

CASE STUDY

Total Marks: 100 Time: 4 Hours

Instructions:

1. Check that your question paper contains all the exhibits as mentioned in page 3. The consecutive page numbering may be found under the base line at the foot of each page.
2. Use the answer script provided by the Institute. Write your name, roll no., registration no. and name of the subject on the upper portion of the cover page of the answer script.
3. Candidates are asked not to write any particulars of identification in any other place of the answer script and additional pages if taken.
4. Questions must be answered in English.
5. The answer should be referenced to the relevant workings.
6. Answer script and additional page(s) taken to write answer, used or unused, must not be removed or taken away from the Examination Hall.

Requirements & Marks Allocation:

You are Sohail Rahman, a senior articled student of Ahmed Sahir Sabira & Co., Chartered Accountants. The partner of the firm, Mrs. Sabira Ahmed FCA as an advisor of Bazar24.com has received an assignment e-mail from Mr. Saheen Kamal Chowdhury, Chairman, Bazar24.com (**Exhibit – 1**). Mrs. Sabira Ahmed FCA has asked you, Sohail Rahman, to prepare a report covering all the requirements stated in the e-mail of Mr. Saheen Kamal Chowdhury.

Requirements:

You are required to prepare a draft report to your principal Mrs. Sabira Ahmed FCA. Your report should comprise the following elements:

- ❖ An executive summary
- ❖ Your responses to the detailed requirements (a), (b) and (c) set out in **Exhibit -1**.
- ❖ State clearly any assumptions that you make.

Marks Allocation:

All of the marks in the Case Study are awarded for the demonstration of professional skills, allocated broadly as follows:

Requirements	Professional Skills					Total
	Assimilating and using information	Structuring Problems and solutions	Applying Judgment	Conclusions and making recommendations	Integrative & multidisciplinary skills	
Executive Summary	3	5	4	3	-	15
Requirement (a)	9	14	12	8	2	45
Requirement (b)	5	7	6	5	1	24
Requirement (c)	3	4	3	4	2	16
Total	20	30	25	20	5	100

In planning your report, **you should be aware that not attempting one of the requirements, including an executive summary, will have a significantly detrimental effect on your chances of success.** In addition, as indicated above, all four skills areas will be assessed under each of the four elements of your report.

You should be clear that marks are awarded for demonstrating your professional skills, not for reproducing facts from the case. In order to be successful, you will need to:

- Demonstrate your knowledge of the case material and make use of your analysis.
- Carry out relevant analysis of the problems and structure your proposed solutions.
- Apply your judgment on the basis of the analysis that you have carried out
- Draw conclusions from your analysis and judgment, and develop them into practical commercial recommendations.
- Ethical issues may cover the following topics-
 - Lack of professional independence or objectivity
 - Conflict of interest among stakeholders
 - Doubtful accounting or commercial practice or market competition
 - Inappropriate pressure to achieve a reported result.
- Integrative & multidisciplinary skills may cover the following areas-
 - Impact of on-line shopping on Environment
 - Impact of on-line shopping on Technology and cyber threats
 - Social and economic impacts, e.g. with regard to employment, business competitiveness, etc.

LIST OF EXHIBITS

Exhibit	Description	Page reference
1	E-mail from Mr. Saheen Kamal Chowdhury, Chairman of Bazar24.com to Mrs. Sabira Ahmed FCA, Partner in Ahmed Sahir Sabira & Co., Chartered Accountants	4-6
2	Extracts from Financial Statements of Bazar24.com for the year ended on 31 December 2015	7-8
3	Strategic Planning and Business Expansion Plan	9-11
4	Auditors' observations on accounting and auditing issues	12-12
5	Challenges for online Shopping Business	13-13
6	Making Online Business Successful	14-14
7	Social and Economic Aspects of on-line shopping in Bangladesh	15-15
8	Successful online Business	16-16

E-MAIL

From : Saheen Kamal Chowdhury, Chairman, Bazar24.com
To : Mrs. Sabira Ahmed FCA
Subject : Evaluation of Business Expansion proposal, investment viability based on past performances & future prospects of the company and associated issues.
Date : 29 May 2016

Dear Mrs. Sabira,

Thank you for accepting our offer of appointment as business advisor of our company, Bazar24.com. As discussed in our earlier meeting, Bazar24.com would like to expand its operations and open 30 new branches in different districts of the country.

