, retained earnings, and other components of equity. It is the amount of assets that remain for the shareholders after all liabilities have been deducted.

Return on Assets (ROA)

Return on Assets (ROA) is a financial ratio that measures an organization's ability to generate profit from its total assets. In the context of a training institute, ROA evaluates how efficiently the institute uses its assets to produce earnings. It is a crucial metric for assessing operational efficiency and the overall performance of the institute.

The formula for calculating ROA is as follows:

$$\text{ROA} = (\text{Net Profit} / \text{Total Assets}) \times 100$$

Net Profit: This represents the income remaining after all operating expenses, interest, taxes, and other costs have been deducted from the total revenue. It reflects the institute's profitability.

Total Assets: This includes all the assets that the institute uses to support its operations, such as buildings, equipment, cash, accounts receivable, and other investments.

Chapter-4

Analysis of Financial Performance

Financial Performance Evaluation

4.1 Current Ratio

The current ratio is a financial ratio that measures a company's ability to cover its short-term liabilities with its short-term assets. It's calculated by dividing current assets by current liabilities. It shows the level of current assets that a particular firm has against per taka of current liabilities of that firm. Current ratio is calculated by dividing firm's current asset by current liability.

Current Ratio = Current ratio ÷ Current Liability

Table: Current Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	1.44	1.45	2.15

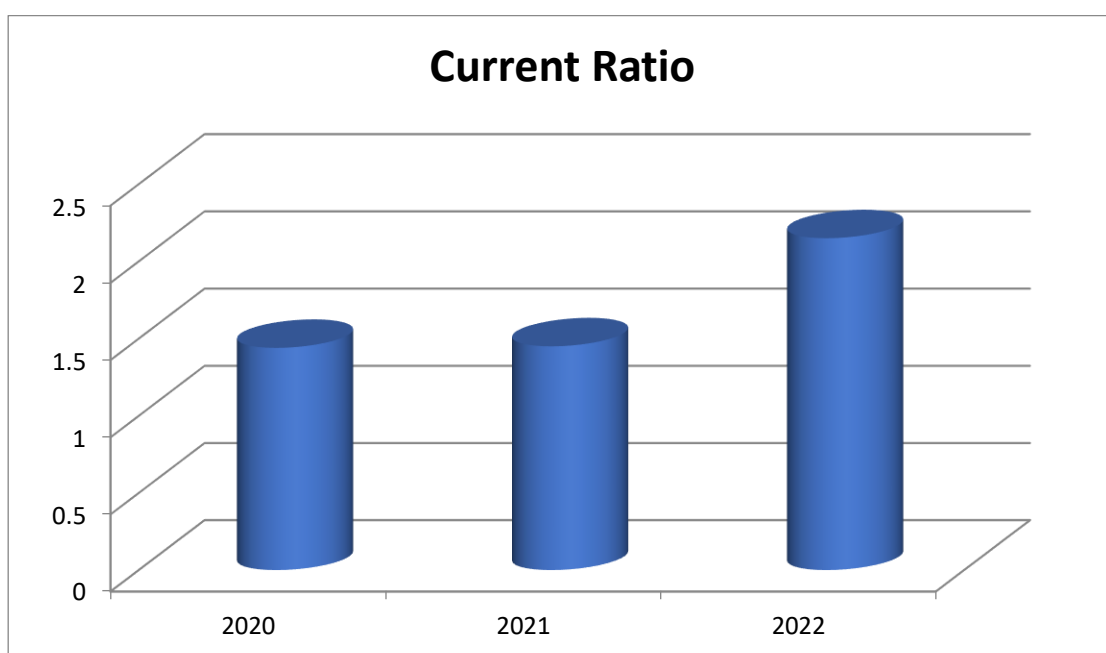


Figure 1: Current Ratio

So, after observing the graph shown above it is observed that the company's current ratio is fluctuating year to year which is not good and risky for company. From the year 2020 to 2022 the current ratio as well as the liquidity is fluctuating from 1.44 to 2.15 times. In 2022, the liquidity rate was higher among three years rate.

4.2 Quick Ratio

The quick ratio, also known as the acid-test ratio, is another liquidity ratio that provides a more conservative measure of a training institute's ability to meet its short-term financial obligations. It excludes inventory from current assets, as inventory can sometimes be less liquid and more difficult to convert to cash quickly. The quick ratio is calculated by dividing quick assets (current assets minus inventory) by current liabilities.

