Financial Performance Evaluation of Bangladesh Biman Corporation
INTERNSHIP REPORT
ON
Financial Performance Evaluation of Bangladesh Biman Corporation
(Based on Different Year)

Prepared for:
Dr. Tanbir Ahmed Chowdhury
Associate Professor
EWU

Prepared by:
Mohammad Abdul Latif
ID-1999-2-19-057
EWU

September 4, 2002
EAST WEST UNIVERSITY
DHAKA
September 4, 2002

Dr. Tanbir Ahmed Chowdhury
Associate Professor
East West University
Dhaka

Sub: Submission of Internship Report.

Dear Sir,

Here is my Internship report that fulfills partial requirement of my Bachelor of Business Administration Degree. It is very helpful as a student of Business Administration to undergo this program.

I completed my Internship Program in Bangladesh Biman Corporation. I learned a lot of things from them. I evaluate the “Financial Performance Evaluation of Bangladesh Biman Corporation.”

I tried to accommodate your valuable comments and suggestions in my report. In this concern, if you need any further clarification, please call on me.

Thank you Sir, for your kind cooperation, without which this Internship Report would not be done. I take every opportunity to express my gratitude of indebtedness to you.

So, I submit the final version of my Internship Report and request you to accept it.

Thanking you,

Yours truly,

Mohammad Abdul Latif
ID: 1999-2-10-057
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List of Acronyms

IATA : International Air Travel Association.
ICH : IATA Clearing House.
BATC : Bangladesh Airlines Training Center.
BFCC : Biman Flight Catering Center.
GSA : General Sales Agent.
PSA : Passenger Sales Agent.
CSA : Cargo Sales Agent.
CMIS : Central Management Information System
Preface

An Internship, being a competitive as well as essential program is the last platform of BBA degree completion. It is a Twelve weeks attachment with an organization / Bank program then the submission of an Internship Report will fulfill the requirement of BBA. It familiarizes students to the working environment of the real world. It gives students the best opportunity to improve their interpersonal and managerial skills as well as they can implement their theoretical enlightenment to the real life situation. After graduation, this experience would be very much useful to their working life. Lastly, by this program, a student can polish his or her strengths and weakness.
Acknowledgement

My list of gratitude is pretty long. I would like to unfold it with the name of my Internship supervisor at East West University of Dr. Tanbir Ahmed Chowdhury, without whose priceless and inestimable supports I would not have been able to make this report. I consider it as a great opportunity to have a share of some of his knowledge and expertise and find myself proud to work with him.

I express my deepest sense of gratitude to Mr. Nafiz A Imtiaz, Principal Bangladesh Airlines Training Center for placing me as intern with his reputed organization.

I was privileged my enjoying assistance and guidance of the Finance department of Bangladesh Biman Corporation. I would also like to thank Mr. Shahidul Islam Assistant manager of Central Accounts.

I am also indebted to following individuals and fell obligation acknowledge as follows:

1. Mr. Abdul Latif
   Accounts Officer
   Revenue General

2. Mr. Shahjan Bhuiwa
   Account Officer
   Revenue General


And, for inspiration, my thanks and love to my Father & Mother.
Executive Summary

Bangladesh Biman Corporation is the national flag carrier of Bangladesh owned by the Govt. and operating both domestic and international services with reputation. At present Biman is serving twenty-six cities of the world across three continents. Biman has a fleet of five wide-bodied DC-10 30, three A310-300, three F28 regional jets and two BAe ATPs aircraft. The corporate body is Bangladesh Biman Corporation though the airline is called Biman Bangladesh Airlines. It was established by the Presidential Order No.126 of 1972 and made a corporation by the Ordinance No. XIX of 1977. Came into being on January 04, 1972 initially with a 2nd world war vintage Dakota. DC – 3, gift from the Air force.

In order to run the business “Biman Bangladesh Airlines” distributed its all works in to eight directors. These are as follows: 1.Store & Purchase.2.Customer Service, 3.Marketing & Sales, 4.Flight Operation, 5. Engineering. 6. Finance, 7.Project & Planning, 8. Administration. For their distribution works they can operate their business effectively and efficiently.

Finance department is the heart of any business organization. The organizational performance mainly depends on finance department. They are basically works with revenue and expenditure. There are different departments those are engaging with financial works. The departments are, Revenue inter Line, Revenue Lift, Revenue General, Cash & Bank, Disbursement, payrolls and Insurance.

Today’s business world, owners are virtually non-owners in a way that they do not carry out day-to-day business, managers’ proxy their role. So in order to reduce costs and to ensure that manager perform in the best interest of the owners, investors, shareholders and like to evaluate their organization in terms of financial health, And they typically employ ratio analysis to assess organization’s performance. Of course, there could be other parties who are also interested in evaluating performance of the organization, for example, lenders, tax authority, etc.
In the rest of report I made an attempt to evaluate Bangladesh Biman Corporation performance exclusively using ratio analysis. Having analyzed the key ratios Bangladesh Biman Corporation based on different year. The financial performance of Bangladesh Biman Corporation is not because of their inefficient operation and also for proper decision-making. Most of the year they incurred losses rather than generate profit.

Based on my analysis I think that if they want to get rid of from this current situation they have no alternatives they have to go for privatization and this is my recommended solution.
Chapter 1

Introduction
1.1 BACKGROUND OF THE STUDY:

This report on “Financial Performance Evaluation of Bangladesh Biman Corporation” is the representation of a 12 weeklong internship program at Biman Bangladesh Airlines as a partial requirement for the Bachelor of Business Administration (BBA) program. This report is the output of twelve’s weeks long of essential working part that I completed on Finance department of Biman Bangladesh Corporation.

1.2 OBJECTIVES: -

- To present an overview of Bangladesh Biman Corporation.
- To apprise the financial performance of Bangladesh Biman Corporation.
- To identify the problems of BBA.
- To suggest the remedial measure for the development of Bangladesh Biman Corporation.

1.3 SCOPE: -

This project analyzes the financial position of Bangladesh Biman Corporation based on common size statement and Different ratio analysis. In this regard five years data are to be analyzed. We can easily evaluate their performance of profit maximization.

1.4 METHODOLOGY: -

1.4.a Sources of data: - The financial data has been collected from two sources –

- Primary source: - The primary data has been collected from the authorities of Bangladesh Biman Corporation.
Secondary source: - The secondary data has been collected from the Central Accounts of the Finance Department.

1.4.b Data collection method: - Primary data has been collected from finance department and secondary data has been collected from the records of the account section of the Central Control Division.

1.4.c Data analysis: - The collected data has been analyzed and interpreted by using various statistical tools such as Common size statement and different ratio analysis.

1.5 LIMITATIONS:

The researcher faces some problems at the time of preparing the report these are as follows.

- Time could be major drawback in this study.
- Another limitation of this report is they are not disclosing some data and information for the company secrecy could be very much useful.
- The officers were hesitating to respond because they were not familiar with this type of job.
- It was quite difficult to find out industry average because there is so many airlines companies are operated their business in the world. Because of limited information I fail to compare with other’s airlines.
- The main drawback of my studies is that they fail to provide current financial because of their inefficiency. They are not preparing their current financial statement.
1.6 REPORT PREVIEW:

The report, “Financial Performance Evaluation of Bangladesh Biman Corporation” is organized by dividing the whole report into five chapters, and those brief ideas are stated below:

Chapter 1: Introduction Part: Briefs the reader about the report.


Chapter 3: Organization: Details about the Finance department of Bangladesh Biman Corporation.

Chapter 4: Project Part: Analyze the Financial Performance evaluation of BBA.

Chapter 5: Recommendation & Conclusion part: Problems findings and recommended solution of BBA.
Chapter 2

An overview of BBC
2.1 HISTORY OF BIMAN: -

In 1972-73 the first year of operation Biman Bangladesh Airlines carried 384072 passengers and earned revenue of Tk. 79 million under very adverse situation. Nearly 25 years later (in 1995-96) the number of passengers increased 12,64,501 and generates revenue to Tk. 10,500 million. The Airline achieved brake even for the first time in the year 1977-78 and was generate profit in the next year. Despite of a worldwide crisis in the aviation industry Biman performance well enough to earn profits in the last few years.

As per President order in 1977 Biman became a corporate body to make the airline more effective and efficient.

2.2 ORDINANCE FOR ESTABLISHMENT: -

Government announced different laws for Bangladesh Biman Corporation. These are as follows:

2.2.1 Acting Presidents Order No.2 of 1972 was published for general Information on the 4th January was the Air Bangladesh International Order.

2.2.2 This order was attended on 29th March 1972 as Presidents Order No. 31 of 1972 and this ordinance was called “The Air Bangladesh International Order 1972.”

2.2.3 On 27th October 1972 Presidents Order No.126 of 1972 published as “The Bangladesh Biman Order 1972” for the establishment of a corporation for the purpose of ensuring better operation and development of Air Transport Service.
2.2.4 Later on Biman became corporation by the Ordinance No. XIX of 1977 made the President of the peoples Republic of Bangladesh on the 26th may 1977.

2.3 AFTER ORDINANCE:

The first Aircraft, DC 3 was obtained from Bangladesh Air force on 4th February 1972. After a few domestic flights on 10th February 1972 while on test flight, the aircraft crashed.

The first two F-27 aircrafts were purchased from Indian Airlines in March 1972 just about three months after the formation of Airline. Scheduled domestic flight resumed on 9th March 1972. Biman also started chartered flight on London – Dhaka – London route once a week on 4th March 1972. In April 1972, a DC-6 aircraft was taken on lease from “TROLL AIR” of Norway for domestic and regional flight. In the same year, two F 27 aircraft were received under grant from the Govt. of Australia. Four addition F-27 aircraft were added to the fleet in 1972 to raise the number to 8.

A Boeing Aircraft was leased on 18th of June 1972, replacing the chartered aircraft onward still first Boeing 707-320 c aircraft was delivered on 27th December 1973.

Until 1981 Biman has six Boeing aircraft two F-27 and three DC 10-30 reached Biman on 15th August 1983. Meanwhile all the Boeing 707 was gradually phased. The fourth DC-10 aircraft was added to Biman Fleet on 7th January 1989.

To modernize Biman domestic operations, two British made twins engine Advanced Turbo Prop aircraft were added to Biman fleet in 1990. Very recently Biman has purchased two Airbuses for the convenience of international flights.
2.4 OBJECTIVES OF BIMAN: -

Biman Bangladesh came in to being on January 04, 1972 and started first domestic operation with a DC-3 Aircrafts. The functions and objectives of the Corporation in to provide and develop safe, efficient, adequate, economical and properly coordinated air transport services internal as well as international.

2.5 FUNCTIONS OF THE CORPORATION: -

The organization has some particular power to carry on her activities smoothly. These are as follows:

1. To acquire, charter, hold or dispose of Aircraft.

2. To operate any air transport service of any flight by aircraft for a commercial or other purpose and to carry out all forms of arrival work.

3. To repair, overhaul, construct, recondition or assemble aircraft and other vehicles.

4. To assemble, manufacture, recondition, Overhaul or repair machines, parts, accessories and instruments pertaining to aircraft and other vehicles.

5. To establish, institution or make other arrangement for the instruction and training of person engaged or likely to be engaged in any activity connected with or ancillary to air transport service.

6. To acquire hold or dispose of property whether movable or immovable.

7. To acquire own, run, manage or participate in the running or management of any other business or commercial undertaking with the approval of the Govt.
8. To do all other things connected with or ancillary to any of the matters referred to in sub classes (a) to

9. To perform such other function as may be assigned to it by the Govt. by the notification in the official gazette.

2.6 MANAGEMENT OF THE ORGANIZATION:

Subject to rules and regulations made under the mentioned ordinance (XIX of 1977), the general direction and superintendence of the affairs and business of the corporation shall vest in a board of Directors which may exercise all powers and do all acts and things which may be exercised or done by the corporation. In persuasion of sub –Section (1) of Section 9 of the Bangladesh Biman Corporation Ordinance, 1977, the Board of Directors of the corporation shall consist of the following persons, namely: -

2.7 BOARD OF DIRECTORS: -

Chairman: -
Honorable state Minister for civil Aviation and Tourism.

Directors: -

I) Secretary, Economic Relation Division, Ministry of Finance.
II) Secretary, Finance Division, Ministry of Finance.
III) Secretary, Ministry of Establishment.
IV) Secretary, Ministry of Home.
V) Secretary, Ministry of Energy, Fuel and mineral resources.
VI) Secretary, Ministry of Civil Aviation & Tourism.
VII) Secretary, Economic Relation Division, Ministry of Finance.
Secretary, Finance Division, Ministry of Finance
VIII) Secretary, Economic Relation Division, Ministry of Finance.
IX) Secretary, Finance Division, Ministry of Finance.
X) Secretary, Ministry of Establishment.
XI) Secretary, Ministry of Home.
XII) Secretary, Ministry of Energy, Fuel and mineral resources.
XIII) Secretary, Ministry of Civil Aviation & Tourism.
XIV) Secretary, Internal Resources Division, Ministry of Finance.
XV) Secretary, to the Prime Minister.
XVI) Chairman, Civil Aviation, Authority of Bangladesh.
XVII) Managing Director, Biman Bangladesh Airlines.

Executive Directors: -

I) Managing Director.
II) Deputy Managing Director.
III) Director, Project & Planning.
IV) Director, Engineering.
V) Director, Administration.
VI) Director, Stores and Purchase.
VII) Director, Customer Services.
VIII) Director, Flight operation.
IX) Director, Finance.
X) Director, Marketing & Sales.
2.8 ORGANOGRAM: -

Chairman

Board of Director

Managing director

DGM Procurement  DGM Audit  GM Corporate Affairs  GM CMIS

Deputy managing Director

Director Customer service  Director Sales & Procurement  Director Finance  Director Administration  Director Store & Purchase  Director Flight operation  Director Project & planning

2.9 BIMAN AT A GLANCE: -

Operating Airlines  Biman Bangladesh Airlines.

Owning Company  Bangladesh Biman Corporation.