Basis of Appointment and Fees

We have considered your experience in terms of negotiation with the government agencies like BOI, RJSC, BSEC, DSE, etc. Being the auditor of the central bank for last two years, you are very much familiar to Bangladesh Bank. Moreover, your firm acts as the auditor and adviser to Seven Eleven Ltd. a successful on line shopping company who recently raised capital by initial public offering (IPO) and expanded business by opening 3 new branches in the metropolitan cities. Based on these primary considerations we have appointed you as our advisor for evaluation of our strategic planning and business expansion plan and advising on our day to day operational and strategic directions. Your fee for evaluation of our expansion plan and services for obtaining IPO approval at premium or completing formalities to take bank loan is Tk. 1,000,000; and for providing the advisory services for business operational and strategic decisions for next 3 years is Tk. 200,000 per month.

Shareholdings and key management issue

Bazar24.com is locally incorporated in Bangladesh under Company Act 1994 as a public limited company in 2009. Initially Raihan Kamal Chowdhury and I founded partnership in 2007 which has subsequently been converted into a public limited company in the name of Bazar24.com Ltd. (called, Bazar24.com) taking five more shareholders including the sister of Raihan Kamal Chowdhury, Mrs. Sohana who holds 10 percent shares in Bazar24.com. In the new company, I, Saheen Kamal Chowdhury owned 30 per cent shares and Raihan Kamal Chowdhury owned 25 percent shares. Rest of the shares are hold by other shareholders. The face value per share is Tk. 10. I am the Chairman in the Board of Bazar24.com and Raihan Kamal Chowdhury is the CEO of the company, although in practice, decision-making was shared between the Chairman and CEO.

Kabir Chowdhury FCA is the Chief Financial Officer of the company is very close friend to the Chairman and most trustworthy executive to the board of Bazar24.com. Mrs. Sohana recently resigned from the executive board following a disagreement with Saheen Kamal Chowdhury. Mrs. Sohana joined in the board of Seven Eleven Ltd. holding 20 percent shares. Currently, Mrs. Sohana is negotiating with her former co-executives on the profit-related remuneration due to her and the sale of her 10% holding of shares in Bazar24.com with cum dividend for the year 2015 to a foreign buyer, Pluto Limited. You are aware that Seven Eleven Ltd. is a competitor in shopping on line business with Bazar24.com. We have come to know that you are acting as an intermediary between Pluto Limited and Mrs. Sohana and negotiating the payment terms on behalf of Sohana with them. We also know that you are acting as personal financial advisor of Mrs. Sohana. If Pluto Limited is disagreed to take shares, then Sohana will make offer for selling her shares to the existing directors or shareholders at agreed valuation made by you. Mrs. Sohana may contact you to find out my current remuneration package since our CFO refused to disclose it to her.

Maintenance of books and preparation of Accounts

Bazar24.com does not keep proper books of accounts as per Companies Act 1994 since it is established. Rather it keeps records of cash receipts and payments, pre-payments and other schedule of outstanding. Worthwhile to mention that you, being the current auditor of Bazar24.com prepare the financial statements as per Company Act 1994 under a separate engagement letter.

Audit of accounts for 2014 and 2015

Ahmed Sahir Sabira & Co., Chartered Accountants has been audited the accounts of Bazar24.com and up to 2013 the Auditors has prepared and audited the accounts without any audit qualification. The statutory audit of Bazar24.com for the year 2015 is about to sign-off and the management is confident that like previous years, the auditor's will issue audit report for 2015 based on the financial statements prepared by them without any note of "qualification" or reporting "matters of emphasis". This confidence is reiterated by the Chief Financial Officer (CFO) who was an alumnus of the audit firm, Ahmed Sahir Sabira & Co., Chartered Accountants. Moreover, two junior auditors who has been assigned for carrying out 2015 audit has shown keen interest to join as employee of Bazar24.com after completion of the audit. Also Bazar24.com supported the medical expenses for treatment of a relative of Audit Manager of Ahmed Sahir Sabira & Co., Chartered Accountants from Bazar24.com's regular expenses. Finally, the auditor of the company has issued audited accounts for the year 2015. Extracts from the financial statements of Bazar24.com for the year ended 31 December 2015 and auditors' observations on accounting and auditing issues are attached herewith respectively in Exhibit 2 and 4 for your evaluation and IPO pricing and valuation of shares of Mrs. Sohana.

