

**Islamic University of Technology**  
**Department of Computer Science and Engineering**

# 

**Financial Statement Analysis of RAK Ceramics Limited and Shinepukur Ceramics Limited**

**Course Code:** HUM 4641

**Group:** 3

**Section:** 1

**Date of Submission:** 22 March, 2021

**Submitted To**

Shobnom Munira

Assistant Professor, Department of BTM, IUT

**Submitted By**

|  |  |
| --- | --- |
| Md Nakibul Ezaz  Nuzhat Nower  Faysal Mahmud  Sidratul Muntaha  Fariha Anjum  Md Farhan Ishmam  Md Shohidul Islam | **180041115**  **180041116**  **180041117**  **180041118**  **180041119**  **180041120**  **170041055** |

Table of Contents

[1](#_Toc98835905)

[i) Intracompany Analysis of 2021 and 2020 Financial Statements of RAK Ceramics Limited 3](#_Toc98835906)

[a) Horizontal Analysis of 2021 and 2020 Financial Statements of RAK Ceramics Limited 3](#_Toc98835907)

[b) Vertical Analysis of 2021 and 2020 Financial Statements of RAK Ceramics Limited 8](#_Toc98835908)

[ii) Intracompany Analysis of 2021 and 2020 Financial Statements of Shinepukur Ceramics Limited 13](#_Toc98835909)

[a) Horizontal Analysis of 2021 and 2020 Financial Statements of Shinepukur Ceramics Limited 13](#_Toc98835910)

[b) Vertical Analysis of 2021 and 2020 Financial Statements of Shinepukur Ceramics Limited 18](#_Toc98835911)

[iii) Intercompany Analysis of 2021 Financial Statements of RAK Ceramics Limited with Shinepukur Ceramics Limited 22](#_Toc98835912)

[a) Horizontal Analysis of 2021 Financial Statements of RAK Ceramics Limited with Shinepukur Ceramics Limited 22](#_Toc98835913)

[b) Vertical Analysis of 2021 Financial Statements of RAK Ceramics Limited with Shinepukur Ceramics Limited 27](#_Toc98835914)

[iv) Ratio Analysis of 2021 and 2020 financial statements of RAK Ceramics Limited and Shinepukur Ceramics Limited 31](#_Toc98835915)

[a) Current Ratio 32](#_Toc98835916)

[b) Acid-test (Quick) Ratio 33](#_Toc98835917)

[c) Receivables Turnover 33](#_Toc98835918)

[d) Inventory Turnover 34](#_Toc98835919)

[e) Profit Margin 35](#_Toc98835920)

[f) Asset Turnover 35](#_Toc98835921)

[g) Return on Assets 36](#_Toc98835922)

[h) Return on Common Stockholders’ Equity 37](#_Toc98835923)

[i) Payout Ratio 37](#_Toc98835924)

[j) Debt to Assets Ratio 38](#_Toc98835925)

# Intracompany Analysis of 2021 and 2020 Financial Statements of RAK Ceramics Limited

## Horizontal Analysis of 2021 and 2020 Financial Statements of RAK Ceramics Limited

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **RAK Ceramics (Bangladesh) Limited  Consolidated Statement of Financial Position  As at 31 December 2021** | | | | | |
|  | | **2021** | **2020** | **Increase or (Decrease) during 2021** | |
| **Amount** | **Percent** |
| **Taka** | **Taka** | **Taka** |  |
| **Assets** | |  |  |  |  |
|  | Property, plant and equipment | 2,799,893,949 | 3,087,064,214 | (287,170,265) | (10.26%) |
| Investment property | 503,234,165 | 503,456,083 | (221,918) | (0.04%) |
| Right-of-use assets | 13,852,546 | 21,183,255 | (7,330,709) | (52.92%) |
| Intangible assets | 2,025,755 | 3,132,357 | (1,106,602) | (54.63%) |
| Capital work-in-progress | 17,713,837 | 56,636,694 | (38,922,857) | (219.73%) |
| **Total non-current assets** | | 3,336,720,252 | 3,671,472,603 | (334,752,351) | (10.03%) |
|  | Inventories | 2,989,795,940 | 2,026,990,380 | 962,805,560 | 32.20% |
| Trade and other receivables | 1,227,006,049 | 1,008,800,248 | 218,205,801 | 17.78% |
| Advances, deposits and prepayments | 311,692,999 | 270,311,098 | 41,381,901 | 13.28% |
| Advance income tax | 3,865,788,064 | 3,588,659,675 | 277,128,389 | 7.17% |
| Cash and cash equivalents | 2,276,654,664 | 1,949,194,840 | 327,459,824 | 14.38% |
| **Total current assets** | | 10,670,937,716 | 8,843,956,241 | 1,826,981,475 | 17.12% |
| **Total assets** | | **14,007,657,968** | **12,515,428,844** | **1,492,229,124** | **10.65%** |
|  | | | | | |
| **Equity** | |  |  |  |  |
|  | Share capital | 4,279,687,010 | 4,279,687,010 | 0 | 0.00% |
| Share premium | 1,473,647,979 | 1,473,647,979 | 0 | 0.00% |
| Retained earnings | 1,747,192,779 | 1,269,975,797 | 477,216,982 | 27.31% |
| **Equity attributable to equity holders of the company** | | 7,500,527,768 | 7,023,310,786 | 477,216,982 | 6.36% |
| Non-controlling interests | | 1,418 | 1,314 | 104 | 7.33% |
| **Total Equity** | | 7,500,529,186 | 7,023,312,100 | 477,217,086 | 6.36% |
|  | | | | | |
| **Liabilities** | |  |  |  |  |
|  | Deferred tax liability | 139,829,250 | 191,761,301 | (51,932,051) | (37.14%) |
| Lease liability | 4,904,896 | 9,291,390 | (4,386,494) | (89.43%) |
| **Total non-current liabilities** | | 144,734,146 | 201,052,691 | (56,318,545) | (38.91%) |
|  | Borrowings | 430,408,117 | 119,940,905 | 310,467,212 | 72.13% |
| Lease liability | 4,809,657 | 4,505,188 | 304,469 | 6.33% |
| Trade and other payables | 885,084,814 | 625,493,472 | 259,591,342 | 29.33% |
| Unclaimed dividend payable | 11,764,448 | 49,576,141 | (37,811,693) | (321.41%) |
| Accrued expenses | 758,212,444 | 520,281,836 | 237,930,608 | 31.38% |
| Provision for income tax | 4,272,115,156 | 3,971,266,511 | 300,848,645 | 7.04% |
| **Total current liabilities** | | 6,362,394,636 | 5,291,064,053 | 1,071,330,583 | 16.84% |
| **Total liabilities** | | 6,507,128,782 | 5,492,116,744 | 1,015,012,038 | 15.60% |
| **Total equity and liabilities** | | **14,007,657,968** | **12,515,428,844** | **1,492,229,124** | **10.65%** |