Slogan  Your Home in the Air.

Logo  Flying stork across the sun.

Destination served  25 International, 8 domestic.
Fleet

Five DC 10-30, three Airbus A310-300, three F-28 and two ATP.

In-flight magazine
House Journey

DIGANTO.
BALAKA.

Employees

5835.

Chief Executive Officer
Managing Director.

Chairman
The Honorable Minister for Civil Aviation and Tourism. Government of the people Republic of Bangladesh.

2.10 DESCRIPTION OF AIRCRAFT:

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<td>1. DC 10-30</td>
<td>Boeing Company/Macdonalds</td>
<td>274 including Douglas (USA) 30 executive class.</td>
</tr>
<tr>
<td>2. Airbus A310-300</td>
<td>Airbus Industry (France)</td>
<td>221 including 25 executive classes.</td>
</tr>
<tr>
<td>3. F 28</td>
<td>M/S Fakker service BV.</td>
<td>85.</td>
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<tr>
<td>4. ATP</td>
<td>British Aerospark UK</td>
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At present Biman is serving twenty-six cities of the world across three continents. Biman has a fleet of five wide-bodied DC-10 30, three A310-300, three F28 regional jets and two BAe ATPs aircraft. Most of Biman's destinations are served with either non-stop or one stop service. Convenient transfer connections from Dhaka to the regional destinations like Calcutta, Katmandu and Yangon are easily available. Biman is reputed for its well-trained and dedicated cabin crew with appreciable safety record.
2.12 DEPARTMENTS OF BIMAN BANGLADESH CORPORATION: -

In order to run the business "Biman Bangladesh Airlines" distributed its all works in to eight directors. These are as follows:

1. Store & Purchase.
5. Engineering.
6. Finance.
7. Project & Planning.
8. Administration.

2.12.1 Store & Purchase:

Responsible for purchasing all kinds of lease except fuel, aircraft, furniture & fixture. It also stores the items and issue them according to the demand of the users through server stores. It is located at the administration building. It is headed by the director and has total manpower of 220.

The Directorate has two divisions --
I) Stores and purchase.
II) Inventory control.

2.12.2 Customer Service: -

The Directors of this sector is responsible for both ground and flight services. Ground service includes all the necessary activities before on board that are providing ticket-boarding pass. In the aircraft flight service provides foods, entertainment and other facilities. Since the customer service persons are always dealing with passengers, it is very important area to make the airlines profitable. It has total manpower of 1440.
The directorate has three divisions –

I) Customer service:
   a) Ground service.
   b) Flight service.

II) Airport Services and

III) Ground Support Equipment.

2.12.3 Marketing & Sales:

Responsible for attracting people to fly and accomplishing the task of selling tickets Biman has district managers at almost all the international and domestic destinations. This director is located at the Balaka Building. It also finds out new routes and forecasts the future sales. The Director heads the Directorate and it has total manpower of 980.

The marketing and sales Directorate has four divisions. They are-

I) Marketing.

II) Sales.

III) Cargo Terminal, ZIA and

IV) Reservation and Communication.

2.12.4 Flight Operation:

It works for the proper and safe operation of the airlines through scheduling of the pilots and other personal associated with the aircraft operation. The Directorate of flight operations, though small, is a very vital organ of Biman Bangladesh Airlines. The Directorate has six divisions and total manpower of 240. A chief heads each of the division. The divisions are –

I) Flight safety.

II) Technical.

III) Scheduling & Planning.
IV) Training.
V) Flight Engineer.
VI) Central control.

2.12.5 Engineering: -

Responsible for maintenance of the aircraft and day-to-day servicing according to the IATA (International Air Transport Authority).

Checks, repair and maintenance of aircrafts to keep them well functioning is the responsibility of the Directorate of Engineering. The Directorate is headed by the Director and has total manpower of 980.

The Directorate has three divisions. They are as follows:
I) Engineering.
II) Instruction and quality assurance.
III) Planning.

2.12.6 Finance: -

Receiving all kinds of revenue from different sections and making payment to the payee. It also determines the availability of resources for any decision making purpose. The Director heads it and it has total manpower of 380.

The Directorate has four divisions. They are as follows:
I) Accounts.
II) Cost and Budget.
III) Fund management.
IV) Secretary CPC.
2.12.7 Project & Planning: -

Responsible for feasibility study arrangement and completion of any project. This project may also be related with any other directorate. The Directorate is headed by the Director and has total manpower of 200. It has five divisions. They are as follows:

I) Planning.
II) Project and works.
III) Printing & publications.
IV) Biman Flight Catering Center (BFCC).
V) Poultry Complex.

2.12.8 Administration:

Administration is most important to lead any organization responsible for recruitment, promotion, transfer and punishment of new and old employees of the Airlines. It ensures the smooth and coordinated effort of all to carry on the objectives of the airlines. The Directorate is headed by the Director and it has total manpower of 1226. Administration Directorate has five divisions. They are as follows:

I) Administration.
II) Organization & method.
III) Medical.
IV) Legal affairs.
V) Security.

There are also some different units to support the operation of the airlines properly.
** CMIS:**

It means Corporate Management Information System responsible for facilitating the information technology to the management. Nowadays CMIS plays a very important role to compete with other airlines.

** BATC:**

Bangladesh Airlines Training Center provides training for the employees to increase their productivity. It is now offering training for the other Airlines and also Business students.

** AUDIT:**

It is headed by DGM entitled to report to the managing director about any fraud, corruption, and other misdeeds.

** PUBLIC RELATION:**

Biman required a lot of printed materials for its everyday operation. This unit is responsible to communicate with the people about any issue and publish the inflight magazine and other items such as poster, diary, and calendar. It also possesses a high-quality press.

** CORPORATE AFFAIRS:**

Responsible for the welfare of the employees, arranging different programs and dealing with the trade union of the airlines.

** BFCC:**

Biman Flight Catering Center started five years back, now producing hygienic and quality food for passengers. Now foreign airlines such as Emirates, British Airways and foreign embassy also taking foods from here.

** BIMAN POULTRY COMPLEX:**

17
Situated at Savar, producing broiler for the poultry farms and eggs for their own consumptions as well as for sale.

2.13 BIMAN BANGLADESH AIRLINES – A SHORT REVIEW:

Biman Bangladesh Airlines is the national flag carrier of Bangladesh owned by the Govt. and operating both domestic and international services with a reputation.

Presently the airline has a fleet of four DC-10-30s, two Airbus A-310-300s, two F-28, and two ATPs. Biman flies to 25 international destinations on 3 continents.

2.2.a Biman domestic stations: Dhaka, Chittagong, Cox'sbazar, sylhet, Jessore, Syedpur, Rajshahi and Barisal.


Despite the shortage of aircrafts, Biman embarked upon an ambitious Program of route expansion. Ho-chi Minh city, Jakarta, & Seoul are expected to be soon on the international network of Biman.

The airlines' reservations and other communication systems have been fully computerized. Biman is continuously making efforts for office automation in order to improve the office productivity. It has also introduced Yield Management and Departure Control System in order to raise real revenue.
Is has made considerable improvement in traffic over the years and has crossed the one million passengers mark in a year.

Table 2.1: - Passengers and Cargo carried by Biman (‘94-97’).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of passengers</th>
<th>Cargo (in Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Out going</td>
<td>Incoming</td>
</tr>
<tr>
<td>1994</td>
<td>603682</td>
<td>568142</td>
</tr>
<tr>
<td>1995</td>
<td>629686</td>
<td>589024</td>
</tr>
<tr>
<td>1996</td>
<td>636568</td>
<td>451550</td>
</tr>
<tr>
<td>1997</td>
<td>639340</td>
<td>615678</td>
</tr>
</tbody>
</table>

2.14 COMPETITIVE ADVANTAGE & DISADVANTAGE:

Advantages: Biman Bangladesh Airlines carry more than one million passengers per year due to its advantageous position in some respects; such as-

I) National feelings: Bangladeshi citizens have profound attraction to their airlines. They are not usually interested to travel by the airlines owned by other countries. The words “Your home in the Air” attract them very much. They can use their own language (Bangla) and take local foods while flying with Biman.

II) Better service in the cabin: Cabin crews of Biman Bangladesh Airlines provide better service to the customers. They are cordial to the passengers which attract them to choose the airlines.
III) **No indigenous competitor in international routes**: Biman Bangladesh Airlines is the only airlines of Bangladesh in the international route. As there are no other Bangladeshi Airlines, country loving Bangladeshi people has no other choice except Biman.

IV) **Better flight safety**: Biman Bangladesh Airlines ensures better flight safety. Though pilots of other airlines may fly up to two more stations with a technical problem, pilots of Biman Bangladesh Airlines never fly even with an insignificant technical problem.

**Disadvantages** :

Biman Bangladesh Airlines has some problems also; such as –

I) **Irregular service**: Because of shortage of aircrafts, Biman Bangladesh Airlines can't maintain its schedule most of the times. It is harassment to customers, which discourages them, to fly with Biman and encourages choosing another one.

II) **Inefficiency of ground service and sales people**: Most of the Ground and sales people are inefficient. They are not cordial to the Passengers. Instead of serving customers sometime they harass them. It discourages passengers to fly with Biman.

III) **Odd time arrival & departure**: Biman flies through 25 international destinations with only four DC-10 and two A-310. So, most of the times odd time arrival and departure take place.
Chapter 3

An appraisal of the Activities of Finance Department
3.1 FINANCE DEPARTMENT OF BANGLADESH BIMAN CORPORATION:

Finance departments are as follows:

1. Revenue General.
2. Revenue Lift.
3. Revenue Interline.
5. Insurance.
7. Disbursement.

3.1.1 REVENUE GENERAL:

Bangladesh Biman Corporation is a service-oriented company. It earns revenue through selling ticket. Revenue general deals with total corporation revenue. Revenue earns of Biman is totally different from other organization. Normally when a company sell something then it treated as revenue but when Biman sells ticket then it's not treated as revenue but when passenger flies or up lift then it treated as revenue.

Biman earns revenue from categories.

- Passenger sales.
- Excess begase sales.
- Cargo sales.

Revenue general sell ticket through sales agent, a ticket has four parts:

- Jacket.
- Audit coupon.
- Flight coupon.
- Agency coupon.
Jacket is the first part of the ticket. Normally the jacket has no value but without jacket the ticket is totally valueless. Audit coupon is most important, it is the main document of ticket for revenue general. Through this coupon auditor can justify whether the sales agent take the proper fair or not. Agency coupon is provides what types of agency sales the ticket.

The flight coupon is the most valuable part of a ticket. This part includes the ticket fair, arrival and destination of passengers.

There are three categories of ticket that Biman sell through agencies.

- Single sector.
- Double sector.
- Four sector.

Single sector means travelers can travel only one sector. The category of single sector ticket is

![Single Sector Ticket](image)

| 997-4125-324592-5 |

Here, 997 are Biman Airlines code which is provided through IATA (International Air Travel Association). The second four digits first four are common and one indicates single sector. Through this number we can easily understand which airlines and which sector the ticket are:

Single Sector Ticket

Dhaka - London
Double Sector Ticket category is

997 – 4253 – 694250 - 6

Dhaka – London - Dhaka

Four Sector Ticket category is

997 – 4421 – 324952 - 4

Dhaka – Sylhet - London – Sylhet - Dhaka

Bangladesh Biman Corporation sells ticket through their own station and also selling agents. Three types of sales agents ticket on behalf of the Bangladesh Biman Corporation:

- General Sales Agents (GSA).
- Passenger Sales Agents (PSA).
- Cargo Sales Agents (CSA).

1. **General Sales Agents:**

   It sells both types of ticket such as passenger sales and cargo sales. GSA is provided by the Biman Corporation and they are directly control it. In a particular area, there is only one GSA can be hold. GSA are stock holding agents means they deposited a large amount of money on behalf of Biman accounts and
they can get numbers of ticket which depends on their terms and conditions. GSA can able to enjoy higher percentages of 12% commission on their ticket selling.

2. **Passenger Sales Agents:**

Biman Bangladesh Airlines can settle PSA. On the other hand, GSA can run PSA under their authority. PSA also stock holding agency if it is non stock holding agency they fail to preserve ticket at that time they just buy ticket from Biman Corporation then sell it to the passengers. PSA can enjoy 9% commission against their services.

3. **Cargo Sales Agents:**

CSA provides services through carrying goods. They just collect money through Airway bill. CSA can enjoy 5% commission by providing services.

Revenue general maintains their accounts through returns and report. These are called R1 to R10.

- R1 - Passenger and Baggage sales report.
- R2 - Cargo sales report.
- R3 - Cargo delivery & collection report.
- R4 - Miscellaneous cash / credit transaction report.
- R5 - Invoice collection report.
- R6 - Refund report.
- R7 - Invoice collection advise for other stations.
- R8 - Invoice reconciliation statement.
- R9 - Statement of cash transactions & Banking form.
- R10 - Agents Sales Report.
HOW TO FILUP REVENUE REPORT AND RETURN:

The purpose for preparation and submission of various reports/returns by different stations and checking and auditing of the same by Revenue General Section narrated below:

1. **Passenger and Baggage Sales Reports (R-1):**
   
   This form is used for reporting by Biman Sales Office for the issuance of passenger tickets, excess baggage tickets, miscellaneous charges orders and prepared ticket advises.

2. **Cargo Sales Report (R-2):**
   
   This form is used for reporting by Biman Sales Offices the of all air waybills including those relating to shipment of corporation freight and collected shipments i.e. other carrier's transferred shipments.

3. **Cargo Delivery and Collection Report (R-3):**
   
   This form is used for reporting.
   
   (a) The delivery and collection of charges collect air waybills for which collection is to be made at the reporting station.
   
   (b) Biman and other carriers air waybills (prepaid and collect) transferred to other carriers on a Transfer Manifest.
   
   (c) Delivery and collection of other carriers AWBs.
4. Miscellaneous Cash/ Credit Transaction Report:

This form is used for reporting Misc. Cash & Credit transactions which are not reported on form R-1, R-2, R-3, R-5 or R-6 such as Telephone, and Telegram, Insurance, Storage etc., charges recovered from passengers or consignees, tenants, payments for sale of surplus stores, Aircraft transit services rendered to other carriers etc.