The formula for calculating the quick ratio is as follows:

$$\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$$

Table: Quick Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	1.05	0.44	0.32

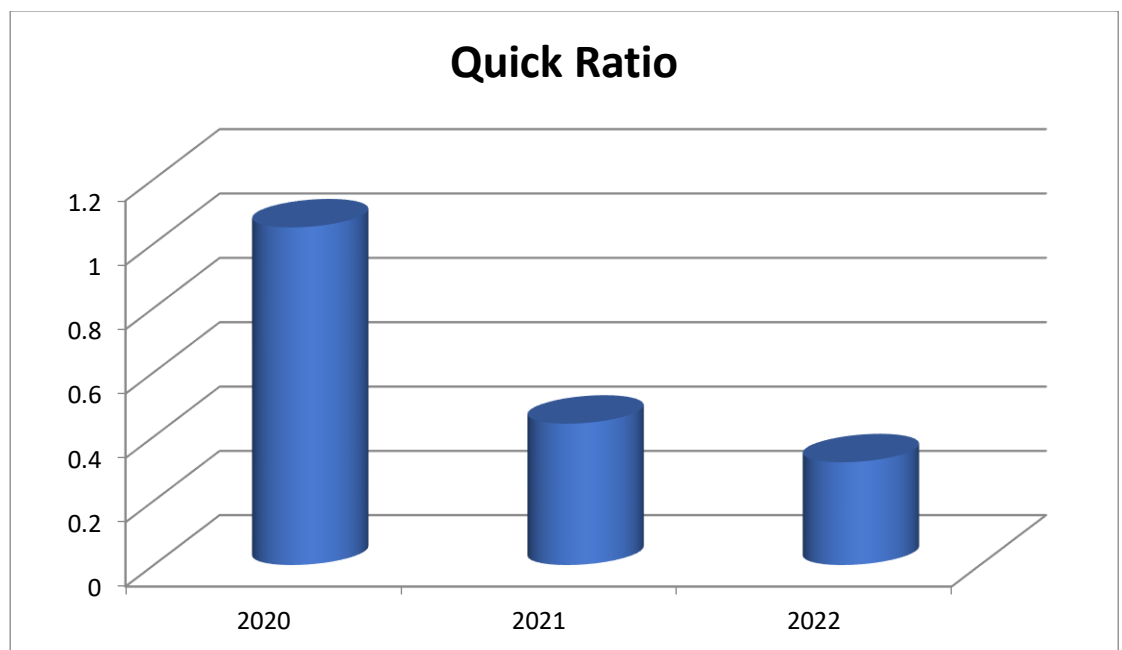


Figure 2: Quick Ratio

Here we observed the ratio was high in 2020 at 1.05 but subsequently it fall down and in 2022 it was only 0.32 which do not show a positive result.

4.3 Account receivable Turnover

Account receivable turnover is an efficiency ratio or activity ratio that measures how many times a business can turn its accounts receivable into cash during a period.

$$\text{Account receivable turnover} = \text{Sales} / \text{Account Receivable}$$

Table: Account Receivable Turnover Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	1.24	1.05	0.44

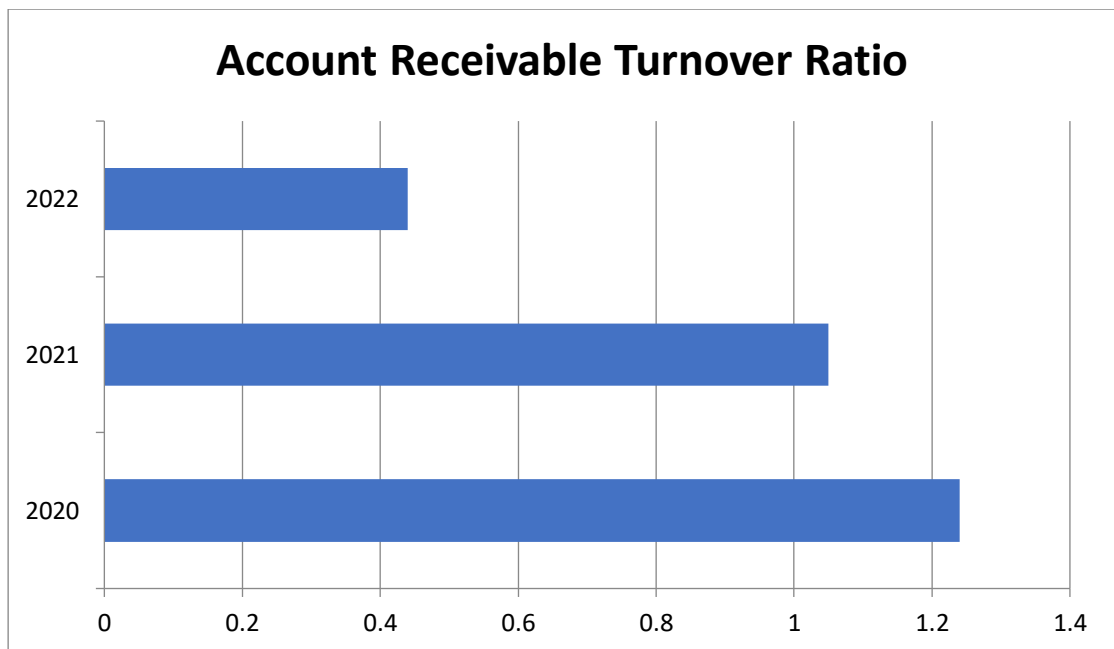


Figure 3: Account Receivable Turnover Ratio

The ratio of the company was increased significantly from 2020 to 2022

4.4 Accounts Payable Turnover

Account payable turnover shows how many times a company pays off its accounts payable during a period. Accounts payable are short-term debt that a company owes to its suppliers and creditors. The accounts payable turnover ratio shows how efficient a company is at paying its suppliers and short-term debts.