The Total Assets of RAK ceramics increased by 10.65% from 2020 to 2021 amassing 1.5 billion taka, while the Total Equity and Total Liability increased by around 6.36% and 10.65% respectively.

The major contributors to this significant increase are the 32.20% increase in Inventories amassing more than 962 million taka, and 17.78%, 14.38 % and 13.28% increase in Trade and other Receivables, Cash and Cash equivalents, and Advances, Deposits and Prepayments. However, Non-current Assets had a significant, 10.03% decrease in total, which is equivalent to 334 million taka. The increase in Assets is mostly due to the increase in Current Assets which had a 17.12% increase, equivalent to 1.83 billion taka. It can be inferred that there was a significant conversion from Non-current Assets to Current Assets in 2021.

The Equity had an overall increase of 6.36% which is roughly equivalent to 477 million taka. Although the Share Capital and Share Premium remained the same, the Retained Earnings increased by 27.31% in 2021. On the other hand, the Liabilities increased by 15.60% which can be contributed to the increase in Current Liabilities by 16.84%. The increase in Borrowings by 72.13% or roughly equivalent to 310 million taka is the main contributor to increase in Current Liabilities. Non-current Liabilities decreased by 38.91% which is roughly equivalent to 56 million. However, as Current Liabilities increased by a total of 1 billion taka, there was an overall increase in Liabilities which also resulted in a huge increase of Liability and Owner’s Equity by 10.65% roughly equivalent to 1.49 billion taka.

## Vertical Analysis of 2021 and 2020 Financial Statements of RAK Ceramics Limited

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **RAK Ceramics (Bangladesh) Limited  Consolidated Statement of Financial Position  As at 31 December 2021** | | | | | |
|  | | **2021** | | **2020** | |
| **Amount** | **Percent** | **Amount** | **Percent** |
| **Taka** |  | **Taka** |  |
| **Assets** | |  |  |  |  |
|  | Property, plant and equipment | 2,799,893,949 | 19.99% | 3,087,064,214 | 24.67% |
| Investment property | 503,234,165 | 3.59% | 503,456,083 | 4.02% |
| Right-of-use assets | 13,852,546 | 0.10% | 21,183,255 | 0.17% |
| Intangible assets | 2,025,755 | 0.01% | 3,132,357 | 0.03% |
| Capital work-in-progress | 17,713,837 | 0.13% | 56,636,694 | 0.45% |
| **Total non-current assets** | | 3,336,720,252 | 23.82% | 3,671,472,603 | 29.34% |
|  | Inventories | 2,989,795,940 | 21.34% | 2,026,990,380 | 16.20% |
| Trade and other receivables | 1,227,006,049 | 8.76% | 1,008,800,248 | 8.06% |
| Advances, deposits and prepayments | 311,692,999 | 2.23% | 270,311,098 | 2.16% |
| Advance income tax | 3,865,788,064 | 27.60% | 3,588,659,675 | 28.67% |
| Cash and cash equivalents | 2,276,654,664 | 16.25% | 1,949,194,840 | 15.57% |
| **Total current assets** | | 10,670,937,716 | 76.18% | 8,843,956,241 | 70.66% |
| **Total assets** | | **14,007,657,968** | **100.00%** | **12,515,428,844** | **100.00%** |
|  | |  | | | |
| **Equity** | |  |  |  |  |
|  | Share capital | 4,279,687,010 | 30.55% | 4,279,687,010 | 34.20% |
| Share premium | 1,473,647,979 | 10.52% | 1,473,647,979 | 11.77% |
| Retained earnings | 1,747,192,779 | 12.47% | 1,269,975,797 | 10.15% |
| **Equity attributable to equity holders of the company** | | 7,500,527,768 | 53.55% | 7,023,310,786 | 56.12% |
| **Non-controlling interests** | | 1,418 | 0.00% | 1,314 | 0.00% |
| **Total Equity** | | 7,500,529,186 | 53.55% | 7,023,312,100 | 56.12% |
|  | |  | | | |
| **Liabilities** | |  |  |  |  |
|  | Deferred tax liability | 139,829,250 | 1.00% | 191,761,301 | 1.53% |
| Lease liability | 4,904,896 | 0.04% | 9,291,390 | 0.07% |
| **Total non-current liabilities** | | 144,734,146 | 1.03% | 201,052,691 | 1.61% |
|  | Borrowings | 430,408,117 | 3.07% | 119,940,905 | 0.96% |
| Lease liability | 4,809,657 | 0.03% | 4,505,188 | 0.04% |
| Trade and other payables | 885,084,814 | 6.32% | 625,493,472 | 5.00% |
| Unclaimed dividend payable | 11,764,448 | 0.08% | 49,576,141 | 0.40% |
| Accrued expenses | 758,212,444 | 5.41% | 520,281,836 | 4.16% |
| Provision for income tax | 4,272,115,156 | 30.50% | 3,971,266,511 | 31.73% |
| **Total current liabilities** | | 6,362,394,636 | 45.42% | 5,291,064,053 | 42.28% |
| **Total liabilities** | | 6,507,128,782 | 46.45% | 5,492,116,744 | 43.88% |
| **Total equity and liabilities** | | **14,007,657,968** | **100.00%** | **12,515,428,844** | **100.00%** |