5. Invoice Collection Report (R-5):

This form is used for reporting cash collections against invoices issued for credit sales by the Corporation from any of its stations.

6. Refund Report (R-6):

This form is used for reporting refunds against Biman Revenue documents e.g. Passenger Tickets, Excess Baggage Tickets, Airway bills, PTA. Type of refund and rules governing refunds are covered in the Traffic Manual Circulars.

7. Invoice Collection Advice (R-7):

Use this form for notifying other Stations of amount collected against invoices issued by them.

8. Reconciliation of Local Sales Receivables (R-8):

To check and control the amount outstanding against the customers and to verify the accuracy in total.
9. **Statements of Cash Transaction & Banking from (R-9):**

To check daily cash deposit details in accordance with reported R1- R6.

### 3.1.2 **REVENUE LIFT:**

Revenue lift is a part of revenue general which a work to earn revenues. Revenue lift works with part of a ticket which called flight coupon.

They received flight coupon from own and other aircrafts. When a passenger buy a ticket to travel from anywhere else the selling amount treated as unearned revenue but when passengers fly the amount is known as earned revenue which portion or sector he/she flies.

The function of revenue lift given as follows:

- They working with flight coupon which they received from aircrafts.
- They checking the ticket where as it is duplicate or original.
- They checking the class and carrier.
- They checking the sector arrival and departure.
- They checking the ticket fair where it follows IATA rules or not.
- Revenue lift also receive another carrier ticket in which sector they provides service and the pass it to the revenue interline.
3.1.3 REVENUE INTERLINE:

Revenue Interline is another part of revenue, which deals with revenue earning. It works with another carrier ticket that services are they provide at beginning.

Functions of Revenue Interline:

- Billing function.
- Auditing function.
- Settlement function.

Revenue Interline settlement the freedom of carriage traffic rights.

- Freedom one: Over flying right.
- Freedom two: Emergency landing right.
- Freedom three: Own to foreign country passenger carrying.
- Freedom four: Foreign to own country passenger carrying.
- Freedom five: Foreign to foreign country passenger carrying.

FUNCTION OF INTERLINE SECTION: -

Interline means the arrangement / relation between one operator / carrier / airlines with other airlines in order to make transportation if one airlines pox baggage and cargo by other airlines service at the chargeable rate either as per principal of SRP or SPA and other bilateral agreement.

Revenue Interline Section deals with the bills to other airlines against the share if carriage on account of following: -
O1) RECEIVABLES:
Revenue Interline Section deals with the billing to OAL(s) as BG share of carriage on account of following :-

- Pax Billing for OAL passenger (flight coupon) uplifted for carriage on BG flight as per SPA (P) and MPA (P).

- Cargo Billing for OAL shipment (AWB) uplifted for carriage on BG flight as per SPA © and MPA ©.

- Billing for miscellaneous and ground handling services (Traffic and Technical) provided to OAL operating from ZIA / DAC as per Ground Handling Agreement.

- Cargo / Technical Handling Charge (THC) for cargo and Mail carried by OAL to/ from ZIA/ DAC as per Agreement (ANEX)

- Billing to following credit card Co (S) for pax sale in exchange of credit card :-
  
  i) American Express (AX).
  ii) Master Cards (MC).
  iii) VISA Cards (VISA).
  iv) Dinner Cards (DC).

- Compensation / Royalty Billing to OAL for carriage under 5th freedom (HY – 250) and 3rd freedom (KU- 229) as per commercial / bilateral agreement.
Postal Mail carriage Billing to GPO for carriage of postal Mail of domestic and international sectors.

For settlement of Interline Transaction, Billing documents know as ICH Documents in the specified Format are being sent to ICH (IATAClearing House) every month involving an amount of USD 36.00 lac per month in average.

3.1.4 Cash &Bank

Cash and Bank is a part of Finance Department of Bangladesh Biman Corporation. The function of cash and Bank is similar of a bank but it does not provide any loans and doesn’t received any deposits. It is one kinds of pay section. Its mainly pay salary to the employees up to Tk 10,000 if the payments is more than Tk 10,000 than they pay by cheque.

Functions of Cash & Bank department:
Internal payments.
External payments.
Bank reconciliation statement.
International payments: -

The Cash & Bank section makes internal payment, which related to the employee’s. On behalf of Bank Cash & Bank section arrange the date of payment of salary. Basically they fix-up and arrange for bank to pay salary to the employee’s. They inform the Bank by a letter that, specific date and the different places the salary should be paid. That specific date and places Bank comes with their own counter and pay salaries. In that specified date and places Bank able to pay amount up to Tk 10,000 only.
Different department's of Biman makes pay voucher and the employee submit it to the Cash & Bank section and the department makes payment by cash. The payments are basically transportation allowance.

External payments: -

The Cash & Bank section also provides payments for external party. External party means the suppliers. The payments process should be done by the disbursement section and the payment made by this section cash or Cheque. If the payment is less than Tk 10,000 than the payment made by cash or cheque but more than Tk10,000 the payment should be made by only cheque. The cash & Bank section makes transaction as like as a Bank that mean's they maintain a time schedule and have cash counter for make payment.

Bank Reconciliation Statement: -

The major function of Cash & Bank section is to make's Bank reconciliation statements. They basically received different bank statement from different station and they reconcile the statement. They also reconcile the revenues and expenses of different station of Bangladesh Biman Corporation.

Payments of Different purpose such as transportation allowances made by the different section of Finance departments. According to their power of designation of employees able to make different amount of payments.

<table>
<thead>
<tr>
<th>Designation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director General</td>
<td>any amount</td>
</tr>
<tr>
<td>General manager</td>
<td>Tk.250</td>
</tr>
<tr>
<td>Deputy General manager</td>
<td>Tk.150</td>
</tr>
<tr>
<td>Manager</td>
<td>Tk.75</td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>Tk.50</td>
</tr>
</tbody>
</table>
3.1.5 Insurance

Bangladesh Biman Corporation makes Insurance against their 15 aircraft. Insurance is an important part of the finance department of Bangladesh Biman Corporation. It's maintained all insurance policies of Bangladesh Biman. The insurance policies of Bangladesh Biman handle by the two companies because of their higher premium. The first party will handle all policies and it also cover 10% of their total finance. The rest of the amount provides by the second party. The first party is Sadaran Bima Corporation and the second party is Misaon Group who is act as a reinsurar. The total premium of insurance made by four installments.

Types of coverage: -

- Aviation hull all risk
- Aviation hull war risk
- Aviation hull deductible insurance

Categories of Insurance: -

- Aviation Insurance
- Motor vehicles
- Fire on ground
- Marine
- Cash in safe
- Cash in Transit
- Group Insurance
Types of Aircraft and agree gate aircraft values are given below:

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>Aircraft Registration</th>
<th>Aircraft Agree gate Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbus A-310-300</td>
<td>S2-ADE</td>
<td>$65,000,000</td>
</tr>
<tr>
<td>Airbus A-310-300</td>
<td>S2 ADF</td>
<td>$65,000,000</td>
</tr>
<tr>
<td>Airbus A 310-300</td>
<td>S2 ADG</td>
<td>$35,000,000</td>
</tr>
<tr>
<td>Airbus A 310-325</td>
<td>S ADH</td>
<td>$72,000,000</td>
</tr>
<tr>
<td>DC 10-30</td>
<td>S2 ACO</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 ACP</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 ACO</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 ACR</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 ACS</td>
<td>$23,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 AND</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Fokker F-28</td>
<td>S2 ACH</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 ACV</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>..</td>
<td>S2 ACW</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>ATP</td>
<td>S2 ACX</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>ATP</td>
<td>S2 ACY</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

Policy and amount of Insurance:

Hull means the agree gate value as per schedule subject to a maximum value of $100,000,000 for any one aircraft. For group insurance, the person who’s basic is Tk 4,000, the insured amount is Tk 5,000,000 and the person who’s basic is more than Tk 4,000, the insured amount is Tk 6,000,000. Space or ground equipment for any occurrence the insured amount is $50,000,000 and for any items the amount is not more $9,800,000.
Name of Aircraft | Insured amount
--- | ---
Airbus | $500,000,000
New | $600,000,000
F-28 | $250,000,000
ATP | $200,000,000

General third party/product $400,000,000 any one occurrence but in the annual agree gate in respect of product.
Personal injury (as per aviation 60) limit $25,000,000 any one occurrence and in the agree gate.
Non-Aviation liability $25,000,000 any one occurrence excess of schedule of underlying policies to be agreed by the reinsuror only.

### 3.1.7 Disbursement Section

The Disbursement section mainly deals with all expenditure of Bangladesh Biman Corporation accepts salary of employees. It is an expense section of Bangladesh Biman Corporation. All payments of expenditure have to make by them but except those that should not be allowed by the authority. The main function of disbursement section is known D-15 that means station disbursement report. The function made by the disbursement section is employee’s advances and loans, which is known as D-14.

Two types of functions are made by this sector.

- Functions of foreign disbursement.
- Functions of local disbursement.

Functions of foreign disbursement: -

This section basically deals with foreign expenditure, which is made by the Biman Bangladesh Corporation. These are as given bellow,
Over holding D check: -

Disbursement section directly controls this expenditure sector. Over holding D check means to check up aircraft engine. This work done by the company that is approved by the Bangladesh Biman Corporation. Biman provides these types of work through tender. Over holding D check needs for F-28 after 12 years and DC-10 for 5 years.

Fuel: -

One of the major expenditure sector of Bangladesh Biman Corporation is fuel consumption. Each an every year Biman purchases a huge amount fuel for their flight operation. This payment has to be made by the disbursement section.

Over flying: -

This is the first freedom of carriage traffic rights done by the revenue interline but the disbursement section should make payment. This is the right to fly your aircraft over other countries without any permission and for that purpose you have to pay fees to other countries.
Lease payment: -

Bangladesh Biman Corporation is a financially sound organization. So it is difficult for them to operate their business by own aircraft. The price of aircraft so high that’s why they go for lease aircraft from different companies. But they also have some own aircraft. Bangladesh Biman Corporation take lease two Airbus from Singapore and Airbus industries and two Dc-10 from pacific Airline. Each month they have to pay $15 to $16 lac US dollar as a lease payment to the leasor company.

Telephone Network: -

Telephone network is an essential part for any airlines industries. To operate their flight effectively, efficiently and safely they have to depend on telephone network. Without the help of telephone network they can’t go for short run to operate their flights. SITA telephone network handle Bangladesh Biman Corporation telephone network.

Maintenance Cost: -

Disbursement section also deals with the expenditure of air landing and handling charges. When a Biman aircraft land anywhere else the have to pay a charge to the landing airport authority. The payments should be made by disbursement section. On behalf disbursement section station is liable to pay the landing and handling charges to the airport/authority.

Advertisement: -

It’s another expenditure department of Bangladesh Biman Corporation. Bangladesh Biman Corporation gives different advertisement in the local and international daily news and magazines. Before provide the advertisement it should be approved by the public relation authority. This payment is made by the Bangladesh Biman Corporation.
Subscription: -

Bangladesh Biman Corporation has a separate department for their subscription. They are subscript different magazine, manual such as accounting manual and engineering manual. They also subscript their annual report that also done by this sector.

Training: -

Disbursement section also meets all training expenditure done by the Bangladesh Biman Corporation. Bangladesh Biman Corporation some times trained up their employees for efficient operation. The Training expenditure should be approved by the flight operation. The also maintain a training center like Bangladesh Airlines Training Center.

Aircraft Equipment: -

Bangladesh Biman Corporation purchases their aircraft equipment from different companies. They mainly purchase it to go through tender. The disbursement section should make the payment and it also approved by the engineering section.

Chartered flight: -

Chartered flight means to operate a flight by the rental aircraft. Bangladesh Biman Corporation has not sufficient aircraft to operate their flight widely. Basically in Hajj season a large number of people go to complete their Hajj and in that time Biman fails to provide services for their shortage of aircraft. In that special situation Biman Chartered flight from other airlines companies. The disbursement section should make the payment.
Interline payment: -

When Bangladesh Biman Corporation use another aircraft to carriage their passengers and goods they have to pay the amount through revenue interline but the payment should be made by the Disbursement section.

Function of Disbursement Local: -

The function of Disbursement local section is same to the Disbursement International section. Basically they are meeting the expenditure, which are incurred domestic operation. The function of Disbursement Local Section are given below,

- Office maintenance.
- Transportation
- Fuel for domestic aircraft
- Utilities bills
- BFCC
- Poultry
- Passenger purpose expenditure
- Lease for office & air hanger
- Advertisement
- Canteen
- Office stationary

Miscellaneous functions of disbursement section: -

Different expenditure also meets by the disbursement section. The functions are as follows.

- Uniform for Biman staff
- Sports and Cultural festival
- House rent allowances as advances for group four and above
- Prior advances for official purpose
Entertainment expenses
Laundry for airline accommodation
Office cleaning

3.1.7 Payrolls

Payrolls is another expense department of Bangladesh Biman Corporation. This department deals with basically expenditure of the employees. They are deals with Salary, Bonus for different festival, TA/DA and different allowances. The basic function of payrolls section are given below,

- Source -1 (Prepare for new recruit)
- Source -2 (promotional purpose)
- Source -3 (Income tax purpose)
- Source -4 Attention or Present
- Source -5 (For payment deduction)
- Source -6 (For due payments)
- Source -7 (For expire employee)

Source -1: - When an employee newly recruit in the Biman office they makes a paper for the salary payments. They process a form and record all relevant information of that newly recruit and they provides the information to the CMIS.

Source -2: - When an employee gets promotion his salary has to be changed. In this situation they just process a paper for promotional employee other wise his/ her did not changed. They provide the new information to the CMIS for salary drowns by the employee.

Source -3: - For the purpose of the income source of the employee the payrolls section makes a paper and process it. They also provide the information to the CMIS.
Source – 4: - Payrolls section has to make this source for the employee attention. It is related to the salary payments because of his/her absence they should be deduct from his original payments.