Tax Planning

1. The Tax Intelligence Unit of NBR has recently completed an investigation and observed that the on line shopping companies who were enjoying tax exemption were not maintaining books of accounts as required under section 35 of ITO 1984. Accordingly the tax circle office issued a letter to Bazar24.com to produce books of accounts before the DCT to justify the submitted tax return for the year 2014.
2. Considering the complexity, Bazar24.com sought your help for company's tax planning. IT enabled business and services including on line shopping business were tax exempted for 2015. However, the latest Finance Bill 2016 presented before Parliament by the Finance Minister on 2 June 2016, proposed to withdraw of tax exemption on income from on line shopping businesses effective from 01 July 2016. If Parliament pass the Finance Bill 2016, corporate tax @25% will be applicable for on-line shopping business.
3. The company made an FDR with the City Bank Ltd. For 3 years at 8 percent interest p.a. to be matured on 31 December 2017. The company does not accrue interest on this FDR in the financial statements till date.

The Expansion plan and Financing strategy

The Board of Directors (BOD) of Bazar24.com is keen to expand business in Bangladesh by opening 30 more branches and stores in different districts and cities in the country. The company uses a range of media to promote its stores and any special sales events it may be running. This includes advertising on national TV and radio in Bangladesh, local radio, newspapers and social media. It also has an in-store magazine, 'Your Life', and a loyalty card, 'The Bazar24.com'. For detail expansion strategy, please see the exhibit 3.

Pricing for Public Offering

The competitor companies obtained approval of IPO at premium. The premium range in some cases 100 % to 400% depending on their financial strengths and negotiation with BSEC. Bazar24.com expects approval from BSEC for its premium at a similar rate.

Dividend

The management of Bazar24.com expects to distribute at least 75 percent of the earnings after tax. However, the company declared 100% cash dividend to be paid out of retained earnings for the year 2015.

Credit worthiness of the Directors

The Bazar24.com is not a rated company by the external credit rating companies in Bangladesh. Moreover, the company took a 5 years 12% term loan of Tk. 30 million from BRAC Bank Ltd. payable in equal monthly instalment at month end, 3 of which instalments were overdue because of the inadequate surplus cash flow over business expansion expenses and made investment in marketing and advertisement and research. Moreover, one of the directors of the company applied for a Home Loan to his banker and his CIB (Credit Information Bureau) report was not clean and could not get loan from the bank. All other directors have healthy financial conditions. In this regard, the board of Bazar24.com expects your assistance to get clean CIB from Bangladesh Bank and get the loan or IPO proposal approved.

Regulatory Approvals

The proposed expansion plan requires approval from regulatory and other authorities which you will coordinate to get it done faster to have approval from Bangladesh Securities and Exchange Commission (BSEC) for raising necessary fund initial public offering (IPO) or CIB approval from Bangladesh Bank for obtaining local currency bank loan at significantly lower rate from bank or foreign currency loan at lower rate from international organization like, IFC, ADB, etc.

Social works

Bazar24.com runs extensive volunteering works for the improvement of the under privileged people of the country. Under this program, the company arrange health awareness seminar, fire awareness seminar etc. In 2015 the company did the following:

- The company has paid a donation of Tk. 2 lakh to a charitable organization where one of the directors of Bazar24.com is a trustee.
- The company contributed Tk. 1 lakh each year to the Health Program at Char Area of a district from which one of the directors hails from for the free treatment of the poor people in this locality.
- The audit committee was not formed and no meetings were held during the year.

Exhibits 5 to 8 are also attached for your analysis and to draw your conclusion and recommendation for the requirements stated below.

You are advised to –

- (a) Prepare a draft report, including an executive summary, advising the viability of the business expansion plan considering the business performances and growth prospects of Bazar24.com and highlighting the best alternative to finance expansion plan.
- (b) (i) Critically comment on the strategic planning of the business; (ii) Evaluate the strengths, weaknesses, opportunities and threats (SWOT) of Bazar24.com; and (iii) Based on the SWOT, recommend to the Board with justification, franchising as an alternative to the proposed business expansion plan of Bazar24.com.
- (c) Assess the economic and social impact of Bazar24.com on on-line shopping and evaluate the ethical issues with regard to the proposed expansion and doing business in Bangladesh.

I look forward to receiving your draft report on or before 16 June 2016.