For 2021, the Assets are mostly comprised of Current Assets taking 76.18%, a considerable increase from 70.66% of 2020. While the Non-current Assets took only 23.82% which fell from 29.34% in 2020. Among the Current Assets, the Property, Plant and Equipment is the major contributor taking 19.99% of the Total Assets, although, decreased significantly compared to 24.67% of the previous year.

On the other hand, Advance Income Tax, Inventories, Cash and Cash Equivalents have major contribution in Total Current Assets taking 27.60%, 21.34% and 16.25% respectively, among which only Advance Income Tax decreased compared to the previous year while Inventories, Cash and Cash equivalents increased. The overall composition in 2021 is similar to 2020 but as seen in the horizontal analysis most of the Non-current Assets were converted to Current Assets.

The distribution of Equity remained quite similar in 2021 compared to that of 2020. The major contributor to Equity is the Share Capital taking 30.55% of the Total Liabilities and Owner’s Equity in 2021, followed by Share Premium and Retained Earnings. The contribution of Total Equity in 2021 is 53.55% which fell slightly from 56.12% of the previous year.

The distribution of Liabilities is similar to that of Equity for 2021 and 2020. Current Liabilities contribute most of the Liabilities for 2021 and 2020, taking 45.42% and 42.28% respectively while a minor 1.03% and 1.61% contribution comes from the Non-current Liabilities for 2021 and 2020 respectively. The major contributors to the Current Liabilities are the Provision for Income Tax taking 30.5% in 2021 and 31.72% in 2020 respectively while Trade and Other Payables, Accrued Expenses take around 5% for both years. The Total Liabilities significantly contribute to the Total Equity and Liabilities by taking 46.45% in 2021 and 43.88% in 2020 as the figures increased by a slight margin in 2021.