Source – 5: - Any causes, the salary of the employee is deducted they have to make this source. From this information they deduct employees salary and they provide it to the CMIS.

Source- 6: - For promotional purpose if the employee fail draw his/her original pay scale they make this source. By this source they just adjust the total payments of that particular employee.

Source – 7: - They prepare this source when the employees retired from his/her job. Through this source they just erase the employees name from the payrolls department. Payrolls section provides this information to the CMIS for withdraw his/her name from the employees list.
### Administrative Pay Scales:

<table>
<thead>
<tr>
<th>Employee</th>
<th>Pay Scale as 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tk 1550 - 60X 7 - 1980 - 65X6 - 2370 - 75X6 - 2820/</td>
</tr>
<tr>
<td>2</td>
<td>Tk 1750 - 90X 8 - 2470 - EB - 100X 8 - 3270/</td>
</tr>
<tr>
<td>2 Special</td>
<td>Tk 1975 - 120X8-2935 - EB - 140X7 - 3915/</td>
</tr>
<tr>
<td>3 (1)</td>
<td>Tk 2250 - 135X8 - 3330 - EB - 140X7 - 4310 - 150X3 - 4760/</td>
</tr>
<tr>
<td>3 (2)</td>
<td>Tk 2550 - 150X7 - 3600 - 155X9 - 4995 - EB - 165X2 - 5325/</td>
</tr>
<tr>
<td>4</td>
<td>Tk 3375 - 170X6 - 4395 - 180X4 - 5115 - EB - 185X6 - 6225/</td>
</tr>
<tr>
<td>5</td>
<td>Tk 4500 - 185X7 - 5795 - 200X10 - 7795/</td>
</tr>
<tr>
<td>6</td>
<td>Tk 5040 - 210X6 - 6660 - 225X5 - 7175 - 270X5 - 9135/</td>
</tr>
<tr>
<td>7</td>
<td>Tk 6550 - 260X5 - 7850 - 285X8 - 10,130/</td>
</tr>
<tr>
<td>8</td>
<td>Tk 8850 - 285X9 - 11,415/</td>
</tr>
<tr>
<td>9</td>
<td>Tk 10,700 - 300X8 - 13,100/</td>
</tr>
<tr>
<td>10</td>
<td>Tk 11,700 - 300X6 - 13,500/</td>
</tr>
<tr>
<td>D-MD</td>
<td>Tk 12,900 - 350X4 - 14300/</td>
</tr>
<tr>
<td>MD</td>
<td>Tk 15000 (fixed)</td>
</tr>
</tbody>
</table>

### Engineering Pay Scale:

<table>
<thead>
<tr>
<th>Employee</th>
<th>Pay Scale as 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tk 1925 - 65X7 - 2080 - EB - 75X11 - 2905/</td>
</tr>
<tr>
<td>2</td>
<td>Tk 1820 - 90X8 - 2540 - 105X6 - 3170 - 120X2 - 3410 - 140X2 - 3590/</td>
</tr>
<tr>
<td>3</td>
<td>Tk 2550 - 150X7 - 3600 - 155X9 - 4995 - EB - 165X2 - 5325/</td>
</tr>
<tr>
<td>4</td>
<td>Tk 3525 - 170X7 - 4715 - 180X4 - 5435 - 185X7 - 6730/</td>
</tr>
<tr>
<td>5</td>
<td>Tk 4930 - 210X5 - 5980 - 260X5 - 7280 - 300X4 - 8480/</td>
</tr>
<tr>
<td>Engineer director</td>
<td>Tk 6945 - 270X3 - 7755 - 300X2 - 8355 - LB - 300X5 - 9855 LB</td>
</tr>
<tr>
<td></td>
<td>300X4 - 11,055 - LB - 340X7 - 13,435/</td>
</tr>
<tr>
<td>Engineer</td>
<td>Tk 11,335 - 340X15 - 16,435/</td>
</tr>
<tr>
<td>Deputy chief Eng.</td>
<td>Tk 12,200 - 400X15 - 18200/</td>
</tr>
<tr>
<td>Chief engineer</td>
<td>Tk 15000 - 500X9 - 19500/</td>
</tr>
</tbody>
</table>
## Cockpit Crew Pay Scale:

<table>
<thead>
<tr>
<th>Name of the crew</th>
<th>Code</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captain DC 10-30</td>
<td>73</td>
<td>Tk 17,365-1087-26,061-1627-39,077</td>
</tr>
<tr>
<td>First Officer DC 10-30</td>
<td>72</td>
<td>Tk 12,805-868-25,825</td>
</tr>
<tr>
<td>Captain Airbus A310-300</td>
<td>66</td>
<td>Tk 15,370-1,012-23,466-1466-33,728</td>
</tr>
<tr>
<td>First Officer Airbus A310-300</td>
<td>69</td>
<td>Tk 9,407-638-15,787</td>
</tr>
<tr>
<td>Captain F 28</td>
<td>71</td>
<td>Tk 12,075-814-20,215</td>
</tr>
<tr>
<td>First Officer F 28</td>
<td>70</td>
<td>Tk 7,262-512-12,382</td>
</tr>
<tr>
<td>Captain ATP</td>
<td>62</td>
<td>Tk 12,075-814-20,215</td>
</tr>
<tr>
<td>First Officer ATP</td>
<td>61</td>
<td>Tk 7,262-512-12,382</td>
</tr>
<tr>
<td>Sr. Flight Engineer DC 10-30</td>
<td>74</td>
<td>Tk 12,592-868-25,612</td>
</tr>
<tr>
<td>Jr. Flight Engineer DC 10-30</td>
<td>75</td>
<td>Tk 4,974-673-13,050</td>
</tr>
</tbody>
</table>
Chapter 4

An Appraisal of the Financial Performance of BBC
Financial Performance Evaluation of Bangladesh Biman Corporation.

Introduction: - 

In today’s business world, owners are virtually non-owners in a way that they do not carry out day-to-day business, managers’ proxy their role. So in order to reduce costs and to ensure that manager perform in the best interest of the owners, investors, shareholders and like to evaluate their organization in terms of financial health, And they typically employ ratio analysis to assess organization’s performance. Of course, there could be other parties who are also interested in evaluating performance of the organization, for example, lenders, tax authority, etc.

In the rest of report I made an attempt to evaluate Bangladesh Biman Corporation performance exclusively using ratio analysis. Having analyzed the key ratios Bangladesh Biman Corporation based on different year.

Methodology: - 

A time series (1997-2000) ratio analysis has done in order to assess the financial performance of Bangladesh Biman Corporation. However, it is true that ratio analysis is of little used if ratios can’t be compared against industry average. Industry average data is too distant to expect. The main reason is the non-availability of information of airlines industry. There are numerous airlines industry operate their business in the world but their information’s are not available to compare with Bangladesh Biman Corporation.

For any financial comparison there are methodology by which the measurements can be evaluated. Financial manager uses various methods for measuring a company’s performance, like common size statement, Du-pong analysis, trend analysis and the most effective ratio analysis.
While we analyzing the performance of Bangladesh Biman Corporation first we collected the information about the Balance Sheet and income Statement of Bangladesh Biman Corporation. Then I calculated the common size analysis of the company's balance sheet and income statement.

After the common size analysis, I analyze the ratios of Bangladesh Biman Corporation, to determine the present situation of the company and evaluate whether they are at the satisfactory level. Then I compare the ratios of Bangladesh Biman Corporation With different year to find out the comparable performance. In the ratio analysis part first I did the Du- Pont analysis and for that I calculate the following ratios; return on equity (ROE), to define ROE I also calculated Net Profit Margin, Total Assets Turnover, Equity Multiplier.

After analyzing those ratios, I have compared those between two companies. I also divided the ratio analysis into three parts. Those types are

- Profitability ratio,
- Liquidity ratio,
- Activity ratio.
- Leverage ratio

So. The methodologies used in the studies are:

- Common size Statement.
- Ratio Analysis.
**Analysis by common size statement**

Common size statement is the measurement of different ratios in the income statement and balance sheet. In the income statement total turnover is counted as 100% and then it is divided in the other accounts in respect to total income. In the Balance Sheet total assets is counted also as 100% and then divided in to the others accounts of the assets section. Same process is followed in the liabilities and owner's equity section. So common size statement shows the percentage of the different account in respected to total assets, total liabilities & owner’s equities and total income.

The analysis of the common size statement can be divided in to two parts. One is the income statement part; in Bangladesh some company called it profit and loss and appropriation account. So, Bangladesh Biman Corporation also indicates this part as profit and loss account and the other part is the Balance part. At first, I want to discuss about profit & loss account, which as bellows.

The analysis of profit and loss account shows the turnover where it is counted as 100% and the other components will be divided as the part of the 100% turnover. Cost of goods sold (cost of sales) is one of the major parts of profit & loss account. The analysis shows that the COGS of Bangladesh Biman Corporation were frequently changed. In 1995 it was 87 % of sales, in the year 1996 it was 80%, in the year 1997 it was 76%, in the year 1998 it was 86 %and in the year 1999 it was 88%. Net profit is the main key player of any firm, and the percent of it in terms of turnover is very important elements of common size statement. Bangladesh Biman Corporation net profit margin was gradually decreases over the period. In the year 1995 net profit margin of Bangladesh Biman Corporation was 6%, in the year 1996 it was only 2% and the rest of the year it going to be incurred losses. In the year 1997 net profit margin was (8%) that means negative profit margin, in the year 1998 net profit margin was (0.0023%) and in the year 1999 net profit margin was (4.6%).
After the profit & loss account the balance sheet are analyzed where the total assets and total liabilities are counted as 100% and the other components are divided as a part of 100% assets and liabilities. The analysis of balance sheet of Bangladesh Biman Corporation shows that the percent of fixed assets in respect of total assets were more or less same in the last five years. The percentages of fixed assets of Bangladesh Biman Corporation were between 56% to 72%. In the year 1995 the percentage of fixed assets based on total assets was 56%, in the year 1996 it was 67%, in the year 1997 it was 72%, in the year 1998 it was 72% and in the year 1999 it was 69%. It had average 67% of fixed assets for the last five years. The current assets of Bangladesh Biman Corporation were 28% to 44% for the last five years. In the year 1995 the percentages of current assets was 44%, in the year 1996 it was 33%, in the year 1997 it was 28%, in the year 1998 it was also 28% and in the year 1999 it was 31%. It maintained average 33% current assets. In the liability part Bangladesh Biman Corporation has the percentage of current liabilities were between 20% to 35%. In the year 1995 Bangladesh Biman Corporation has the current liabilities was 27%, in the year 1996 it was 24%, in the year 1997 it was 20%, in the year 1998 it was 29% and in the year 1999 it was 35%. Bangladesh Biman Corporation maintains an average current a liability was 27%. The average percentage of total liabilities of Bangladesh Biman Corporation was 73%. In the 1995 the percentage of long-term liabilities was 73%, in the year 1996 it was 76%, in the year 1997 it was 80%, in the year 1998 it was 71% and in the year 1999 it was 65%.

So, above things were the main elements of common size statement analysis for the comparison of the financial performance of Bangladesh Biman Corporation based on years.
Performance Analysis under Ratio Tree

Ratio Tree

- Profitability Ratio
- Liquidity Ratio
- Activity Ratio

- Shareholders’ Return Ratio
- Leverage Ratio

Profitability Ratio:

Profitability Ratio

- Return on total assets
- Return on stockholder equity
- Net profit margin
- Operating profit margin

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Liquidity Ratio: -

Activity Ratio: -
Leverage Ratio: -

Shareholders return ratio: -
Ratio Analysis

Profitability Ratio: -

Du Pont Analysis:

Through Du- Pont analysis I could measure how the profit margin, asset turnover and Leverage multiplier combine to determine the rate of return on equity. Thus Du- Pont analysis is especially useful for summarizing a firm’s financial condition because it decomposes shareholders profitability on three important determinants:

- Expense Control
- Asset utilization
- Debt utilization

\[ \text{ROE} = \text{ROA} \times \text{Equity multiplier} \]
\[ \text{ROA} = \text{Net profit margin} \times \text{Total asset turnover} \]

Years ago, Donaldson Brown, Du Pont’s Chief Financial Officer faced some problems of too many ratios to calculate the performance of any company. He then developed an analysis called Du Pont Analysis. He defined that the company’s stock price depends on its Return on Equity (ROE). Higher the ROE higher the company’s stocks price.

The Du Pont Analysis is described as bellows: -

**Return on Equity (ROE)**

This ratio indicates the degree to which the firm is able to convert operating income into an after tax income that eventually can be claimed by the shareholder. This is a useful ratio for analyzing of the firm’s management to realize an adequate return on the capital invested by the owners of the firm.

The rate of return on equity (ROE) is a good starting point in the analysis of company’s financial condition for the following reasons:
- If the ROE is relatively low compared with the other companies, it will tend to decrease the company’s access to new capital that may be necessary to expand and maintain a competitive position in the market.
- A low ROE may limit a company’s growth because regulations require the assets be a certain number of times equity capital.
- ROE can be broken down into component parts that help to identify trend in the company’s performance.