$$\text{Accounts Payable Turnover} = \text{Sales} / \text{Accounts Payable}$$

Table: Account Payable Turnover Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	14.24	18.26	28.31

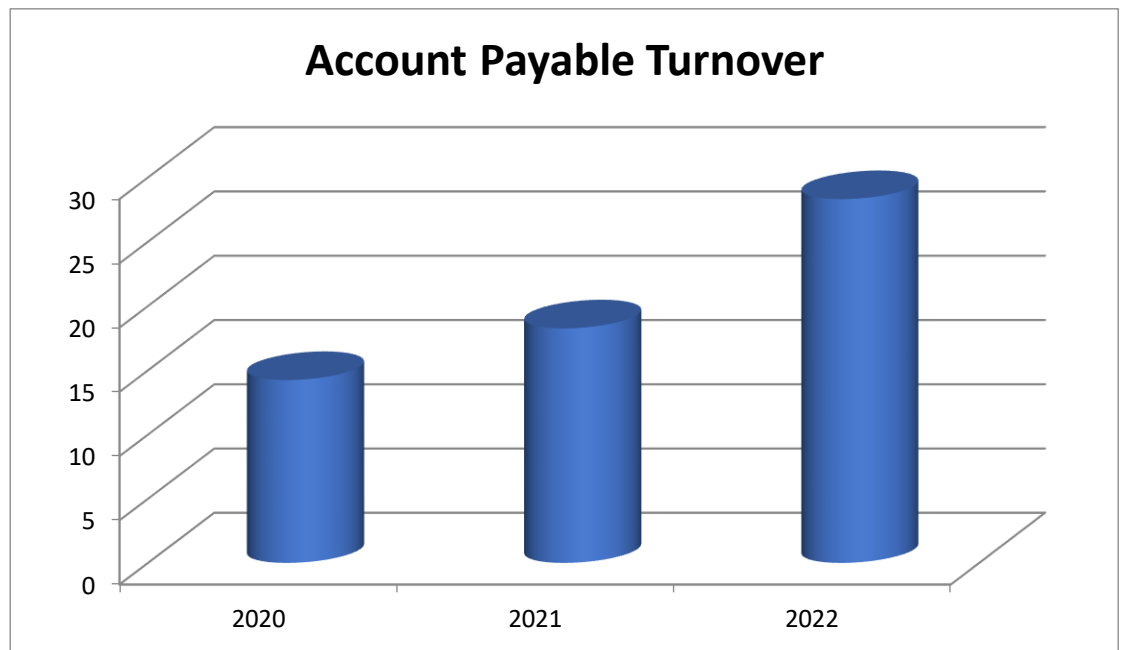


Figure 4: Account Payable Turnover

The ratio of the company has shown that their ability of paying debts has increased from 2020 to 2022 significantly.

4.5 Fixed Asset Turnover

Fixed Asset Turnover (FAT) is an efficiency ratio that indicates how well or efficiently a business uses fixed assets to generate sales. The ratio divides net sales by net fixed assets, calculated over an annual period. The net fixed assets include the amount of property, plant, and equipment.

Fixed Asset Turnover = Sales / Net Fixed Asset

Table: Fixed Asset Turnover of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	1.25	1.52	2.02

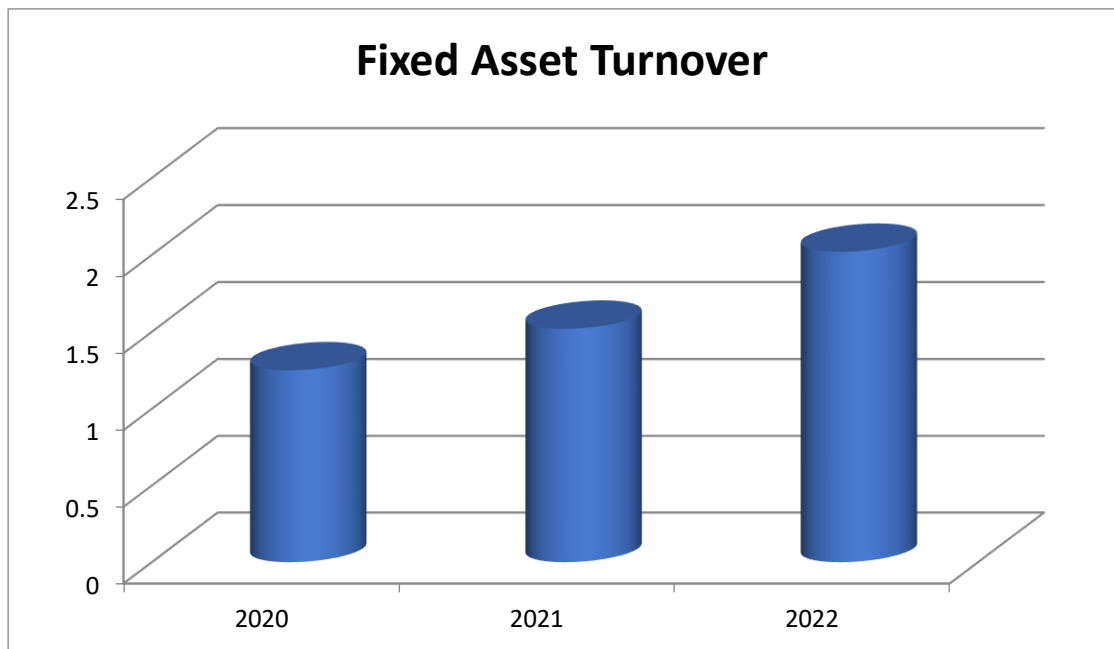


Figure 5: Fixed Asset Turnover Ratio

The ratio of the company has shown that their ability of using assets has been increasing from 2020 to 2022 gradually.