# Intracompany Analysis of 2021 and 2020 Financial Statements of Shinepukur Ceramics Limited

## Horizontal Analysis of 2021 and 2020 Financial Statements of Shinepukur Ceramics Limited

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Shinepukur Ceramics Limited  Consolidated Statement of Financial Position  As at 31 December 2021** | | | | | |
|  | | **2021** | **2020** | **Increase or (Decrease) during 2021** | |
| **Amount** | **Percent** |
| **Taka** | **Taka** | **Taka** |  |
| **Assets** | |  |  |  |  |
|  | Property, plant and equipment | 5,044,919,096 | 5,145,934,995 | (101,015,899) | (2.00%) |
| Investment in shares | 244,225,788 | 34,148,868 | 210,076,920 | 86.02% |
| **Total non-current assets** | | 5,289,144,884 | 5,180,083,863 | 109,061,021 | 2.06% |
|  | Inventories | 876,561,784 | 902,826,025 | (26,264,241) | (3.00%) |
| Accounts and other receivables | 186,484,430 | 178,701,696 | 7,782,734 | 4.17% |
| Advances, deposits and prepayments | 178,374,814 | 146,682,551 | 31,692,263 | 17.77% |
| Cash and cash equivalents | 26,450,949 | 7,803,877 | 18,647,072 | 70.50% |
| **Total current assets** | | 1,267,871,977 | 1,236,014,149 | 31,857,828 | 2.51% |
| **Total assets** | | **6,557,016,861** | **6,416,098,012** | **140,918,849** | **2.15%** |
|  | | | | | |
| **Equity** | |  |  |  |  |
|  | Share capital | 1,469,660,550 | 1,469,660,550 | 0 | 0.00% |
| Revaluation surplus on property, plant and equipment | 2,966,690,015 | 2,966,690,015 | 0 | 0.00% |
| Fair value loss of investment in shares | 79,255,174 | (130,821,746) | 210,076,920 | 265.06% |
| Retained earnings | (13,345,041) | (30,330,522) | 16,985,481 | (127.28%) |
| **Total Equity** | | 4,502,260,698 | 4,275,198,297 | 227,062,401 | 5.04% |
|  | | | | | |
| **Liabilities** | |  |  |  |  |
|  | Long term loans - net-o" current maturity (Secured) | 158,722,703 | 291,263,805 | (132,541,102) | (83.50%) |
| Gratuity payable | 138,496,316 | 133,421,835 | 5,074,481 | 3.66% |
| Deferred tax liability | 81,472,077 | 81,472,077 | 0 | 0.00% |
| **Total non-current liabilities** | | 378,691,096 | 506,157,717 | (127,466,621) | (33.66%) |
|  | Short term loans from banks and others | 830,406,737 | 766,336,816 | 64,069,921 | 7.72% |
| Long term loans- current maturity (Secured) | 276,288,843 | 155,094,538 | 121,194,305 | 43.87% |
| Creditors, accruals and other payables | 560,414,082 | 710,002,552 | (149,588,470) | (26.69%) |
| Unclaimed dividend | 8,955,405 | 3,308,092 | 5,647,313 | 63.06% |
| **Total current liabilities** | | 1,676,065,067 | 1,634,741,998 | 41,323,069 | 2.47% |
| **Total liabilities** | | 2,054,756,163 | 2,140,899,715 | (86,143,552) | (4.19%) |
| **Total equity and liabilities** | | **6,557,016,861** | **6,416,098,012** | **140,918,849** | **2.15%** |

Shinepukur Ceramics Limited saw an annual growth of 2.15% roughly equivalent to 141 million taka in assets. The growth can be contributed to the huge increase in Investment in Shares by 86.02% and increase and cash by 70.50%. However, the Investment in Shares is equivalent to

210 million taka and plays a more significant role than other factors like Advances, Deposits, and Prepayments amassing 31.6 million-taka, Cash and Cash Equivalents amassing 18.6 million taka. The increase in Non-Current Assets which is roughly equivalent to 109 million taka is more significant by value than increase in Current Assets which is roughly equivalent to 31 million taka. However, the percentage of increase is roughly the same. While most of the factors tend to increase, the Property, Plant and Equipment decreased by 2% roughly equivalent to massive total of 101 million taka and Inventories decreased by 3% roughly equivalent to 26 million taka which are significant figures.

Equity saw an overall increase by 5.04% or 227 million taka which is primarily due to increase in Fair Value Loss of Investment in Shares which saw a 265.06% increase roughly equivalent to 210 million taka. Retained Earnings also increased by 127.28% while Share Capital, Revaluation Surplus stayed the same. Although Total Liabilities decreased by 4.19%, Total Current Liabilities increased while Total Non-Current Liabilities decreased. The figures are 2.47% and 33.66% respectively.

The decrease in Total Non-Current Liabilities is primarily due to 83.50% decrease in Long Term Loans roughly equaling 132 million taka. Total Current Liabilities increased primarily due to increase in Current Maturity Loans by 43.87% roughly equivalent to 121 million taka. While Unclaimed Dividends had a significant increase by 63.06%, there was some negative contribution due to the decrease of Creditors, Accruals and Other Payables by 27% roughly equivalent to 149.5 million taka. Overall, the Total Liabilities decreased by 86 million taka but Total Equity and Liabilities increased by 140 million taka or 2.15% primarily due to the increase in Equity as seen in the first part.