Three Parts can measure ROE,
ROE = ROA X Asset Utilization X Equity Multiplier

\[
\text{ROE} = \frac{\text{Net Income}}{\text{Total Equity Capital}}
\]

Table 4.1: Return on Equity Bangladesh Biman Corporation over the Period

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>ROA</td>
<td>5%</td>
<td>1.6%</td>
<td>(6)%</td>
<td>(0.0019%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Total asset Turnover</td>
<td>154%</td>
<td>119%</td>
<td>105%</td>
<td>119%</td>
<td>127%</td>
</tr>
<tr>
<td>Equity Multiplier</td>
<td>5</td>
<td>4.6</td>
<td>4</td>
<td>4</td>
<td>4.2</td>
</tr>
<tr>
<td>ROE</td>
<td>25%</td>
<td>7%</td>
<td>(26%)</td>
<td>(0.0082%)</td>
<td>(17%)</td>
</tr>
</tbody>
</table>

Figure 4.1: Return on Equity Bangladesh Biman Corporation over the Period.
Through Du – Pont analysis we can measure how the ROA, asset turnover and Equity multiplier combined to determine the rate of return on equity. ROE states about the how much return is earned form the equity of a firm. It has been observe that ROE of Bangladesh Biman Corporation is different in different year. In 1995 the ROE of Bangladesh Biman Corporation is better than from rest of the year. Du- Pont analysis will helps to identify the reason for the lower ROE of Bangladesh Biman Corporation based on different year. In the year 1999 the ROE of Bangladesh Biman Corporation is negative due to the declining trend of the total assets turn over, ROA and also the equity multiplier (EM). So, from the Du Pont analysis it is found that Bangladesh Biman Corporation had the advantage of their EM, ROA and also total asset turn over position over the year to year.

**Gross Profit Margin (Operating Profit Margin):**

The profit margin ratio provides information about ability of management to control expenses, including taxes, given a particular level of operating income.

The formula of gross profit margin is given bellow: -

\[
\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Sales}}
\]

**Table 4.2:** -Gross profit of Bangladesh Biman Corporation over the period.

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<th></th>
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</thead>
<tbody>
<tr>
<td>Gross profit margin</td>
<td>8.5%</td>
<td>4%</td>
<td>(2%)</td>
<td>0.3%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
The gross profit margin indicates the percentage of gross profit in respect to the sales. In the year 1995 the gross profit margin of Bangladesh Biman Corporation was 8.5%, in the year 1996 it was 4%. But in the year 1997 it was going to negative position and it was (2%). After 1997 it was gradually increased. In the year 1998 the gross profit margin was (0.30%) and in the year 1999 it was 2.5%. From the above discussion we observed that, the current position of Bangladesh Biman Corporation is not good.

**Total Assets Turn Over (Assets Utilization):**

The total assets Turnover ratio respects the ability of management to employ assets effectively to generate revenue.

The formula of Total Assets Turnover is given bellow:

\[
\text{Total Assets Turnover} = \frac{\text{Operating Revenue}}{\text{Total Assets}}
\]
Table 4.3: - Total Assets turnover over the period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets Turnover</td>
<td>87%</td>
<td>80%</td>
<td>76%</td>
<td>86%</td>
<td>88%</td>
</tr>
</tbody>
</table>

Figure 4.3: - Total Assets turnover over the period of Bangladesh Biman Corporation.

The analysis shows that in the year 1995 the Total Assets Turnover Ratio or Assets utilization ratio was 87%. But after 1995 it was gradually decreases. In the year 1996 total assets turn over of Bangladesh Biman Corporation was 80 %, in the year 1997 it was 76%. After the year of 1997 it also increased. In year 1998 total assets turnover was 86% and in the year 1999 it was 88%.

From the above analysis we observed that Bangladesh Biman Corporation fail to utilize its total assets effectively. Because of unable to utilize total assets properly it cannot survive in the long run. To earn more profit Biman must have to utilize their assets effectively.
**Equity Multiplier:**

The ratio shows that the amount of Assets backs by the equity. But as for company, which is highly leveraging firm will have lower Equity Multiplier. The higher of EM indicates greater risk for a company.

The Equity Multiplier is not a profitability ratio it measure risk solvency ratio but it helps to find out the ROE for the Du pont Analysis. Using for financial leverages is known as the equity multiplier. Equity Multiplier can be measured by the following formula.

\[
\text{Equity Multiplier} = \frac{\text{Total assets}}{\text{Total Equity}}
\]

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Multiplier</td>
<td>5</td>
<td>4.6</td>
<td>4</td>
<td>4</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Table 4.4: - Equity Multiplier over the period of Bangladesh Biman Corporation.

Figure 4.4: - Equity Multiplier over the period of Bangladesh Biman Corporation.

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Higher Equity Multiplier is desirable. That means greater amount of equity it takes from the shareholders to buildup its capital structure. From the above calculation I found that Bangladesh Biman Corporation equity multipliers decreases over the period. But the analysis shows that the Equity Multiplier of Bangladesh Biman Corporation is more or less same. In the year 1995 the equity multiplier was 5, in the year 1996 equity multiplier was 4.6, in the year 1997 and 1998 equity multiplier was 4 and in the year 1999 was 4.2.

◆ Return on Assets: -

Return on assets measure the success of a firm in using asset to generate earning independent of the financing of those assets. This measure therefore separates financing activity form operating and investing activities. ROA is particularly useful in assessing the performance of business segment of firm when as is typical, financing for those segments comes from a central corporate pool of resources. ROA can be interpreted in two ways. First it measures management’s ability and efficiency in using the firm’s assets to generate profit. Second it reports the total return accruing to all providers of capital. In a sense I can use the term ROA as the realize rate of return that uses date for discrete period shorter than projected life of activity.

ROA can be measured by,

\[
\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}}
\]
Table 4.5: Return on Total Assets over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>5%</td>
<td>1.6%</td>
<td>(6%)</td>
<td>(0.0019%)</td>
<td>(4%)</td>
</tr>
</tbody>
</table>

Figure 4.5: Return on Total Assets over the Period of Bangladesh Biman Corporation.

From the above graph I found that the Return on Assets of Bangladesh Biman Corporation is not good. In the year 1995 and 1996 their ROA is positive and rest of the year their ROA is negative. In the year 1995 their return on assets was 5%, in the year 1996 it was 1.6%. After rest of the year it was decreased. In the year 1996 it was (6%), in the year 1998 it was (0.0019%) and in the year 1999 it was (4%). That means Bangladesh Biman Corporation management used their real and financial resources as well that the company can generate returns from that.
Net Profit Margin:

The Net Profit Margin represents the firm’s net profit as percentage of total assets. That means the firm’s capabilities to earn sufficient revenues against their capital. If the firm unable to earn sufficient revenue it going to incur losses and the firm’s is going to bankrupts position. Higher the net profit margins the higher the profit. So, as a good and sound organization it should be higher.

Table 4.6: -Net profit of Bangladesh Biman Corporation over the period.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit margin</td>
<td>6%</td>
<td>2%</td>
<td>(8%)</td>
<td>(0.0023%)</td>
<td>(4.6%)</td>
</tr>
</tbody>
</table>

Figure 4.6: -Net profit of Bangladesh Biman Corporation over the period.
Net profit margin can be measured

\[
\text{Net Profit Margin} = \frac{\text{Profit after taxes}}{\text{Sales}}
\]

In the year 1995 the net profit margin of Bangladesh Biman Corporation was only 6% but Biman failed to continue their profit margin. Their profit is fluctuating rapidly. In the year 1996 it was only 2%. After 1996 they incur losses. In the year 1997 their net profit margin was negative and it was (8%), in the year 1998 it was (0.0023%), in the year 1999 it also incurred net loss and it was (4.6%). So, the current situation of Bangladesh Biman Corporation is not good because of their continuously incur losses. They have to get rid of from this situation.

**Table 4.7:** Amount of the Net Profit of Biman over the period.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Net Profit</td>
<td>611,518,757</td>
<td>223,732,399</td>
<td>(979,308,966)</td>
<td>(649,795,498)</td>
<td>(314,628)</td>
</tr>
</tbody>
</table>

**Figure 4.7:** Amount of the Net Profit of Biman over the period.
Biman Bangladesh makes profit in the first two years. In the year 1995 its net profit was 611,518,757 TK and in the year 1996 the net profit was 223,732,399 TK. After two years Biman Incurred losses. The net losses are gradually decreases over the period. In the year 1997 its net loss was 979,308,966 TK, in the year 1998 it was 649,795,498 TK.

**Liquidity Ratios: -**

**Current Ratio**

Current Ratio indicated the ability of a company to meet its short-term obligations. Short-term obligations indicate those obligations that are due within a year. Current ratios provide a single indicator of the extent to which assets are expect to be converted to cash in period roughly corresponding to the maturity of the claims the clients.

A higher current ratio may be indicating excessive amount of current assets, which is considered to be management's failure to utilize the resources properly. A lower current ratio is an indication that the firm may not be able to pay future bill in time.

Current ratio can be defined as.

\[
\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}
\]

Table 4.8: -Current Ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>1.6 times</td>
<td>1.4 times</td>
<td>1.4 times</td>
<td>0.97 times</td>
<td>0.89 times</td>
</tr>
</tbody>
</table>
Figure 4.8: Current Ratio over the Period of Bangladesh Biman Corporation.

The current ratio of Bangladesh Biman Corporation is not good. In the year 1995, Biman current ratio was 1.6 times and it was decreased over the period. In the year 1996, it was 1.4 times, in the year 1997, it was 1.4 times also, in the year 1998, it was 0.97 times and in the year 1999, it was only 0.89 times.

Quick ratio: -

Quick ratio states that, how many current liabilities can be met by the current assets even without having to liquidate its inventories. Inventories are typically the least liquid of a firm’s current assets, so they are the assets on which losses are most likely to occur in the event of liquidation. Therefore, it is a measure of the firm’s ability to pay off short-term obligations without having to liquidate inventories.

Quick ratio can be defined as:

\[
\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}
\]
Table 4.9: -Quick Ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Quick Ratio</td>
<td>1.25</td>
<td>1.00</td>
<td>0.85</td>
<td>0.55</td>
<td>0.55</td>
</tr>
</tbody>
</table>

Figure 4.9: -Quick Ratio over the Period of Bangladesh Biman Corporation.

- **Inventory to net working capital:**

  Inventory to net working capital represents, the extent of which the firm’s working capital tied up in inventory. If it is higher that means the capital of the firms is not properly used. In this situation they are not able to enhance higher revenue. So, it is beneficial for the company if their inventory to net working capital ratios is lower.

Inventory to net working capital can be define as

\[
\text{Inventory to net working capital} = \frac{\text{Inventory}}{\text{Current assets} - \text{Currents liabilities}}
\]
Table 4.10: Inventory to net working capital over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Inventory to Net working Capital</td>
<td>57%</td>
<td>102%</td>
<td>135%</td>
<td>(137%)</td>
<td>(301%)</td>
</tr>
</tbody>
</table>

Figure 4.10: Inventory to net working capital over the Period of Bangladesh Biman Corporation.

In the year 1995 Biman Bangladesh Corporation Inventory to net working capital was 57% and it also increases up to year 1997. After 1997 it will decreases rest of the year. In the year 1996 it was 102%, in the year 1997 it was 135%. In the year 1998 it was negative and the ratios was (137%) and in the year 1999 it was (301%).
Activity Ratio: -

Fixed Asset Turnover: -

This ratio indicates how efficiently the firm is using its fixed asset to generate revenue. If the firm’s failed to utilize their assets properly they fail to generate sufficient revenue as a result they are going to losses.

Fixed Asset Turnover ratio can be defined as:

\[
\text{Fixed Assets Turnover Ratio} = \frac{\text{Sales}}{\text{Fixed Assets}}
\]

Table 4.11: -Fixed assets turnover ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>Fixed Assets Turnover</td>
<td>154%</td>
<td>119%</td>
<td>105%</td>
<td>119%</td>
<td>127%</td>
</tr>
</tbody>
</table>

Figure 4.11: -Fixed assets turnover ratio over the Period of Bangladesh Biman Corporation.
In the year 1995 the Fixed Asset Turnover of Bangladesh Biman Corporation was 154% and it going to down up to the year 1997. After the year 1997 it will increases. In the year 1996 it was 119%, in the year 1997 it was 105%. In the year 1998 it was 119% and in the year 1999 it was 127%.

Total Assets Turn Over: -

It represents the effectiveness of the firm in utilizing its total assets. That means how the firm’s efficiently use their total assets to maximize their revenues as well as profit. If the firm’s total assets is higher which helps them to generate higher revenues.

Total Assets Turn Over can be measured as

\[
\text{Total assets turnover} = \frac{\text{Sales}}{\text{Total Assets}}
\]

Table 4.12: -Total assets turnover ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total Assets Turnover</td>
<td>87%</td>
<td>80%</td>
<td>76%</td>
<td>86%</td>
<td>88%</td>
</tr>
</tbody>
</table>

Figure 4.12: -Total assets turnover ratio over the Period of Bangladesh Biman Corporation.
The total assets turnover of Bangladesh Biman Corporation is close to same. In the Year 1995 the total assets turnover of Bangladesh Biman Corporation was 87%, in the year 1996 it was 80%, in the year 1997 it was 76%, in the year 1998 it was 86% and in the year 1999 it was 88%.

**Leverage Ratio: -**

**Debt to Asset Ratio:**

It indicates the total borrowed funds as a percentage of total assets. If the debt to assets ratios is higher that means the firm is highly leveraged. So the firm always try to keep their debt to asset ratio is lower and lower.

Debt to Asset Ratio can be defined as:

\[
\text{Debt to Asset Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}
\]

Table 4.13: Debt to Asset Ratio over the Period of Bangladesh Biman Corporation.

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Assets Ratio</td>
<td>38%</td>
<td>43%</td>
<td>50%</td>
<td>45%</td>
<td>40%</td>
</tr>
</tbody>
</table>
The Debt to assets ratios of Bangladesh Biman Corporation is almost lower. In the year 1995 their debt to assets ratio was 38% and it will continually increases up to the year 1997. In the year 1996 it was 43%, in the year 1997 it was 50%. After 1997 it will decreases. In the year 1998 it was 45% and in the year 1999 it was 40%.

**Debt to Equity Ratio:**

It indicates the borrowed fund versus the funds provided by shareholders. Debt to Equity Ratio can be defined as:

\[
\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Stockholders' Equity}}
\]

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Assets Equity Ratio</td>
<td>191%</td>
<td>198%</td>
<td>206%</td>
<td>187%</td>
<td>166%</td>
</tr>
</tbody>
</table>
To go through this ratio we can measure how the firm leveraged against their shareholder equity. If it lower it should be better for the company. In the year 1995 their debt to equity ratio was 191% and it will increases up to the year 1997. In the year 1996 it was 198% and in the year 1997 it was 206%. After that year it was decreased. In the year 1998 their debt to asset ratio was 187% and in the year 1999 it was 166%.