Yours sincerely,

Saheen Kamal Chowdhury

Chairman

**Extracts from Financial Statements of Bazar24.com
for the year ended on 31 December 2015**

**Bazar24.com
Balance Sheet**

As at 31 December 2015

	31-Dec-15	31-Dec-14
Assets	Taka	Taka
Non current assets		
Property, plant and Towers	2,410,010	2,585,632
IT Equipments, net	1,069,235	887,465
Intangible assets, net	1,703,757	351,097
Total non current assets	5,183,002	3,824,194
Current assets		
Inventories	582,510	522,611
Accounts receivable, net	310,758	268,097
Advances, deposits and prepay- ments	109,631	856,459
Cash and cash equivalents	178,262	402,730
Total current assets	1,181,161	2,049,897
Total Assets	6,364,163	5,874,091
Equity and Liabilities:		
Equity attributable to owners of the company		
Share capital, Tk. 10 per share	1,000,000	1,000,000
General reserve	200,000	200,000
Retained earnings	1,929,744	865,450
Total Equity	3,129,744	2,065,450
Non current liabilities		
Long term bank loan	735,188	855,191
Finance lease obligation	714,763	763,140
Other liabilities	219,646	268,844
Total Noncurrent liabilities	1,669,597	1,887,175
Current liabilities		
Trade and other payables	858,467	842,016
Short-term bank loan	526,849	638,841
Unearned revenue	133,844	424,338
Accrued Bank Interest	38,982	11,343
Other liabilities	6,679	4,927
Total current liabilities	1,564,821	1,921,466
Total equity and liabilities	6,364,162	5,874,091

Bazar24.com
Statement of Income and Expenditures
For the ended 31 December 2015

	2015	2014
	Taka	Taka
Revenue	1,400,045	1,280,031
Cost of Goods Sold:		
Direct Cost of products sold	(638,420)	(446,894)
Network operation and Maintenance expenses	(138,184)	(96,729)
Depreciation and amortisation	(134,250)	(93,975)
Total expenses	(910,854)	(637,598)
Gross Profit	489,191	642,433
Gain on Revaluation of fixed assets	500,000	-
Total Operating Income	989,191	642,433
Operating expenses		
General and administrative expenses	(98,943)	(93,098)
Selling and distribution expenses	(77,877)	(80,823)
Depreciation and amortisation	(11,573)	(1,337)
	(188,393)	(175,258)
Operating profit	800,798	467,175
Finance income/(expense)	(33,062)	(9,896)
Profit before income tax	767,736	457,279
Provision for tax	-	-
Profit after tax (PAT)	767,736	457,279
EPS	7.68	4.57

Strategic Planning and Business Expansion Plan

About Bazar24.com Ltd.

Bazar24.com is an e-commerce business which has vast market experience over couple of years. It sells eBooks, film CDs, Computers, Electronic items, household, Gents, Girls' cosmetics. This is a platform where most of the products are from exclusive local and international brands. Bazar24.com provides opportunities to both the buyers and sellers to purchase and sales their products through this company platform.

Business Model and Pricing Strategy

The business model of Bazar24.com is very competitive pricing to attract and retain customers. It keeps selling price as low as possible without compromising quality of products to retain customers. It expects cash on delivery but extends 1 month credit to high value customers. However, the company enjoys 2 months credit facilities from suppliers. It has traditionally targeted working-class customers. Recently it targeted middle class customers. The company sells a limited range of branded products and local products. As part of its strategy, Bazar24.com has developed two levels of own label products. It sells its 'Everyday' line, which is basic and low priced, and also a range of 'premium' own label brands that are similar in quality to name brands but whose price is on an average 25 percent lower. The company quotes different price at different zone or districts considering the costs of doing business in the locality.

Prospects of the on line business in Bangladesh

Bangladesh had a population of 160 million in 2014, and combined with a small territory it represented one of the most densely populated countries in the world. Only around 33% of the population lived in urban areas and the expanding garment industry and growing employment opportunities are encouraging more people to live in urban areas. The men-female ratio is around 55:45. The female workers are growing in the country around 10% every year. The mean age of the Bangladeshi population stood at 30 years in 2014, and it is anticipated that the population in Bangladesh will reach 170 million by 2020. Bangladesh's economy is performed strongly with average annual real GDP growth over 6% 2009-2015. Its current GDP size is 3 times more than it was in 1991. The economic outlook remains positive and it is anticipated that real annual GDP growth will stand at 7% on average over 2016-2018. The garment industry is the backbone of Bangladesh's economy, although the country's authorities are planning to diversify the economy and encourage investment in the electronics, frozen foods, light engineering and power industries.