## Vertical Analysis of 2021 and 2020 Financial Statements of Shinepukur Ceramics Limited

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Shinepukur Ceramics Limited  Consolidated Statement of Financial Position  As at 31 December 2021** | | | | | |
|  | | **2021** | | **2020** | |
| **Amount** | **Percent** | **Amount** | **Percent** |
| **Taka** |  | **Taka** |  |
| **Assets** | |  |  |  |  |
|  | Property, plant and equipment | 5,044,919,096 | 76.94% | 5,145,934,995 | 80.20% |
| Investment in shares | 244,225,788 | 3.72% | 34,148,868 | 0.53% |
| **Total non-current assets** | | 5,289,144,884 | 80.66% | 5,180,083,863 | 80.74% |
|  | Inventories | 876,561,784 | 13.37% | 902,826,025 | 14.07% |
| Accounts and other receivables | 186,484,430 | 2.84% | 178,701,696 | 2.79% |
| Advances, deposits and prepayments | 178,374,814 | 2.72% | 146,682,551 | 2.29% |
| Cash and cash equivalents | 26,450,949 | 0.40% | 7,803,877 | 0.12% |
| **Total current assets** | | 1,267,871,977 | 19.34% | 1,236,014,149 | 19.26% |
| **Total assets** | | **6,557,016,861** | **100.00%** | **6,416,098,012** | **100.00%** |
|  | | | | | |
| **Equity** | |  |  |  |  |
|  | Share capital | 1,469,660,550 | 22.41% | 1,469,660,550 | 22.91% |
| Revaluation surplus on property, plant and equipment | 2,966,690,015 | 45.24% | 2,966,690,015 | 46.24% |
| Fair value loss of investment in shares | 79,255,174 | 1.21% | (130,821,746) | (2.04%) |
| Retained earnings | (13,345,041) | (0.20%) | (30,330,522) | (0.47%) |
| **Total Equity** | | 4,502,260,698 | 68.66% | 4,275,198,297 | 66.63% |
|  | | | | | |
| **Liabilities** | |  |  |  |  |
|  | Long term loans - net-o" current maturity (Secured) | 158,722,703 | 2.42% | 291,263,805 | 4.54% |
| Gratuity payable | 138,496,316 | 2.11% | 133,421,835 | 2.08% |
| Deferred tax liability | 81,472,077 | 1.24% | 81,472,077 | 1.27% |
| **Total non-current liabilities** | | 378,691,096 | 5.78% | 506,157,717 | 7.89% |
|  | Short term loans from banks and others | 830,406,737 | 12.66% | 766,336,816 | 11.94% |
| Long term loans- current maturity (Secured) | 276,288,843 | 4.21% | 155,094,538 | 2.42% |
| Creditors, accruals and other payables | 560,414,082 | 8.55% | 710,002,552 | 11.07% |
| Unclaimed dividend | 8,955,405 | 0.14% | 3,308,092 | 0.05% |
| **Total current liabilities** | | 1,676,065,067 | 25.56% | 1,634,741,998 | 25.48% |
| **Total liabilities** | | 2,054,756,163 | 31.34% | 2,140,899,715 | 33.37% |
| **Total equity and liabilities** | | **6,557,016,861** | **100.00%** | **6,416,098,012** | **100.00%** |

The Assets are mostly comprised of Non-current Assets which approximately covers 80% in both 2020 and 2021. The major contributor is Property, Plant and Equipment which showed an overall decrease from 80.2% in 2020 to 77% in 2021. However, the Investment in Shares rose to 3.72% in 2021 from 0.53% in 2020. Current Assets only contribute by approximately 19% in both 2020 and 2021, Inventories being the major contributor with 13.37% and 14.07% in 2021 and 2020 respectively.

The contribution of Equity remained similar in 2021 and 2020 being 68.6% and 66.6% respectively. Reevaluation Surplus, Share Capital being the major contributors at roughly 22% and 45% respectively remained unchanged in both years while Fair value increased to 1.2% in 2021 from a negative contribution of 2% in 2020. Majority of the Liabilities come from Total Current Liabilities which approximately remains unchanged in both years at 25%. The Non-current Liabilities are responsible for 5.8% in 2021 falling off from 7.9% in 2020. The major contributor of Liabilities is the Short-Term Loans from Banks with a 12% contribution in both the years followed by Creditors, Accruals and Other Payables with 8.5% in 2021 and 11% in 2020.

# Intercompany Analysis of 2021 Financial Statements of RAK Ceramics Limited with Shinepukur Ceramics Limited

## Horizontal Analysis of 2021 Financial Statements of RAK Ceramics Limited with Shinepukur Ceramics Limited

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Comparison of  RAK Ceramics Limited and Shinepukur Ceramics Limited Consolidated Statement of Financial Position As at 31 December 2021** | | | | | |
|  | | **RAK Ceramics Limited** | **Shinepukur Ceramics Limited** | **Increase or (Decrease) of RAK Ceramics during 2021** | |
| **Amount** | **Percent** |
| **Taka** | **Taka** | **Taka** |  |
| **Assets** | |  |  |  |  |
|  | Property, plant and equipment | 2,833,486,087 | 5,044,919,096 | (2,211,433,009) | (78.05%) |
| Investment property | 503,234,165 | 244,225,788 | 259,008,377 | 51.47% |
| **Total non-current assets** | | 3,336,720,252 | 5,289,144,884 | (1,952,424,632) | (58.51%) |
|  | Inventories | 2,989,795,940 | 876,561,784 | 2,113,234,156 | 70.68% |
| Accounts and other receivables | 1,227,006,049 | 186,484,430 | 1,040,521,619 | 84.80% |
| Advances, deposits and prepayments | 4,177,481,063 | 178,374,814 | 3,999,106,249 | 95.73% |
| Cash and cash equivalents | 2,276,654,664 | 26,450,949 | 2,250,203,715 | 98.84% |
| **Total current assets** | | 10,670,937,716 | 1,267,871,977 | 9,403,065,739 | 88.12% |
| **Total assets** | | **14,007,657,968** | **6,557,016,861** | **7,450,641,107** | **53.19%** |
|  | | | | | |
| **Equity** | |  |  |  |  |
|  | Share capital | 4,279,687,010 | 1,469,660,550 | 2,810,026,460 | 65.66% |
| Share premium | 1,473,649,397 | 3,045,945,189 | (1,572,295,792) | (106.69%) |
| Retained earnings | 1,747,192,779 | (13,345,041) | 1,760,537,820 | 100.76% |
| **Total Equity** | | 7,500,529,186 | 4,502,260,698 | 2,998,268,488 | 39.97% |
|  | | | | | |
| **Liabilities** | |  |  |  |  |
|  | Long term loans | 4,904,896 | 158,722,703 | (153,817,807) | (3,136.01%) |
| Gratuity payable | 0 | 138,496,316 | (138,496,316) | (100.00%) |
| Deferred tax liability | 139,829,250 | 81,472,077 | 58,357,173 | 41.73% |
| **Total non-current liabilities** | | 144,734,146 | 378,691,096 | (233,956,950) | (161.65%) |
|  | Short term loans from banks and others | 430,408,117 | 830,406,737 | (399,998,620) | (92.93%) |
| Long term loans | 4,809,657 | 276,288,843 | (271,479,186) | (5,644.46%) |
| Creditors, accruals and other payables | 885,084,814 | 560,414,082 | 324,670,732 | 36.68% |
| Accrued expenses | 758,212,444 | 0 | 758,212,444 | 100.00% |
| Provision for income tax | 4,272,115,156 | 0 | 4,272,115,156 | 100.00% |
| Unclaimed dividend payable | 11,764,448 | 8,955,405 | 2,809,043 | 23.88% |
| **Total current liabilities** | | 6,362,394,636 | 1,676,065,067 | 4,686,329,569 | 73.66% |
| **Total liabilities** | | 6,507,128,782 | 2,054,756,163 | 4,452,372,619 | 68.42% |
| **Total equity and liabilities** | | **14,007,657,968** | **6,557,016,861** | **7,450,641,107** | **53.19%** |