4.6 Total Asset Turnover

The total asset turnover ratio compares the sale of a company to its asset base. The ratio measures the ability of an organization to efficiently produce sales, and it's typically used by third parties to evaluate the operations of a business. Ideally, a company with a high total asset turnover ratio can operate with fewer assets than a less efficient competitor can, and so requires less debt and equity to operate.

$$\text{Total Asset turnover} = \text{Sales} / \text{Total Asset}$$

Table: Total Asset turnover of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	0.9	1.06	1.34

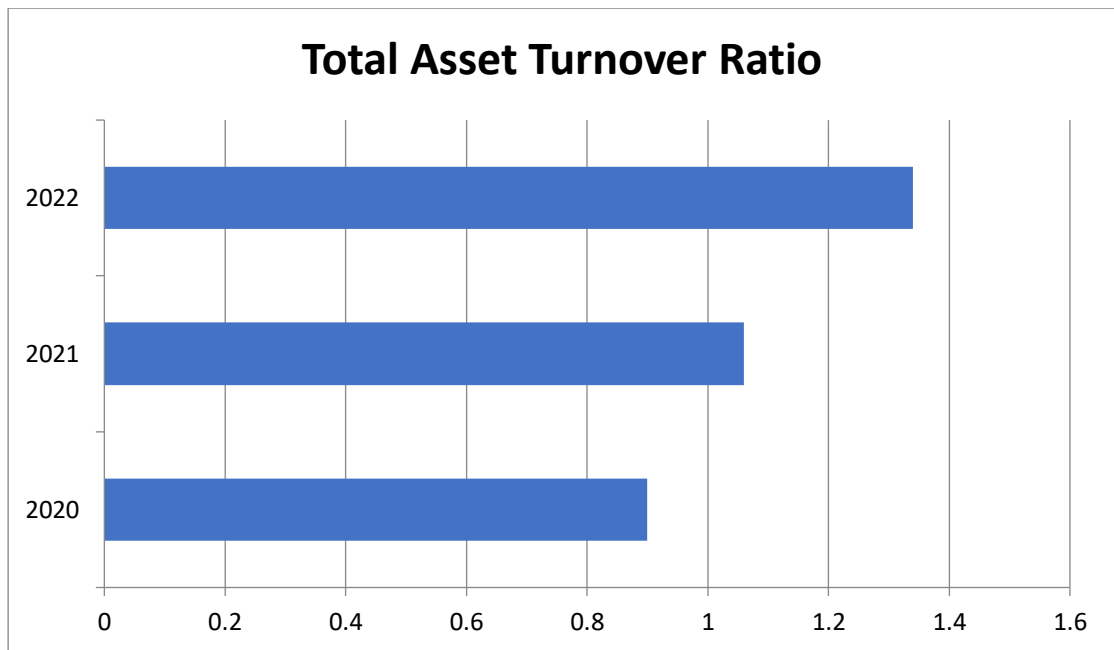


Figure 6: total Asset Turnover

The ratio of the company has shown their ability of using total assets on sales has increased from 2020 to 2022 significantly.

4.7 Net Profit Margin

Net profit margin is the ratio of net profits to revenues for a company or business segment. It is equal to how much net income or profit is generated as a percentage of revenue.

$$\text{Net Profit Margin} = (\text{Net profit after Tax} / \text{Sales}) * 100$$

Table: Net Profit Margin Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	-3.76%	2.07%	3.54%