An international market research institute identified Bangladesh as one of the 20 top Markets of the future that will offer the most opportunities for consumer goods companies globally. The country is one of the fastest growing and most promising economies in Asia-Pacific; however, market intelligence is extremely limited in this part of the world and the business environment is complicated.

Market size for consumer goods growing

The market of all consumer goods are performed strongly in Bangladesh over 2009-2014. Market of packaged food was valued at TK. 9.8 billion in 2014 after registering a cumulative average growth rate (CAGR) of 20% from 2009. Dairy (CAGR 37%), baby food (CAGR 31%), noodles and pasta (CAGR 28%) and confectionery (CAGR 25%) performed exceptionally well. Overall packaged food sales are anticipated to grow at a CAGR of 17% over 2013-2020, reaching a value of Tk. 21.2 billion in the latter year.

The Expansion Plan and budget

The Chairman and the CEO of Bazar24.com strongly believe that Bazar24.com is a premium online shop in Bangladesh. In the context of the economic recovery, and the publicity, the board of directors of the company believes that they now have the opportunity to expand more rapidly into other cities and towns around Bangladesh. In Bangladesh, there is a precedence of franchising model to develop the business. The option of using either organic growth or a franchising model to develop the business is under review. Bazar24.com will be aggressive to acquire if it finds opportunity to acquire business of other company.

The BOD plans to expand its operations and open 30 new branches and stores in different districts of the country. The activities and the performances of these branches and stores will be evaluated from 5 areas - A to E. The Controller of Bazar24.com, in collaboration with the economist, has developed the following equation that, he says, will forecast sales quite well and based on past pattern of behavior:

Monthly sales in Taka = 100,000 + (2,000 x No. of orders received in prior month)

The Sales Manager is confused and seeks advice from Mrs. Sabira Ahmed FCA and presented her the following data regarding actual and forecast orders. The forecasts have generally been quite accurate:

June	200 (actual)
July	300 (forecast)
August	450
September	800
October	650
November	750
December	800

The cost department informed the adviser that contribution margin is the 50% of sales, cost of goods sold which are all fixed costs, amount to Tk. 200,000 per month. The Sales Manager is agreed that no. of orders might be increased 10% in every month till next 60 months if everything remain unchanged.

Bazar24.com expects to maintain at least same Jaws (i.e. income growth rate continue to exceed its expenses growth rate) in future years. Assume that, its revenue to PAT ratio would be continued for 5 years. Collection from sales might be improved to mitigate the operational and cyber threats in future years.

Budget for Expansion Plan

No	Detail works	Tk. in million	Comments
1	Fixtures & Fittings - Interior Works	6	Capex
2	Furniture for branch and stores	6	Capex
3	Mechanical & Electrical Works	5	Capex
4	Partitions & doors & floors	2	Capex
5	Sprinkler works, access control, SD, PA, CCTV, etc	3	
6	Consultancy	0.5	Opex
7	Project Implementation Cost - Structural works, Art, Temporary power, Site Office	4	Opex
8	Network development	8	Opex
9	Other	0.5	Opex
	Total	35	

Investment and Funding

The financing for the expansion plan can be made either of the following schemes:

Scheme 1: Bank Loan: The management consulted the investment plan with the existing banker for new project financing who has shown keen interest to extend required fund and issued a Clearance in Principle (CIP) in this regard. The rate of interest will be one percent lower than the rate of interest on the loan taken in 2014. However, repayment has to be made in equal yearly instalment in 5 years; OR,

Scheme 2: Public Offering of shares: Bazar24.com is keen to go for public issuing of shares for Tk. 35 million. The management is confident that the public and institutional shareholders will subscribe the IPO offer at the asking premium in full and Bangladesh Securities and Exchange Commission (BSEC) will not object thereto.

Market risk and expected return

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), a model that calculates the expected rate of return of an asset based on its beta and expected market returns. The average risk free rate of return is 6%. The expected beta (β) for Bazar24.com is 1.25. The average expected market return from investment in similar securities (comprising of dividend and capital gain yield) is 10% per annum. (Source: DSE Market review June 5, 2016).