The intercompany analysis is done with respect to RAK Ceramics’ 2021 financial statements. RAK had a significant increase in Assets by 53.19% which is equivalent to 7.45 billion taka compared to SAK Ceramics. The increase in Current Assets by 88% or 9.4 billion taka more than Shinepukur had significance to this growth while a 58.51% or roughly 1.95 billion taka growth in Non-Current Assets was seen in favor of Shinepukur. The key contributors to RAK Ceramics growth over Shinepukur are Inventories, Accounts and other Receivables, Advances, Deposits, Prepayments, Cash and other Equivalents each comprising more than 70% increase compared to its competition with Advances, Deposits and Prepayments contributing by 4 billion taka. Shinepukur has significantly more investment in Property, Plant and Equipment with 78% more than RAK equivalent to 2.21 billion taka approximately.

RAK Ceramics has significantly higher equity, almost 40% more than its competitor which is equivalent to 3 billion taka. The major contributor of equity in favor of RAK are Share Capital and Retained Earnings, providing 65.6% and 100.8% increases roughly equivalent to 2.8 billion taka and 1.7 billion taka respectively. The major contributor in favor of Shinepukur is Share Premium which is 107% more than RAK amassing 1.5 billion taka in total.

The Total Liabilities is also significantly larger for RAK which is over 68% or 4.5 billion taka, majority of its contribution comes from Current Liabilities. While Current Liabilities have increased over 68.4% or 4.45 billion taka in favor of RAK, the Non-current Liabilities increased by 161% or 233 million taka in favor of Shinepukur. The Provision for Income Tax is the major contributor to increase in favor of RAK amassing 4.2 billion taka while Short Term Loans and Long-Term Loans increased Liabilities in favor of Shinepukur by 400 million and 277 million taka respectively.

## Vertical Analysis of 2021 Financial Statements of RAK Ceramics Limited with Shinepukur Ceramics Limited

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Comparison of  RAK Ceramics Limited and Shinepukur Ceramics Limited Consolidated Statement of Financial Position As at 31 December 2021** | | | | | |
|  | | **RAK Ceramics Limited** | | **Shinepukur Ceramics Limited** | |
| **Amount** | **Percent** | **Amount** | **Percent** |
| **Taka** |  | **Taka** |  |
| **Assets** | |  |  |  |  |
|  | Property, plant and equipment | 2,833,486,087 | 20.23% | 5,044,919,096 | 76.94% |
| Investment property | 503,234,165 | 3.59% | 244,225,788 | 3.72% |
| **Total non-current assets** | | 3,336,720,252 | 23.82% | 5,289,144,884 | 80.66% |
|  | Inventories | 2,989,795,940 | 21.34% | 876,561,784 | 13.37% |
| Accounts and other receivables | 1,227,006,049 | 8.76% | 186,484,430 | 2.84% |
| Advances, deposits and prepayments | 4,177,481,063 | 29.82% | 178,374,814 | 2.72% |
| Cash and cash equivalents | 2,276,654,664 | 16.25% | 26,450,949 | 0.40% |
| **Total current assets** | | 10,670,937,716 | 76.18% | 1,267,871,977 | 19.34% |
| **Total assets** | | **14,007,657,968** | **100.00%** | **6,557,016,861** | **100.00%** |
|  | |  | | | |
| **Equity** | |  |  |  |  |
|  | Share capital | 4,279,687,010 | 30.55% | 1,469,660,550 | 22.41% |
| Share premium | 1,473,649,397 | 10.52% | 3,045,945,189 | 46.45% |
| Retained earnings | 1,747,192,779 | 12.47% | (13,345,041) | (0.20%) |
| **Total Equity** | | 7,500,529,186 | 53.55% | 4,502,260,698 | 68.66% |
|  | |  | | | |
| **Liabilities** | |  |  |  |  |
|  | Long term loans | 4,904,896 | 0.04% | 158,722,703 | 2.42% |
| Gratuity payable | 0 | 0.00% | 138,496,316 | 2.11% |
| Deferred tax liability | 139,829,250 | 1.00% | 81,472,077 | 1.24% |
| **Total non-current liabilities** | | 144,734,146 | 1.03% | 378,691,096 | 5.78% |
|  | Short term loans from banks and others | 430,408,117 | 3.07% | 830,406,737 | 12.66% |
| Long term loans | 4,809,657 | 0.03% | 276,288,843 | 4.21% |
| Creditors, accruals and other payables | 885,084,814 | 6.32% | 560,414,082 | 8.55% |
| Accrued expenses | 758,212,444 | 5.41% | 0 | 0.00% |
| Provision for income tax | 4,272,115,156 | 30.50% | 0 | 0.00% |
| Unclaimed dividend payable | 11,764,448 | 0.08% | 8,955,405 | 0.14% |
| **Total current liabilities** | | 6,362,394,636 | 45.42% | 1,676,065,067 | 25.56% |
| **Total liabilities** | | 6,507,128,782 | 46.45% | 2,054,756,163 | 31.34% |
| **Total equity and liabilities** | | **14,007,657,968** | **100.00%** | **6,557,016,861** | **100.00%** |