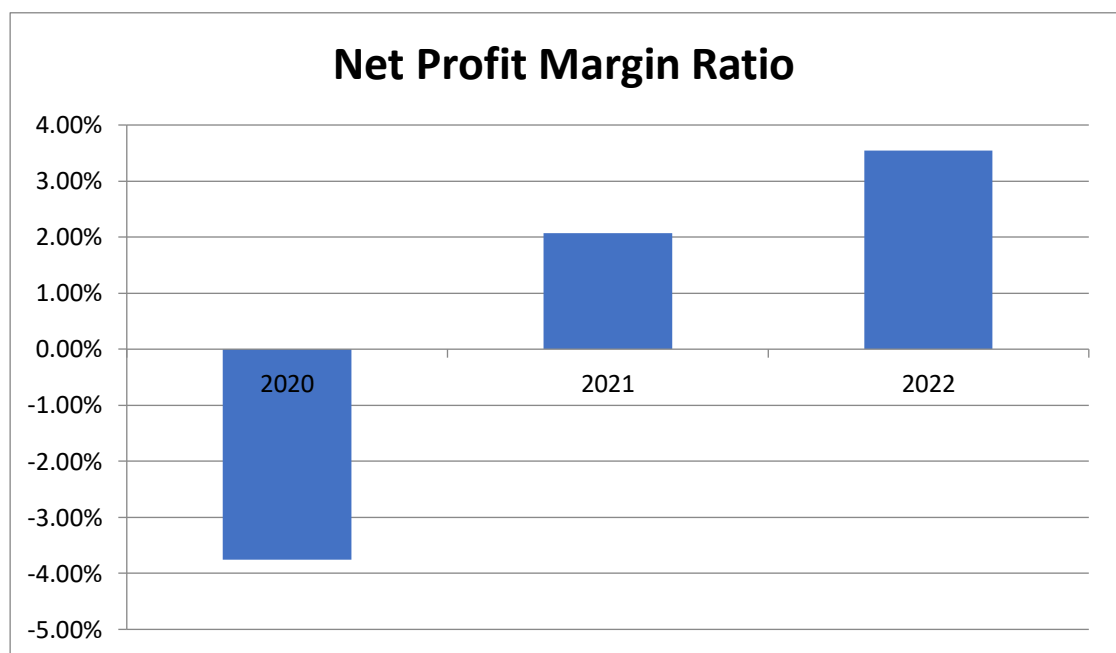


Figure 7: Net profit margin

The margin was negative in 2020 and significantly increasing in the following year and in 2022 it was 3.54% rather than -3.76% in 2020, which represent a positive effect of the company.

4.8 Gross Profit Margin

Gross profit margin is a profitability ratio that measures how much of every dollar of revenues is left over after paying cost of goods sold (COGS).

$$\text{Gross Profit Margin Ratio} = (\text{Gross profit} / \text{Sales}) * 100$$

Table: Gross Profit Margin Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	64.04%	68.28%	73.43%

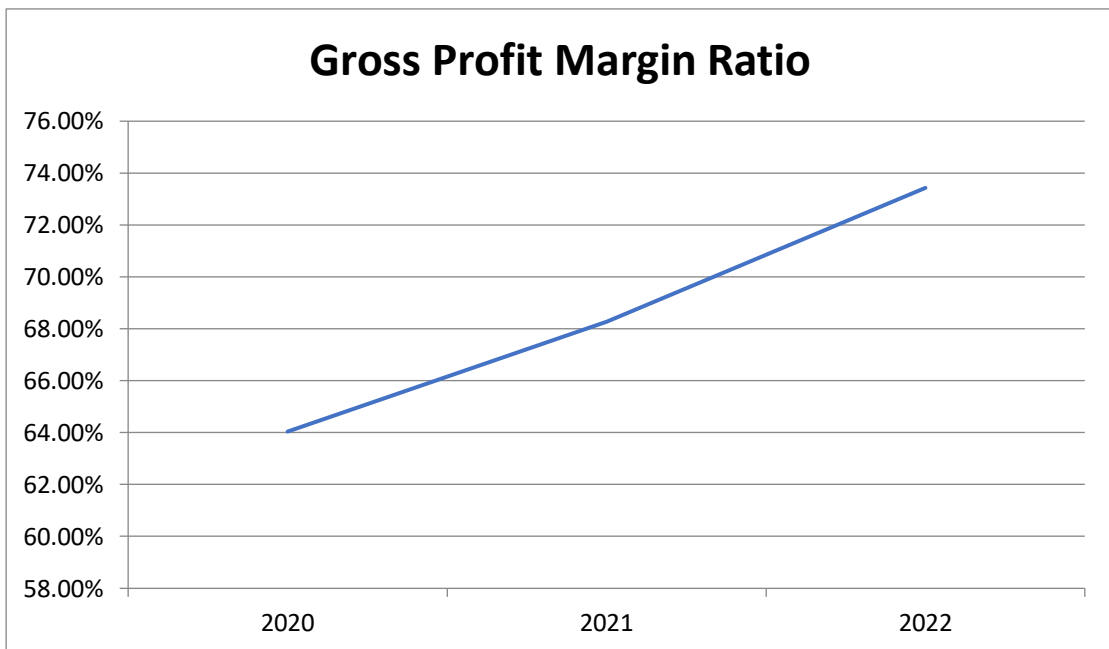


Figure 8: Gross Profit Margin

The above result shows that the ratio of the company increased significantly from 2020 to 2022 which represent a positive outcome of the company during these years.

4.9 Return on Asset

The return on asset (ROA) shows the percentage of how profitable a company's assets are in generating revenue. Higher ROA indicates more asset efficiency.