**Time interest earned Ratio:**

It indicates the firm’s ability to meet all interest payments. If the firm Time interest earned ratio is higher that means it is more capable to meet their liabilities.

Time interest earned Ratio can be defined as:

\[
\text{Time interest earned Ratio} = \frac{\text{Profit before interest & taxes}}{\text{Total interest charges}}
\]
Table 4.15: -Time interest earned Ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Time interest earned ratio</td>
<td>4</td>
<td>2</td>
<td>(0.3)</td>
<td>0.07</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure 4.15: -Time interest earned Ratio over the Period of Bangladesh Biman Corporation

In the year 1995 their time interest earned ratio is higher and after the year their time interest earned ratio was lower. In the year 1995 Bangladesh Biman Corporation time interest earned ratio was 4 times, in the year 1996 it was 2 times and in the year 1997 it was negative and it was (0.3) times. In the year 1998 it was only 0.07 times and in the year 1999 it was only 1 times.

**Long term Debt to Equity:**

It represents the leverage used by the firm. It helps to measure firm leverage position whether they are more or less leverage.
Long term Debt to Equity can be measured

\[
\text{Long term Debt to Equity} = \frac{\text{Long-term Debt}}{\text{Total shareholders equity}}
\]

Table 4.16: - Long-term Debt to Equity Ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Debt to equity</td>
<td>187%</td>
<td>192%</td>
<td>205%</td>
<td>184%</td>
<td>165%</td>
</tr>
</tbody>
</table>

Figure 4.16: - Long-term Debt to Equity Ratio over the Period of Bangladesh Biman Corporation.

In the year 1995 the Long term Debt to Equity of Bangladesh Biman Corporation was 187% and it will increases up to the 1997. In the year 1996 it was 192% and in the year 1997 it was 205%. After that year it was decreases. In the year 1998 it was 184 % and in the year 1999 it was 165%. If the proportional rate is higher it will be beneficial for the company other wise it will treated as levered firm.
Shareholders Return Ratio: -

- **Price Earnings Ratio:**

An indication of market perception of the firm usually, the faster-growing or less risky firms tend to have higher price earning ratios than the slower growing and more risky firms.

Price Earnings Ratio can be defined as:

\[
\text{Price Earning Ratio} = \frac{\text{Share Price}}{\text{Earning Per Share}}
\]

Table 4.17: - Price earnings Ratio over the Period of Bangladesh Biman Corporation.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Earnings Ratio</td>
<td>8</td>
<td>22</td>
<td>(5)</td>
<td>(16129)</td>
<td>(8)</td>
</tr>
</tbody>
</table>

Figure 4.17: - Price earnings Ratio over the Period of Bangladesh Biman Corporation.
Higher Price Earnings Ratio is better for any companies. But the price-earning ratio of Bangladesh Biman Corporation is lower so it is more risky firm. In the year 1995 the price earnings ration of Bangladesh Biman Corporation is only 8 and in the year 1996 it was 22. After that it was negative. In the year 1997 it was (5), in the year 1998 it was (16129) and in the year 1999 it was (8).
Chapter 5
Problems, Recommendation & Conclusion
Problems & Recommendation

Reasons for incurred losses:

- Bangladesh Biman Corporation operates their flight in some routes where they incurred huge losses like Dhaka-New York flight. When they operate their first flight from Dhaka to New York once a week, they incurred net lose Tk. 80,00,000. Then they take a decision that, they operate two flight from Dhaka to New York in a week. To take this decision they able to reduce their losses from Tk. 80,00,000 to Tk. 72,00,000 but they are making losses in two times, So their total losses are Tk. 144,00,000. After the huge losses they operate three flight in a week and they again able to reduce losses like Tk. 72,00,000 to Tk. 65,00,000 but they are losses in three times. So, Their total losses are Tk. 195,00,000. Now they operate their flight once a week but they unable to reduce their losses and they did not stop their operation because of their policy-making bodies.

- Bangladesh Biman Corporation should stop their routes where they incurred losses but management take lease two Airbus and two DC-10 from Airbus industry, Singapore and pacific airlines. Even though they have no routes to operates this flight. So the carriers are still unused but they have to pay $15,00,000 to $16,00,000 each month to the leasor company. As a result they incurred continuously losses rather than generate profit.

- The operating cost of Bangladesh Biman Corporation is very high rather than other airlines. The main cost of their operation is fuel cost. But the giant airlines like Saudia, Kuwait and Emirate airlines use their own fuel so, their operating cost is very low. Even if no one can sale their ticket lower than IATA fair but they can provide numerous incentives because of their lower operating cost whereas Bangladesh Biman Corporation can’t follow this strategy because of their higher operating cost. As a result they fail to compete with their peer groups and incurred losses.
Bangladesh Biman Corporation D-check their aircraft by foreign company. Biman D-check Dc 10 after five years and ATP after twelve years. To D check aircraft each year they have to pay a large amount of their revenues and the payment should be maid by the foreign currency. So it is very expensive for Biman Bangladesh. But if they D check their aircraft by the local company or their own engineer they save a large amount of foreign currency, which helps them to generate higher revenues.

Now airlines business is very competitive for the modern business world. Biman fail to compete with other airlines because of their shortages of resources and also their lack of business expertise. The top management makes normally major decisions but most of their top officials are comes from different sectors and they have not sufficient knowledge about airlines business. Except finance director rests of them are not professional guys and they are recruited directly through Bangladesh government. As a result they are incurred losses continuously.

Bangladesh Biman Corporation is over employed organization even though they are enjoying only 12% of their total operating revenues. By reducing their employees they can able to reduce their operating cost and make it more profitable.

To day the business world is more competitive. Now a day’s Bangladesh Biman Corporation faces a large competition with the giant airlines industries that’s why they fail to compete with others airlines. As a result they fail to generate sufficient revenues and incurred losses continually.

Bangladesh Biman Corporation is the national flag carrier of Bangladesh owned by the Govt. and operating both domestic and international services with reputation. At present Biman is serving twenty-six cities of the world across three continents.
Biman has a fleet of five wide-bodied DC-10-30, three A310-300, three F28 regional jets and two BAe ATPs aircraft. The corporate body is Bangladesh Biman Corporation though the airline is called Biman Bangladesh Airlines. It was established by the Presidential Order No. 126 of 1972 and made a corporation by the Ordinance No. XIX of 1977. Came into being on January 04, 1972 initially with a 2nd world war vintage Dakota. DC – 3, gift from the Air force.

Biman started its first domestic operation within a month of its inception with the old DC – 3. It soon acquired four F-27s and chartered a Boeing 707 to begin its real journey as an airline. In 1983 Biman entered the family of wide-body operators with procurement of three DC – 10 – 30s. Initially Biman’s routes were opened following the movement of ethnic traffic. Biman opened its first international route to London in March 1972.

Airlines business is a profitable business and every one makes profit to operate their business effectively and efficiently except Bangladesh Biman Corporation. As a business organization no go for operate their business with any profit but Bangladesh Biman Corporation operate their business with profit. Basically there are some reasons, which is responsible for their losses.

To get rid of from the existing problems Bangladesh Biman Corporation they have to follow recommended solution.

- Bangladesh Biman Corporation should stop their flight in unprofitable routes and go for new profitable routes to generate higher revenues.
- Bangladesh Biman Corporation should stop their foreign station where they fail to generate revenues and recruit a GSA to enjoy commission, which helps them to generate larger revenues.
- They should cancel their agreements with leasor Company to stop their continually loss as a lease payment.
They should re-tender to D-check their aircraft with other company and go for new company whether they can enjoy service at a lower cost.

They should reduce their employees even if their employees can enjoy only 10% of their total revenues.

They should recruit professional business guys to the top-level position because their all high officials comes from fields and they have no sufficient business knowledge except the finance director.

When they take a policy they realize it whether it is beneficial for corporation or not.

They should decentralize their management power to operate their business effectively and efficiently.

To compete with their rivals they should take some promotional strategy like providing extra incentive to their passenger and satisfied them.

As we know it’s a corporation but it treated as government organization because government directly control the organization and all of the decisions are comes from government. The top management can’t take any decision to increase their efficiency.

Lastly, we are corrupted nation, we never think our nations benefit each and every moment we are think about our personal benefit. So, whatever the condition of the organization we don’t care it we can take any decision even it is losing concern for the corporation.

**Recommended solution,**

“To get rid of from the existing corruption, to take decision independently, to operate their corporation effectively and effectively, they have no alternative solution, Bangladesh Biman Corporation should go for privatization.”
Conclusion

Performance analysis of “Bangladesh Biman Corporation” is not so sufficient to measure and express perfectly within this short time. But it is a great opportunity for me to get use with the operational environment of Bangladesh Biman Corporation. I have tried heart and soul to incorporate the research report with necessary relevant information.

Few of loyal committed customer service base, lack of modern and effective facilities, not enough skilled supervisor in some sector, considering all of these very important factors, Bangladesh Biman Corporation should always try to improve their service level in every terms.

Bangladesh Biman Corporation should be reorganized to set a strategic objective and match with the customer satisfaction. There is lots of airlines industry, which are developing quickly. So, Bangladesh Biman Corporation should not allow their client to get dissatisfied from their service. They have their competitors who actively striving to take advantages in every side.

Bangladesh Biman Corporation is the national flag carrier of Bangladesh owned by the Govt. and operating both domestic and international services with reputation. At present Biman is serving twenty-six cities of the world across three continents. Airlines business is a profitable business and they have large opportunity to operate their business efficiently.

Based on my financial analysis I think that Bangladesh Biman Corporation can generate higher revenue if they able to take decision independently. To increase their operational efficiency they should recruit professional and qualified business guys rather than recruit through government.
To operate their flight in a new routs they should go for feasibility study whether it is feasible or not. If the routs is feasible they should go for operation if it is not feasible they should go for new routs.

During the course of my practical orientation I have tried to learn the strength of Bangladesh Biman Corporation and what could be the future threats of airlines sector to relate it with my theoretical knowledge what I have gathered and going to acquire from academic courses.
APPENDIX
### SOURCE OF FUND:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Fund</td>
<td>2,447,731,500</td>
</tr>
<tr>
<td>Government of Bangladesh Assistance</td>
<td>17,128,621</td>
</tr>
</tbody>
</table>

### Fund Reserve, Grants and Surplus:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Fund</td>
<td>20,328,923</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>262,384,003</td>
</tr>
<tr>
<td>Other Specific Reserve</td>
<td>14,009,802</td>
</tr>
<tr>
<td>Grants</td>
<td>201,533,390</td>
</tr>
<tr>
<td>Revenue Surplus</td>
<td>1,026,725,588</td>
</tr>
<tr>
<td>Loans</td>
<td>1,524,981,706</td>
</tr>
<tr>
<td>Deferred Liabilities</td>
<td>308,654,531</td>
</tr>
</tbody>
</table>

### APPLICATION OF FUND:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets at Cost Less Accumulated Depreciation</td>
<td>4,931,909,167</td>
</tr>
<tr>
<td>Capital Work-in-progress</td>
<td>130,994,636</td>
</tr>
<tr>
<td>Investment at Cost</td>
<td>5,071,337</td>
</tr>
<tr>
<td>Projects at Cost</td>
<td>352,997,555</td>
</tr>
<tr>
<td>Deferred Revenue Expenditure</td>
<td>32,941,130</td>
</tr>
<tr>
<td>Advance against purchase of Air Buses</td>
<td>1,419,971,867</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and Spare cost</td>
<td>1,139,637,269</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>1,083,270,349</td>
</tr>
<tr>
<td>Advances, Depositors and Prepayments</td>
<td>604,768,804</td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>2,527,999,252</td>
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</table>

### Less CURRENT LIABILITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payables and Accruals</td>
<td>2,380,043,388</td>
</tr>
<tr>
<td>Unearned Transportation Revenue</td>
<td>837,431,950</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>31,363,330</td>
</tr>
<tr>
<td>Bank Overdrawn Account</td>
<td>112,694,862</td>
</tr>
</tbody>
</table>

### NET CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,867,957,633</td>
</tr>
</tbody>
</table>
## Balance Sheet as at June 30, 1996

### SOURCE OF FUND:

<table>
<thead>
<tr>
<th>Source of Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Fund</td>
<td>3,017,731,500</td>
</tr>
<tr>
<td>Government of Bangladesh Assistance</td>
<td>17,128,621</td>
</tr>
</tbody>
</table>

### Fund Reserve, Grants and Surplus:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Fund</td>
<td>20,328,923</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>262,822,882</td>
</tr>
<tr>
<td>Other Specific Reserve</td>
<td>14,699,104</td>
</tr>
<tr>
<td>Grants</td>
<td>201,533,390</td>
</tr>
<tr>
<td>Revenue Surplus</td>
<td>1,011,028,558</td>
</tr>
<tr>
<td>Loans</td>
<td>1,510,412,857</td>
</tr>
<tr>
<td>Deferred Liabilities</td>
<td>5,814,245,394</td>
</tr>
</tbody>
</table>

### APPLICATION OF FUND:

<table>
<thead>
<tr>
<th>Application</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets at Cost Less Accumulated Depreciation</td>
<td>7,692,420,436</td>
</tr>
<tr>
<td>Capital Work-in -progress</td>
<td>146,902,527</td>
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<tr>
<td>Investment at Cost</td>
<td>5,071,337</td>
</tr>
<tr>
<td>Projects at Cost</td>
<td>191,863,086</td>
</tr>
<tr>
<td>Deferred Revenue Expenditure</td>
<td>345,583,513</td>
</tr>
<tr>
<td>Advance against purchase of Air Buses</td>
<td>1,067,420,822</td>
</tr>
</tbody>
</table>

### CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and Spare cost</td>
<td>1,315,306,216</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>1,228,366,497</td>
</tr>
<tr>
<td>Advances, Depositors and Prepayments</td>
<td>848,881,750</td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>1,244,744,866</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less CURRENT LIABILITIES</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payables and Accruals</td>
<td>2,591,325,345</td>
</tr>
<tr>
<td>Unearned Transportation Revenue</td>
<td>580,806,586</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>4,638,219</td>
</tr>
<tr>
<td>Bank Overdrawn Account</td>
<td>172,270,301</td>
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</table>

### NET CURRENT ASSETS:

<table>
<thead>
<tr>
<th>Net Current Assets</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,737,640,599</td>
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</tbody>
</table>
**BANGLADESH BIMAN CORPORATION**

**Balance Sheet as at June 30, 1997**

<table>
<thead>
<tr>
<th><strong>SOURCE OF FUND:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Fund</td>
<td>3,825,131,500</td>
</tr>
<tr>
<td>Government of Bangladesh Assistance</td>
<td>17,128,621</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Fund Reserve, Grants and Surplus:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Fund</td>
<td>20,328,923</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>2,622,882</td>
</tr>
<tr>
<td>Other Specific Reserve</td>
<td>10,154,388</td>
</tr>
<tr>
<td>Grants</td>
<td>201,533,390</td>
</tr>
<tr>
<td>Revenue Surplus</td>
<td>(36,646,364)</td>
</tr>
<tr>
<td>Grants</td>
<td>458,193,219</td>
</tr>
<tr>
<td>Loans</td>
<td>7,857,321,848</td>
</tr>
<tr>
<td>Deferred Liabilities</td>
<td>458,169,814</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,615,945,002</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>APPLICATION OF FUND:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets at Cost Less Accumulated Depreciation</td>
<td>10,595,655,789</td>
</tr>
<tr>
<td>Capital Work-in-progress</td>
<td>18,314,775</td>
</tr>
<tr>
<td>Investment at Cost</td>
<td>5,071,337</td>
</tr>
<tr>
<td>Projects at Cost</td>
<td>267,592,197</td>
</tr>
<tr>
<td>Deferred Revenue Expenditure</td>
<td>524,567,028</td>
</tr>
<tr>
<td>Advance against purchase of Air Buses</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CURRENT ASSETS</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and Spare cost</td>
<td>1,681,145,053</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>1,145,369,590</td>
</tr>
<tr>
<td>Advances, Depositors and Prepayments</td>
<td>330,008,900</td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>1,152,723,962</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,309,247,505</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Less CURRENT LIABILITIES</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payables and Accruals</td>
<td>2,030,864,346</td>
</tr>
<tr>
<td>Unearned Transportation Revenue</td>
<td>1,009,678,490</td>
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<tr>
<td>Provision for taxation</td>
<td>3,452,547</td>
</tr>
<tr>
<td>Bank Overdrawn Account</td>
<td>60,508,246</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,104,503,629</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NET CURRENT ASSETS</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>12,615,945,002</td>
</tr>
</tbody>
</table>
### Balance Sheet as at June 30, 1998

#### Source of Fund:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Fund</td>
<td>3,825,131,500</td>
</tr>
<tr>
<td>Government of Bangladesh Assistance</td>
<td>17,528,621</td>
</tr>
</tbody>
</table>

#### Fund Reserve, Grants and Surplus:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Fund</td>
<td>20,328,923</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>262,822,882</td>
</tr>
<tr>
<td>Other Specific Reserve</td>
<td>14,840,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,140,251,925</strong></td>
</tr>
</tbody>
</table>

**Loss: Accumulated Losses as per Profit & Loss Statement**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>7,062,937,035</td>
</tr>
<tr>
<td>Deferred Liabilities</td>
<td>559,192,395</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,622,129,420</strong></td>
</tr>
</tbody>
</table>

**Net Assets**

| Amount                          | 11,196,314,606   |

### Application of Fund:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets at Cost Less Accumulated Depreciation</td>
<td>10,190,211,222</td>
</tr>
<tr>
<td>Capital Work-in-progress</td>
<td>21,010,944</td>
</tr>
<tr>
<td>Investment at Cost</td>
<td>5,071,507</td>
</tr>
<tr>
<td>Projects at Cost</td>
<td>370,010,365</td>
</tr>
<tr>
<td>Deferred Revenue Expenditure</td>
<td>747,554,797</td>
</tr>
</tbody>
</table>

### Current Assets:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and Spare cost</td>
<td>1,888,649,563</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>1,177,912,268</td>
</tr>
<tr>
<td>Advances, Depositors and Prepayments</td>
<td>345,348,897</td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>1,827,996,796</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,379,907,806</strong></td>
</tr>
</tbody>
</table>

**Less Current Liabilities**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payables and Accruals</td>
<td>3,000,051,086</td>
</tr>
<tr>
<td>Unearned Transportation Revenue</td>
<td>1,422,168,436</td>
</tr>
<tr>
<td>Bank Overdrawn Account</td>
<td>95,232,213</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>4,517,451,735</td>
</tr>
<tr>
<td>Net Surplus (Deficit) in Current Assets</td>
<td>(137,544,229)</td>
</tr>
</tbody>
</table>

**Net Assets**

| Amount                          | 11,196,314,606   |
### Balance Sheet as at June 30, 1999

#### SOURCE OF FUND:

<table>
<thead>
<tr>
<th>Source of Fund</th>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders Fund</td>
<td>3,825,131,500</td>
</tr>
<tr>
<td>Government of Bangladesh Assistance</td>
<td>17,128,621</td>
</tr>
</tbody>
</table>

#### Fund Reserve, Grants and Surplus:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Fund</td>
<td>20,328,923</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>262,822,882</td>
</tr>
<tr>
<td>Other Specific Reserve</td>
<td>14,840,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,140,251,926</strong></td>
</tr>
</tbody>
</table>

**Less: Accumulated Losses as per Profit & Loss Statement**

<table>
<thead>
<tr>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,481,498,925</td>
</tr>
</tbody>
</table>

**Other Funds**

<table>
<thead>
<tr>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,325,033,699</td>
</tr>
<tr>
<td>64,561,354</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

#### APPLICATION OF FUND:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets at Cost Less Accumulated Depreciation</td>
<td>9,807,029,711</td>
</tr>
<tr>
<td>Capital Work-in-progress</td>
<td>20,314,775</td>
</tr>
<tr>
<td>Investment at Cost</td>
<td>5,071,507</td>
</tr>
<tr>
<td>Projects at Cost</td>
<td>201,661,166</td>
</tr>
<tr>
<td>Deferred Revenue Expenditure</td>
<td>1,034,493,979</td>
</tr>
</tbody>
</table>

**CURRENT ASSETS**

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and Spare Cost</td>
<td>1,867,029,711</td>
</tr>
<tr>
<td>sundry Debtors</td>
<td>1,640,645,874</td>
</tr>
<tr>
<td>Advances, Depositors and Prepayments</td>
<td>388,269,291</td>
</tr>
<tr>
<td>Cash and Bank Balance</td>
<td>1,020,961,980</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,916,906,856</strong></td>
</tr>
</tbody>
</table>

**Less CURRENT LIABILITIES**

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payables and Accruals</td>
<td>4,045,948,210</td>
</tr>
<tr>
<td>Unearned Transportation Revenue</td>
<td>1,440,812,593</td>
</tr>
<tr>
<td>Bank Overdrawn Account</td>
<td>49,605,355</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>5,536,366,158</strong></td>
</tr>
</tbody>
</table>

**Net Surplus (Deficit) in Current Assets**

<table>
<thead>
<tr>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(619,459,302)</td>
</tr>
</tbody>
</table>

**Net Assets**

<table>
<thead>
<tr>
<th>Amount (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10,449,093,978</strong></td>
</tr>
</tbody>
</table>
BANGLADESH BIMAN CORPORATION
Profit and Loss Account for the year ended June 30, 1995

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$10,619,079,581</td>
</tr>
<tr>
<td>Less: Operating Expenses</td>
<td>$9,580,803,871</td>
</tr>
<tr>
<td></td>
<td><strong>1,029,275,710</strong></td>
</tr>
<tr>
<td>Non Operating Revenue</td>
<td></td>
</tr>
<tr>
<td>Less: Non Operating Expenses</td>
<td>$203,046,852</td>
</tr>
<tr>
<td></td>
<td><strong>(131,261,087)</strong></td>
</tr>
<tr>
<td>Profit before Cost of Capital and Borrowing</td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>$898,014,623</td>
</tr>
<tr>
<td>Net Profit for the year before Taxation</td>
<td><strong>669,691,551</strong></td>
</tr>
<tr>
<td>Less: Provision for Income Tax</td>
<td></td>
</tr>
<tr>
<td>Current Year</td>
<td>$11,450,108</td>
</tr>
<tr>
<td>Prior Year</td>
<td>$26,722,686</td>
</tr>
<tr>
<td>Contribution to Govt. Exchequer</td>
<td>$20,000,000</td>
</tr>
<tr>
<td></td>
<td><strong>58,172,794</strong></td>
</tr>
<tr>
<td>Net Profit for the year after taxation &amp; Contribution to Govt. Exchequer</td>
<td><strong>611,518,757</strong></td>
</tr>
<tr>
<td>Surplus brought forward from previous year</td>
<td><strong>549,905,346</strong></td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td><strong>(134,698,515)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>415,206,831</strong></td>
</tr>
<tr>
<td>Surplus Carried Forward to Balance Sheet</td>
<td><strong>1,026,725,588</strong></td>
</tr>
</tbody>
</table>
# BANGLADESH BIMAN CORPORATION

## Profit and Loss Account for the year ended June 30, 1996

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>10,667,730,150</td>
</tr>
<tr>
<td>Less: Operating Expenses</td>
<td>10,206,337,572</td>
</tr>
<tr>
<td></td>
<td><strong>461,392,578</strong></td>
</tr>
<tr>
<td>Non Operating Revenue</td>
<td>97,167,544</td>
</tr>
<tr>
<td>Less: Non Operating Expenses</td>
<td>82,220,431</td>
</tr>
<tr>
<td></td>
<td><strong>14,947,113</strong></td>
</tr>
<tr>
<td>Profit before Cost of Capital and Borrowing</td>
<td></td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>(224,987,948)</td>
</tr>
<tr>
<td>Net Profit for the year before Taxation</td>
<td>251,351,743</td>
</tr>
<tr>
<td>Less: Provision for Income Tax</td>
<td>7,619,344</td>
</tr>
<tr>
<td>Current Year</td>
<td></td>
</tr>
<tr>
<td>Prior Year</td>
<td></td>
</tr>
<tr>
<td>Contribution to Govt. Exchequer</td>
<td>20,000,000</td>
</tr>
<tr>
<td></td>
<td>27,619,344</td>
</tr>
<tr>
<td>Net Profit for the year after taxation &amp; Contribution to Govt. Exchequer</td>
<td><strong>223,732,399</strong></td>
</tr>
<tr>
<td>Surplus brought forward from previous year</td>
<td>1,026,725,588</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>(239,429,429)</td>
</tr>
<tr>
<td></td>
<td>787,296,159</td>
</tr>
<tr>
<td>Surplus Carried Forward to Balance Sheet</td>
<td>1,011,128,558</td>
</tr>
</tbody>
</table>
BANGLADESH BIMAN CORPORATION
Profit and Loss Account for the year ended June 30, 1997

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>11,342,134,515</td>
</tr>
<tr>
<td>Less: Operating Expenses</td>
<td>11,470,775,625</td>
</tr>
<tr>
<td></td>
<td>(128,641,110)</td>
</tr>
<tr>
<td>Non Operating Revenue</td>
<td>102,053,949</td>
</tr>
<tr>
<td>Less : Non Operating Expenses</td>
<td>192,734,082</td>
</tr>
<tr>
<td></td>
<td>(90,680,133)</td>
</tr>
<tr>
<td>Profit before Cost of Capital and Borrowing</td>
<td>(219,321,243)</td>
</tr>
<tr>
<td>Interest on Loans</td>
<td>(739,987,723)</td>
</tr>
<tr>
<td>Net Profit for the year before Taxation</td>
<td>(959,308,966)</td>
</tr>
<tr>
<td>Less : Provision for Income Tax</td>
<td></td>
</tr>
<tr>
<td>Current Year</td>
<td></td>
</tr>
<tr>
<td>Prior Year</td>
<td></td>
</tr>
<tr>
<td>Contribution to Govt. Exchequer</td>
<td>20,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit for the year after taxation &amp; Contribution to Govt. Exchequer</td>
<td>(979,308,966)</td>
</tr>
<tr>
<td>Surplus brought forward from previous year</td>
<td>1,011,028,558</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>(68,365,956)</td>
</tr>
<tr>
<td></td>
<td>942,662,602</td>
</tr>
<tr>
<td>Surplus Carried Forward to Balance Sheet</td>
<td>(36,646,364)</td>
</tr>
</tbody>
</table>
# BANGLADESH BIMAN CORPORATION

## Profit and Loss Account for the year ended June 30, 1998

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>12,553,053,235</td>
</tr>
<tr>
<td>Less: Operating Expenses</td>
<td>12,512,105,203</td>
</tr>
<tr>
<td>Gross Operating profit</td>
<td>40,948,035</td>
</tr>
<tr>
<td>Less Interest Expenses</td>
<td>526,124,543</td>
</tr>
<tr>
<td>Net Operating Loss</td>
<td>(485,176,508)</td>
</tr>
<tr>
<td>Non Operating Expenses</td>
<td>250,019,528</td>
</tr>
<tr>
<td>Less: Non Operating Revenue</td>
<td>394,638,518</td>
</tr>
<tr>
<td>Less Contribution to government exchequer</td>
<td>20,000,000</td>
</tr>
<tr>
<td>NET LOSS FOR THE YEAR</td>
<td>(649,795,498)</td>
</tr>
<tr>
<td>Accumulated Losses brought forward</td>
<td>36,646,364</td>
</tr>
<tr>
<td>Prior years adjustment: Profit/Losses</td>
<td>120,475,112</td>
</tr>
<tr>
<td>Accumulated Losses carried forward to Balance Sheet</td>
<td>565,966,750</td>
</tr>
</tbody>
</table>