The assets of RAK ceramics is mostly comprised of Current Assets roughly taking 76% of the total assets while Shinepukur Ceramics is mostly comprised of Non-Current Assets totaling 80.7%. Shinepukur Ceramics’ major contribution comes from Property, Plant and Equipment with comprising 77% of the total assets compared to RAK’s 20% of the total assets. RAK Ceramics’ assets are more or less distributed among the Inventories, Advances, Deposits and Prepayable, Cash and Cash Equivalents contributing 21%, 30% and 16% of the total assets. The figures are lower for Shinepukur where only Inventories contribute 13% of the total assets while the other values are insignificant in number.

The distribution of Total Equity of Shinepukur Ceramics is 69%, which is significantly higher than that of RAK Ceramics with 53.5%. RAK Ceramics has an almost evenly distributed Share Capital, Share Premium and Retained Earnings with 30%, 10.5% and 12.5% respectively. On the other hand, Shinepukur Ceramics’ Equity mostly comprises of 46.5% from Share Premium, and 22.4% from Share Capital while Retained Earnings hold insignificant amount. The Total Liabilities is, however, more for RAK Ceramics comprising 46.5% compared to the 31.5% of Shinepukur. The major contributor of

Liabilities for RAK comes from Current Liabilities with 45.5% while Shinepukur has a more even distribution between Non-Current and Current Liabilities with 5.8% and 25.5% respectively. Provision for Income Tax alone takes 30.5% of the total liabilities and owner’s equity for RAK Ceramics which has negligible contribution for Shinepukur Ceramics. The major contributors of Shinepukur Ceramics are Short Term Loans, Creditors, Accruals and other Payables which take 12.6% and 8.5% respectively compared to 3% and 6.3% of RAK Ceramics.

# Ratio Analysis of 2021 and 2020 financial statements of RAK Ceramics Limited and Shinepukur Ceramics Limited

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Ratio Analysis of**  **RAK Ceramics Limited and Shinepukur Ceramics Limited Consolidated Statement of Financial Position As at 31 December 2021** | | | | | | | |
| **No.** | **Type** | **Ratio** | **Formula** | **RAK Ceramics** | | **Shinepukur** | |
| **2021** | **2020** | **2021** | **2020** |
| 1 | **Liquidity Ratio** | Current Ratio | Current Assets | 1.68:1 | 1.67:1 | 0.76:1 | 0.76:1 |
| Current Liabilities |
|  | | | | | |
| 2 | Acid-test (quick) Ratio | Cash + Short-term Investments + Receivables (net) | 0.55:1 | 0.56:1 | 0.13:1 | 0.11:1 |
| Current Liabilities |
|  | | | | | |
| 3 | Receivables Turnover | Net Credit Sales | 6.13 | 5.83 | 7.63 | 6.98 |
| Average Net Receivables |
|  | | | | | |
| 4 | Inventory Turnover | Cost of Goods Sold | 1.92 | 2.16 | 1.31 | 1.12 |
| Average Inventory |
|  | | | | | |
| 5 | **Profitability Ratio** | Profit Margin | Net Income | 13.21% | 5.87% | 3.33% | 2.62% |
| Net Sales |
|  | | | | | |
| 6 | Asset Turnover | Net Sales | 0.52 | 0.47 | 0.21 | 0.19 |
| Average Assets |
|  | | | | | |
| 7 | Return on Assets | Net Income | 6.83% | 2.76% | 0.71% | 0.50% |
| Average Assets |
|  | | | | | |
| 8 | Return on Common Stockholders' Equity | Net Income - Preferred Dividends | 3.12% | 1.14% | 1.06% | 0.75% |
| Average Common Stockholder's Equity |
|  | | | | | |
| 9 | Payout Ratio | Cash Dividends | 51.46% | 43.15% | 63.38% | 48.72% |
| Net Income |
|  | | | | | |
| 10 | **Solvency Ratio** | Debt to Assets Ratio | Total Debt | 46.46% | 43.88% | 31.34% | 33.37% |
| Total Assets |

## Current Ratio

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. RAK Ceramics current ratio was 1.67 in 2020 which had a slight increase in 2021 and became 1.68. Shinepukur Ceramics current ratio remains almost same in both the years which is 0.76. RAK Ceramics has a much higher current ratio than Shinepukur Ceramics in both the years. But both companies’ current asset ratio in both years remains almost same with slight uprising in the later year.