Return on Total Asset = (Net profit after tax / Total Asset) * 100

Table: Return on Total Asset Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	-2.03%	0.84%	3.76%

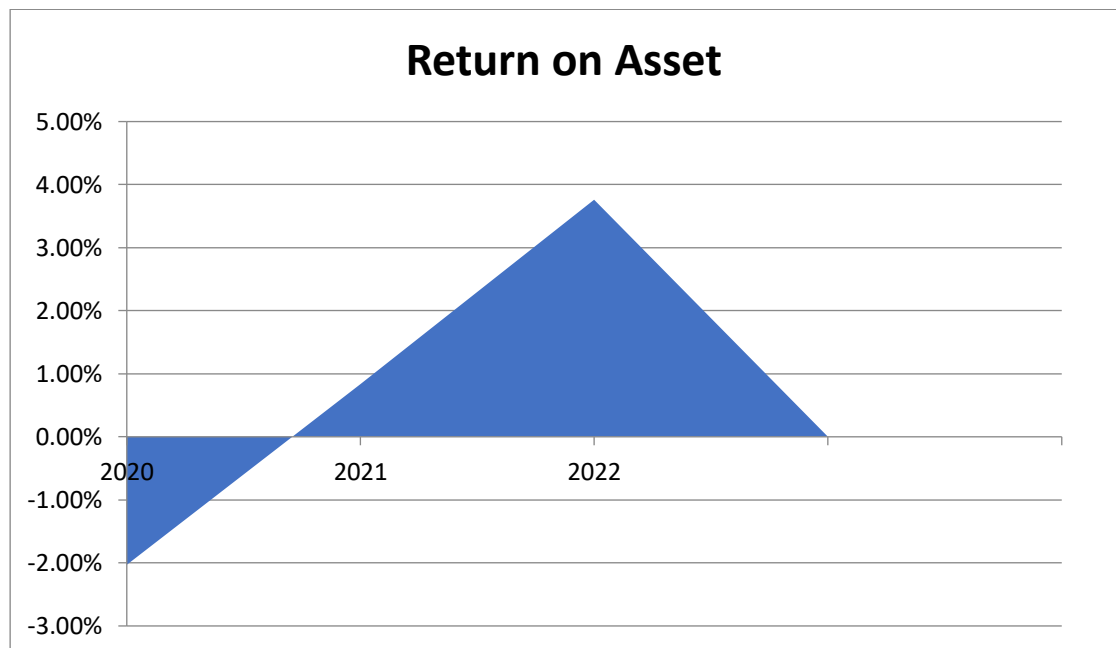


Figure 9: return on Asset

In 2020 it was negative at (-2.03%) against 0.84% in 2021 and was growing upward in the last year which was 3.76% in 2022 indicates that the assets were performing well in recent years than previous.

4.10 Operating Profit Margin

The operating margin measures how much profit a company makes on a dollar of sales, after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax. It is calculated by dividing a company's operating profit by its net sales.

$$\text{Operating Profit Margin} = (\text{Operating profit} / \text{Sales}) * 100$$

Table: Operating Profit Margin Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	-0.64%	4.31%	7.95%

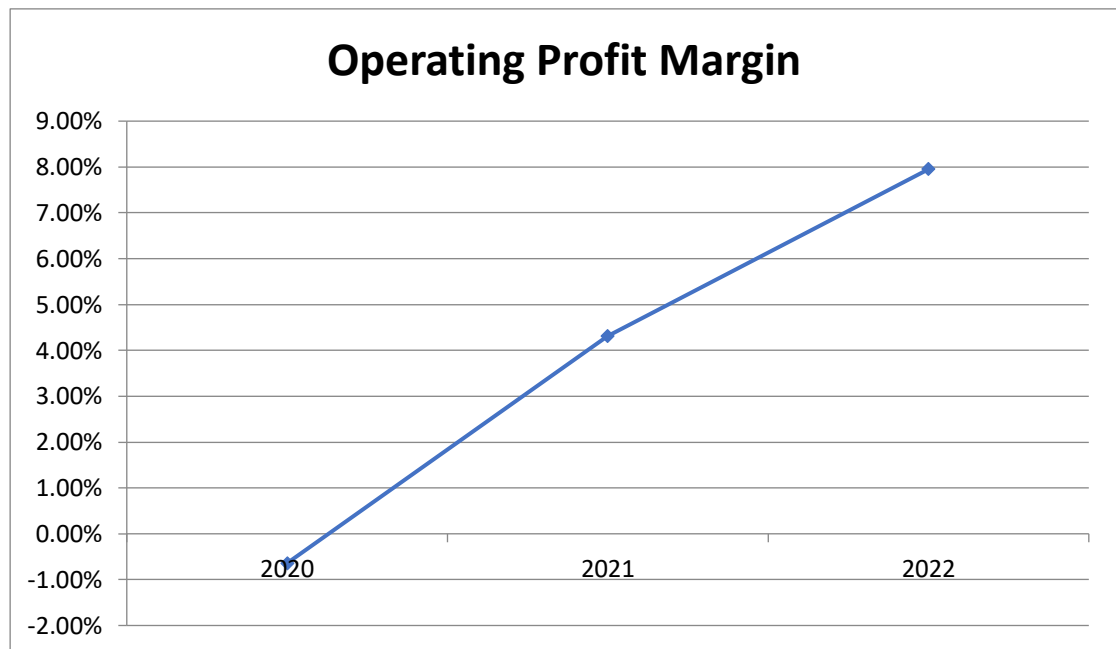


Figure 10: Operating Profit Margin

The margin was increasing significantly from the year 2020 to 2022 it was 7.95% rather than (-0.64%) in 2020.