## BANGLADESH BIMAN CORPORATION

## Profit and Loss Account for the year ended June 30, 1999

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>13,130,287,963</td>
</tr>
<tr>
<td>Less: Operating Expenses</td>
<td>12,763,655,352</td>
</tr>
<tr>
<td>Gross Operating profit</td>
<td>366,632,611</td>
</tr>
<tr>
<td>Less Interest Expenses</td>
<td>428,415,463</td>
</tr>
<tr>
<td>Net Operating Loss</td>
<td>(61,782,852)</td>
</tr>
<tr>
<td>Non Operating Expenses</td>
<td>171,018,101</td>
</tr>
<tr>
<td>Less: Non Operating Revenue</td>
<td>103,299,877</td>
</tr>
<tr>
<td>Less Contribution to government exchequer</td>
<td>6,250,000</td>
</tr>
<tr>
<td>NET LOSS FOR THE YEAR</td>
<td>(61,468,224)</td>
</tr>
<tr>
<td>Accumulated Losses brought forward</td>
<td>565,966,750</td>
</tr>
<tr>
<td>Prior years adjustment: Profit/Losses</td>
<td>(92,471,623)</td>
</tr>
<tr>
<td>Accumulated Losses carried forward to Balance Sheet</td>
<td>658,753,001</td>
</tr>
</tbody>
</table>
Financial analysis

Profitability Analysis:

1. Return on assets:

1.1 Return on assets for 1995:

\[
\frac{\text{Profit after taxes}}{\text{Total Assets}} = \frac{61,151}{1222,949} = 0.050 = 5\%.
\]

1.2 Return on assets for 1996:

\[
\frac{\text{Profit after taxes}}{\text{Total Assets}} = \frac{22,373}{1408,294} = 0.0158 = 1.6\%.
\]

1.3 Return on assets for 1997:

\[
\frac{\text{Profit after taxes}}{\text{Total Assets}} = \frac{(97,930)}{15720.44} = (0.060) = (6\%).
\]
1.4 Return on assets for 1998 =

\[
\frac{\text{Profit after taxes}}{\text{Total Assets}} = \frac{(0.0314)}{1571.376} = (0.00019) = (0.0019 \%) 
\]

1.5 Return on assets for 1999 =

\[
\frac{\text{Profit after taxes}}{\text{Total Assets}} = \frac{(64.979)}{1598.546} = (0.040) = (4 \%).
\]

2. Return on stockholder equity:

2.1 Return on stockholder equity for 1995 =

\[
\frac{\text{Profit after taxes}}{\text{Total stockholder equity}} = \frac{61,151}{244,773} = 0.249 = 25 \%
\]
2.2 Return on stockholder equity for 1996 = 

\[
\frac{\text{Profit after taxes}}{\text{Total stockholder equity}} = \frac{22.373}{301.773} = 0.074 = 7\% 
\]

2.3 Return on stockholder equity for 1997 = 

\[
\frac{\text{Profit after taxes}}{\text{Total stockholder equity}} = \frac{(97.930)}{382.513} = (0.0256) = (25 \%) 
\]

2.4 Return on stockholder equity for 1998 = 

\[
\frac{\text{Profit after taxes}}{\text{Total stockholder equity}} = \frac{(0.0314)}{382.513} = (0.00082) = (0.082 \%) 
\]
2.5 Return on stockholder equity for 1999 = 

\[
\frac{\text{Profit after taxes}}{\text{Total stockholder equity}} = \frac{(64,979)}{382,513} 
\]

= (0.1698) = (17%)

3. Operating profit margin:

3.1 Operating profit margin for 1995 = 

\[
\frac{\text{Profit after taxes}}{\text{Sales}} = \frac{89,801}{1061.1} 
\]

= 0.084 = 8.5 %

3.2 Operating profit margin for 1996 = 

\[
\frac{\text{Profit after taxes}}{\text{Sales}} = \frac{47,633}{1133.16} 
\]

= 0.042 = 4 %
3.3 Operating profit margin for 1997 = \[
\frac{\text{Profit after taxes}}{\text{Sales}} = \frac{21.932}{1203} = 0.018 = 2\%
\]

3.4 Operating profit margin for 1998 = \[
\frac{\text{Profit after taxes}}{\text{Sales}} = \frac{4.094}{1351.80} = 0.0030 = 0.03\%
\]

3.5 Operating profit margin for 1999 = \[
\frac{\text{Profit after taxes}}{\text{Sales}} = \frac{36.663}{1412.634} = 0.025 = 2.5\%
\]
4. Net profit margin:

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit after taxes</th>
<th>Sales</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td></td>
<td>61,151</td>
<td>0.057</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>1133,164</td>
<td>0.0197</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>1293</td>
<td>0.081</td>
</tr>
</tbody>
</table>

**Note:**
- 1995: 0.057% = 5.7%
- 1997: 0.0197% = 2%
- 1998: 0.081% = 8%
4.5 Net profit margin for 1994 = \[ \frac{\text{Profit after taxes}}{\text{Sales}} \]

\[ = \frac{\text{(64,979)}}{1412.634} \]

\[ = 0.0459 \]

\[ = 4.6 \% \]

Liquidity Ratio's: -

1. Current Ratios: -

1.1 Current Ratio for 1995 = \[ \frac{\text{Current Assets}}{\text{Current Liabilities}} \]

\[ = \frac{535,560}{336,153} \]

\[ = 1.6 \text{ times} \]

1.2 Current Ratio for 1996 = \[ \frac{\text{Current Assets}}{\text{Current Liabilities}} \]

\[ = \frac{463,749}{334,910} \]

\[ = 1.4 \text{ times} \]
1.3 Current Ratio for 1997

\[
\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{430.924}{310.45} = 1.4 \text{ times}
\]

1.4 Current Ratio for 1998

\[
\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{437.990}{451.745} = 1 \text{ times}
\]

1.5 Current Ratio for 1999

\[
\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{491.69}{553.636} = 0.89 \text{ times}
\]

2 Quick Ratios:

2.1 Quick Ratio for 1995

\[
\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}} = \frac{535.56 - 113.965}{336.153} = 1.25 \text{ times}
\]
2.2 Quick Ratios for 1996 = \[
\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}} = \frac{463.749 - 131.530}{334.910}
\]
= \(0.99\) times.

2.3 Quick Ratios for 1987 = \[
\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}} = \frac{430.924 - 168.114 - 12484}{310.45}
\]
= \(0.85\) times.

2.4 Quick Ratios for 1998 = \[
\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}} = \frac{437.990 - 188.864}{451.745}
\]
= \(0.55\) times.

2.5 Quick Ratios for 1989 = \[
\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}} = \frac{491.69 - 186.702}{553.636}
\]
= \(0.55\) times.
3. Inventory to net working capital: -

3.1 Inventory to net working capital for 1995 =

\[
\frac{\text{Inventory}}{\text{Current Assets - Current Liabilities}}
\]

\[
\frac{113,965}{535,560 - 336,153} = 0.057
\]

\[
= 57\%
\]

3.2 Inventory to net working capital for 1996 =

\[
\frac{\text{Inventory}}{\text{Current Assets - Current Liabilities}}
\]

\[
\frac{131,530}{463,749 - 334,910} = 0.102
\]

\[
= 102\%
\]

3.3 Inventory to net working capital for 1997 =

\[
\frac{\text{Inventory}}{\text{Current Assets - Current Liabilities}}
\]

\[
\frac{168,114}{430,924 - 310,450} = 0.135
\]

\[
= 135\%
\]

3.4 Inventory to net working capital for 1998 =

\[
\frac{\text{Inventory}}{\text{Current Assets - Current Liabilities}}
\]

XIX
3.5 Inventory to net working capital for 1999 = 

\[
\frac{\text{Inventory}}{\text{Current Assets} - \text{Current Liabilities}} = \frac{188.864}{437.990 - 451.745} = -0.1373
\]

\[= (137.3\%)
\]

Leverage Ratios:

1. Debt to assets Ratios:

1.1 Debt to assets ratios for 1995 = 

\[
\frac{\text{Total Debt}}{\text{Total Assets}} = \frac{188.864}{469.015} = 0.39
\]

\[= 39\%
\]

1.2 Debt to assets ratios for 1996 = 

\[
\frac{\text{Total Debt}}{\text{Total Assets}} = \frac{188.864}{598.651} = 0.31
\]

\[= 31\%
\]
1.3 Debt to assets ratios for 1997 =

\[
\frac{\text{Total Debt}}{\text{Total Assets}} = \frac{791,780}{1578,044} = 0.50 = 50\%
\]

1.4 Debt to assets ratios for 1998 =

\[
\frac{\text{Total Debt}}{\text{Total Assets}} = \frac{715,806}{1571,376} = 0.45 = 45\%
\]

1.5 Debt to assets ratios for 1999 =

\[
\frac{\text{Total Debt}}{\text{Total Assets}} = \frac{637,493}{1598,346} = 0.40 = 40\%
\]
2. Debt to Equity ratios:

2.1 Debt to equity ratios for 1995 = \[
\frac{\text{Total Debt}}{\text{Total Stockholder Equity}} = \frac{469.015}{244.773} = 1.91\%
\]

2.2 Debt to equity ratios for 1996 = \[
\frac{\text{Total Debt}}{\text{Total Stockholder Equity}} = \frac{598.651}{301.773} = 1.98\%
\]

2.3 Debt to equity ratios for 1997 = \[
\frac{\text{Total Debt}}{\text{Total Stockholder Equity}} = \frac{791.780}{382.513} = 2.06\%
\]
2.4 Debt to equity ratios for 1998 =

\[
\frac{\text{Total Debt}}{\text{Total Stockholder Equity}} = \frac{715.809}{382.513} = 1.87 \\
= 187\%
\]

2.5 Debt to equity ratios for 1999 =

\[
\frac{\text{Total Debt}}{\text{Total Stockholder Equity}} = \frac{637.493}{382.513} = 1.66 \\
= 166\%
\]

3. Time interest earned Ratios:

3.1 Time interest earned ratios for 1995 =

\[
\frac{\text{Profit before interest and taxes}}{\text{Total interest Charged}} = \frac{89.801}{22.832} = 4 \text{ Times}
\]

3.2 Time interest earned ratios for 1996 =

\[
\frac{\text{Profit before interest and taxes}}{\text{Total interest Charged}} = \frac{47.633}{22.498} = 22.49\%
\]

XXIII
3.3 Time interest earned ratios for 1997 =

\[
\frac{\text{Profit before interest and taxes}}{\text{Total interest Charged}} = 2 \text{ Times.}
\]

\[
\frac{36.662}{21.932} = 1.6666666666666667
\]

3.4 Time interest earned ratios for 1998 =

\[
\frac{\text{Profit before interest and taxes}}{\text{Total interest Charged}} = 0.3 \text{ Times.}
\]

\[
\frac{4.094}{13.612} = 0.3
\]

3.5 Time interest earned ratios for 1999 =

\[
\frac{\text{Profit before interest and taxes}}{\text{Total interest Charged}} = 1 \text{ Time.}
\]

\[
\frac{36.662}{36.662} = 1
\]
4. Long term Debt to Equity:

4.1 Long term Debt to equity ratios for 1995:

\[
\text{Long term Debt} = \frac{\text{Long term Debt}}{\text{Total Stockholder Equity}}
\]

\[
\frac{457,746}{244,773} = 1.87 = 187\%
\]

4.2 Long term Debt to equity ratios for 1996:

\[
\frac{581,424}{301,773} = 1.92 = 192\%
\]

4.3 Long term Debt to equity ratios for 1997:

\[
\frac{785,732}{382,513} = 2.05 = 205\%
\]

4.4 Long term Debt to equity ratios for 1998:

\[
\frac{706,283}{382,513} = 1.84
\]

XXV
4.5 Long term Debt to equity ratios for 1999 =

\[ \frac{\text{Long term Debt}}{\text{Total Stockholder Equity}} = \frac{632.503}{382.513} \]

= 1.65
= 165 %

**Activity Ratios:**

1. Fixed Assets turn over:

1.1 Fixed Assets turn over for 1995 =

\[ \frac{\text{Sales}}{\text{Fixed Assets}} = \frac{1061.007}{687.388} \]

= 1.54
= 154 %

1.2 Fixed Assets turn over for 1996 =

\[ \frac{\text{Sales}}{\text{Fixed Assets}} = \frac{1133.161}{944.534} \]

= 1.19
= 119 %

XXVI
1.3 Fixed Assets turn over for 1997 =

\[
\frac{\text{Sales}}{\text{Fixed Assets}} = 1203.052
\]

\[= 1141.120\]

\[= 1.05\]

\[= 105\%\]

1.4 Fixed Assets turn over for 1998 =

\[
\frac{\text{Sales}}{\text{Fixed Assets}} = 1351.809
\]

\[= 1333.385\]

\[= 1.19\]

\[= 119\%\]

1.5 Fixed Assets turn over for 1999 =

\[
\frac{\text{Sales}}{\text{Fixed Assets}} = 1412.634
\]

\[= 1598.546\]

\[= 0.89\]

\[= 88\%\]
2. Total Assets turn over:

2.1 Total Assets turn over for 1995 =

\[
\frac{\text{Sales}}{\text{Total Assets}} = \frac{1061.097}{1222.949} = 0.87 = 87\%
\]

2.2 Total Assets turn over for 1996 =

\[
\frac{\text{Sales}}{\text{Total Assets}} = \frac{1133.161}{1408.294} = 0.80 = 80\%
\]

2.3 Total Assets turn over for 1997 =

\[
\frac{\text{Sales}}{\text{Total Assets}} = \frac{1203.052}{1572.044} = 0.76 = 76\%
\]
2.4 Total Assets turn over for 1998 =
\[
\frac{Sales}{Total\ Assets} = \frac{1351.809}{1571.376} = 0.86 \approx 86\%
\]

2.5 Total Assets turn over for 1999 =
\[
\frac{Sales}{Total\ Assets} = \frac{1412.634}{1598.546} = 0.88 \approx 88\%
\]