## Acid-test (Quick) Ratio

The acid-test (quick) ratio is a rigorous test of a company’s ability to meet its short-term debts. The acid-test ratio is designed to measure how well a company can meet its obligations without having to liquidate or depend too heavily on its inventory. RAK Ceramics quick ratio was 0.56 in 2020 which slightly decreased to 0.55 in the year 2021.Shinepukur Ceramics quick ratio was 0.11 in 2020 which had a little increase in 2021 and became 0.13. The total current asset increased a little bit in the later year with less inventories. RAK Ceramics has a much higher quick ratio than Shinepukur Ceramics in both the years.

## Receivables Turnover

The accounts receivable turnover is used to measure how quickly credit sales are converted into cash. RAK Ceramics receivable turnover was 5.83 in 2020 which increased to 6.13 in the year 2021. In 2021, net credit sales increased more than average net receivables resulting in higher receivable turnover ratio. Shinepukur Ceramics receivable turnover was 6.98 in 2020 and increased in 2021 to 7.63. Both the years Shinepukur had more receivable turnover than RAK Ceramics.

## Inventory Turnover

Inventory turnover is the rate that inventory stock is sold, or used, and replaced. It is calculated by dividing the cost of goods by average inventory for the same period. A higher ratio tends to point to strong sales and a lower one to weak sales. Here we can see for RAK ceramics the inventory turnover was 2.16 in 2020 which decreased to 1.92 in 2021. For Shinepukur it was 1.12 in 2020 which increased to 1.31 in 2021. Thus, we can say Shinepukur has increased its sales.

## Profit Margin

Profit margin is the ratio of profit remaining from sales after all expenses have been paid.It can be calculated by dividing the net income by net sales. For RAK Ceramics profit margin was 5.87% in 2020 which rapidly increased to 13.21% in 2021. For Shinepukur profit margin was 2.62% in 2020 which had a little increase in 2021 and stood to 3.33%. Thus, we can say RAK ceramics has increased its profit greatly in 2021.

## Asset Turnover

The asset turnover ratio measures the efficiency of a company's assets in generating revenue or sales. to calculate the asset turnover ratio, divide net sales by the average total assets. For RAK ceramics asset turnover was 0.47 which increased to 0.52 in 2021. For shinepukur it was 0.19 in 2020 which increased to 0.21 in 2021. Thus, we can say both the companies had little increase in this case.

## Return on Assets

Return on assets is a profitability ratio that provides how much profit a company can generate from its assets. It is calculated by dividing the net income by average assets. For RAK Ceramics return on assets was 2.76% in 2020 which greatly increased to 6.83% in 2021. For Shinepukur it was 0.50% in 2020 which had a little increase in 2021 and became 0.71%. Thus, we can say RAK Ceramics has increased its efficiency in company's management in earning a profit from their economic resources or assets on their balance sheet.

## Return on Common Stockholders’ Equity

Return on Common stakeholder's property is a profitability measurement ratio that shows how many dollars of net income the company earned for each dollar invested by the owners. It is calculated by dividing net income by average common stockholders’ equity. Companies having higher value indicates more profitability in per dollar invested by the investors. Here, we can see that, the Return on Common stakeholder's property of RAK ceramics was 1.14% in 2020 which increased to 3.12% in 2021. On the other hand, for Shinepukur, which was 0.75% in 2020, it also increased to 1.06% in 2021. Thus, both company has taken a leap in case of making profit but RAK ceramics is ahead in this race.

## Payout Ratio

The payout ratio is a profitability measurement ratio that measures the percentage of earnings distributed in the form of cash dividends. It is calculated by dividing cash dividends by net income. Companies that have high growth rates generally have low payout ratios because they reinvest most of their net income into the business. Here, we can see that, the Payout ratio of RAK ceramics was 43.15% in 2020 which increased to 51.46% in 2021. On the other hand, for Shinepukur, which was 48.72% in 2020, it increased to 63.38% in 2021. Thus, payout ratio for both company has increased but RAK ceramics will have more growth rate and higher reinvestment capability with their comparatively low payout ratio.

## Debt to Assets Ratio

The debt to total assets ratio is solvency measurement ratio that measures the percentage of the total assets that creditors provide. It is calculated by dividing total debt (both current and long-term liabilities) by total assets. The higher the percentage of debt to total assets, the greater the risk that the company may be unable to meet its maturing obligations. Here, we can see that, the Debt to Assets ratio of RAK ceramics was 43.88% in 2020 which increased to 46.46% in 2021. On the other hand, for Shinepukur, which was 33.37% in 2020, it increased to 31.34% in 2021. Thus, Debt to Assets Ratio for Shinepukur is more desirable to creditors than RAK ceramics due to its recent decreasing debt to asset ratio.