4.11Debt Ratio

The debt ratio is a financial ratio that measures the extent of a company's leverage. The debt ratio is defined as the ratio of total debt to total assets, expressed as a decimal or percentage. It can be interpreted as the proportion of a company's assets that are financed by debt.

Table: Debt Ratio of Imperial Hotel Management Training Institute			
Year	2020	2021	2022
Ratio	35.70%	33.80%	36.80%

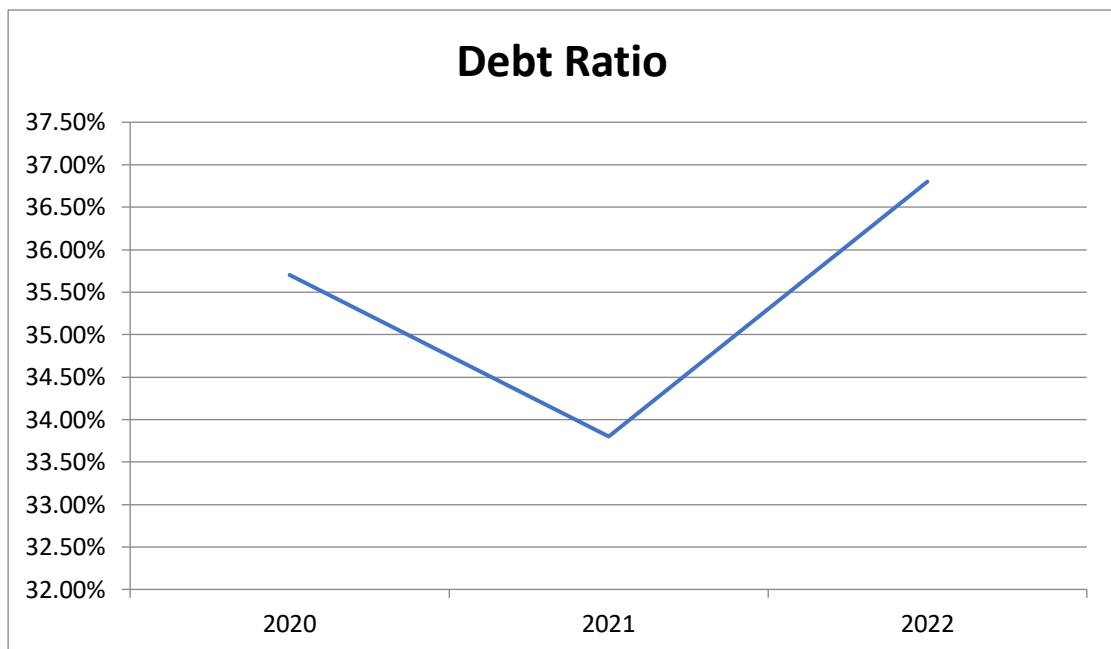


Figure 11: Debt Ratio

Here, the debt ration of Imperial Hotel Management Training Institute is almost same from 2020 to 2022.

Chapter-5

Findings, Recommendation & Conclusion

5.1 Findings

1. From the graph shown above it is observed that the company's current ratio is fluctuating year to year which is not good and risky for the company.
2. When the company accounts receivable increasing day by day, which is bad position for the company? Because the higher turnover means that the company is inefficient in managing its account receivable but IHMTI has better position now.
3. The average collection period had decreased from 2015 to 2016 but increase in 2017. If any company increases their average collection period that company position has better. So the IHMTI has good position.
4. The total asset turnover ratio of IHMTI was increase that means its liability decrease, which is good position for company.
5. Account payable turnover ratio of IHMTI has increase. It means account payable is standard positions, which increase current liability.
6. From the chart, the gross profit margin increase that means IHMTI managing its cost of goods sold which is good for the company.
7. The fixed asset turnover ratio of IHMTI was increase that means its liability decrease, which is good position for company.
8. The debt ratio of IHMTI was decrease. So, IHMTI is better position now.

5.2 Recommendations

Although IHMTI is performing well in the industry, still it has some scope for improvements as its performance is not so much higher than the industry. For improving its operational and financial efficiency IHMTI can-

1. Increase its liquidity position slightly to make it equal to the industry.
2. Setup benchmarking in some key categories, and try to achieve them as fast as possible.
3. Searching for new finances to expand its business to maintain an equivalent or more growth to the industry.
4. Looking for new market segment within the country as well as outside the country to expand its market.
5. Company should be concern in investment process. They should start new project after the settlement of another running one.
6. Company should focus on the collecting the accounts receivables for reducing the uncertainty of bad debt collection.
7. Company should also increase its liquid assets because it is lower than the current assets as the company meet the liability by liquid assets.
8. According to international standard IHMTI should maintain their product quality.
9. Though it is a leading company but its maximum staffs are not well trained. So company should arrange training program.

5.3 Conclusion

From the data analyzed and presented above it can be conclude that IHMTI perform better in all material aspects from the industry. Through its financial strength is higher than the most of the company, its liquidity position is below the industry. This may create financing problem for the company. Other than that its strong financial position, higher margin on sales, capabilities of managing debt, accounts receivables and inventories make in an attractive company to the investors who make informed decision.

From small to big business organization financial analysis helps a great deal in decision making process. As it helps to give idea about the financial condition, thus it helps in future financial projection and decision-making process of any business house.

Eventually one can assess-how important is financial analysis in the modern days of business. It gives the exact picture of the financial condition and helps future projection of any organization.

IHMTI is one of the largest culinary industry of Bangladesh. It is gradually expanding its asset base and able to proper utilize its assets well. The overall financial position of the company may be saif to be satisfactory over the years.

Bibliography

Books:

- **Prentice- hall international inc. Financial Statement Analysis, Second Edition, George foster, Stanford University, 1986**
- **John Wiley & sons inc Weygandt, Kieso, Kimmel, Accounting Principal 12th edition 2012.**
- **Stanley, B.b, & Geoffrey, A.H (2008-2009). Foundation of Financial Management International: McGraw-Hill.**
- **Madura, J. (2008). Financial Market and Institution. USA: Thomson Sount-Western**
- **Brigham,E.F, & Gapenski, L.C. (1995). Intermediate Financial Management (Fifth ed.)International: The Dryden Press**

Annual Report:

- **Annual report of Imperial Hotel Management Training Institute 2020-2022**

Website:

- **Imperial Hotel Management Training Institute. www.ihmtibd.com**

APPENDIX

Figure 1: Current Ratio

Current ratio= Current asset / current liabilities			
Current asset & current liabilities			
Year	2020	2021	2022
Current asset	8805180	8763859	9137258
Current liabilities	2204570	2779737	3877360
Current Ratio	3.99	3.15	2.35
Source: Compiled from Annual Report of IHMTI year 2020-2022			

Figure 2: Quick Ratio

Quick Ratio= (Current asset – Inventories) / Current liabilities			
Current Asset, Inventories & Current liabilities			
Year	2020	2021	2022
Current Asset	8805180	8763859	9137258
Inventories	2445597	2980495	3648619
Current Liabilities	2204570	2779737	3877360
Quick Ratio	2.88	2.08	1.41
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 3: Accounts Receivable Turnover

Account Receivable Turnover= Sales / Account Receivable			
Sales & Account Receivable			
Year	2020	2021	2022
Sales	3143863	4251532	4981751
Account Receivable	228998	271852	314157
A/R Turnover	13.72	15.63	15.85
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 4: Accounts Payable Turnover

Account Payable Turnover= Sales / Account Payable			
Sales & Account Payable			
Year	2020	2021	2022
Sales	3143863	4251532	4981751
Account Payable	237198	294351	308289
A/P Turnover	13.25	14.44	16.15
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 5: Fixed Asset Turnover

Fixed Asset Turnover= Sales / Net Fixed Asset			
Sales & Fixed Asset			
Year	2020	2021	2022
Sales	3143863	4251532	4981751
Net Fixed Asset	42785489	46851764	47526964
Fixed Asset Turnover	0.07	0.09	0.10
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 6: Total Asset Turnover

Total Asset Turnover= Sales / Total Asset			
Sales & Total Asset			
Year	2020	2021	2022
Sales	3143863	4251532	4981751
Total Asset	49846521	51562184	53925716
Total Asset Turnover	0.06	0.08	0.09
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 7: Net Profit Margin

Net Profit Margin = (Net Profit After Tax / Sales) * 100			
N.P.A.T & Sales			
Year	2020	2021	2022
N.P.A.T	-214865	173865	245896
Sales	3143863	4251532	4981751
*	100	100	100
Net profit margin ratio	-6.83%	4.08%	4.93%
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 8: Gross Profit Margin Ratio

Gross Profit Margin Ratio = (Gross Profit / Sales) * 100			
Gross & Sales			
Year	2020	2021	2022
Gross Profit	1452741	1793865	2445896
Sales	3143863	4251532	4981751
*	100	100	100
Gross profit margin ratio	46.20%	42.19%	49.09%
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 9: Ratio on Total Asset

Return on Total Asset = (Net Profit After Tax / Total Asset) * 100			
N.P.A.T & Sales			
Year	2020	2021	2022
N.P.A.T	-214865	173865	245896
Total Asset	49846521	51562184	53925716
*	100	100	100
Return on Total Asset	-0.43%	0.03%	0.4%
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 10: Operating Profit Margin

Operating Profit Margin = (Operating Profit / Sales) * 100			
Operating Profit & Sales			
Year	2020	2021	2022
Operating Profit	-152598	189139	275217
Sales	3143863	4251532	4981751
*	100	100	100
Operating Profit Margin	-4.85%	4.30%	5.52%
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			

Figure 11: Debt Ratio

Debt Ratio = (Total Liability / Total Asset) * 100			
Total Liability / Total Asset			
Year	2020	2021	2022
Total Liability	15384523	18252387	19754157
Total Asset	49846521	51562184	53925716
Debt Ratio	30.86%	35.39%	36.63%
Source: Compiled from Annual Report of IHMTI of the year 2020-2022			