Present value factors of Tk. 1 for 5 years as follows:

Discount rate %	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
10	0.909	0.826	0.751	0.683	0.621	0.564	0.513
11	0.901	0.812	0.731	0.659	0.593	0.535	0.482
12	0.893	0.797	0.712	0.636	0.567	0.507	0.452
13	0.885	0.783	0.693	0.613	0.543	0.480	0.425

The market capitalization of all securities listed in DSE Ltd. as on 04 June 2016 was Tk. 2,032,345 million and market P/E Ratio is 10.87 where consumer sector Market Capitalization was Tk. 161,878 million and sector's Price earnings (P/E) ratio was 11.52. The consumer products sector's dividend yield was 2.00 percent per annum and Sector's 6 months' average return was 3.5 percent. Other similar stock's market price and EPS in DSE were as follows:

Sl. No.	Company	Face Value (Taka)	NAV(Taka) 31 Dec. 2015	Market Price (June –Dec. 2015: 6-Month Average) (Taka)	EPS for the year ending 31 Dec. 2015
a	b	c	d	e	F
1	ACI Foods Ltd.	10	18.27	74.00	4.62
2	Seven Eleven Ltd.	10	14.15	75.93	4.88
3	MGH Distribution	10	16.95	78.71	5.30
4	Keya Cosmetics	10	23.28	85.87	6.57
5	Kollol Distribution	10	12.15	45.32	2.15

As an advisor, you shall have to obtain the regulatory approval from RJSC, BSEC with minimum adverse impact on operations and profitability of Bazar24.com

Auditors' Observations on Accounting and Auditing Issues

In 2014, they have audited the accounts with no change but made following note of suggestions:

1. Bazar24.com is not keeping proper books for VAT records as per VAT Act 1991 which might be a compliance issue.
2. To strengthen the government revenue collection, government has recently introduced On-Line VAT Payment Processing which will go live on 1.10.2016. To abide by the revised law, Bazar24.com requires upgrading its core transactions system. Bazar24.com is expecting auditor's assistance to manage VAT related issues.
3. Auditor pointed out that Bazar24.com did not form any formal audit committee.
4. The Bazar24.com charged depreciation on the office equipments and IT software at 33.33 percent on straight line basis for which income tax authority disallowed such depreciation charges; instead, they allowed depreciation @ 20% under reducing balance method.
5. Back-up server for sales and other database is inadequate. The Disaster Recovery (DR) Site of the company is located very near to the next branch. Besides, company runs on limited bandwidth resulting to slower network to access to the sites.
6. Sales revenue is recognized at the time of receiving confirmed purchase orders from the customers.

Information Security

In recent time, we observed that cyber hacking has been increased significantly. In case of on-line shopping hackers can capture credit card details of the customers. In some cases personal identification of the customers may be lost from the server. As a result credit card skimming transactions might be increased remarkably. Moreover, ATM fraud has been increased in the country and banks lost money, the issuing bank incurs operational loss, customers affected with personal harassment by muggers, crime initiators, etc. Organizations which are operating in the digitalized platform need to protect their server and network from the organized hackers. We are looking into it and it is not the right time to invest more in IT infrastructure.

Revaluation of Assets

The company revalued its plant and machinery during the year 2015. The revaluation gain Tk. 5 lakh has been credited to profit and loss account of the company for the year 2015.

Reconciliation issue

Reconciliation is the process of substantiation of balances with underlying transactions and adequate approved documents supporting the transactions. Bazar24.com could not reconcile collection accounts with corresponding revenue accounts for the year 2015 and accumulated un-reconciled balance was Tk. 4 lakh. On investigation, company found a fraudster phishing the collection channel and diverted the channel account to drainage cash Tk. 2.5 lakh. The rest amount is for timing gap of reconciliation and lost of the underlying transaction and credit card details.

Receivable confirmation

The auditor issued balance confirmation letters to the borrowers and creditors of the company for direct confirmation of the balances as on 31 December 2015 as Audit Evidence. On an average 50 percent of customers and creditors could not confirm the balance on time. The exposed receivable amount is Tk. 1.50 lakh and creditors Tk. 2.00 lakh.

Challenges for online Shopping Business

Shopping On-line

Purchasing goods from the comfort of your own living room certainly is more convenient than actually driving to a store, while offering a virtually unlimited array of choices and the ability to compare prices. While online payment and security technology have come a long way, you still may experience problems with online shopping from time to time.

What if my order never arrives?

In general, ordered goods should be delivered by mail, telephone, or the internet within 15 days. If you have not received your order within that time frame, you have the right to a full refund of the purchase price. Likewise, retailers are required by law to explain your right to a full refund for undelivered goods. Credit Card transaction protects you from being billed for items that are not delivered, but nevertheless charged to your credit card. If the online vendor is unwilling or unable to help you, or denies your claim that the item was never delivered, you may write to your credit card issuer's billing inquiries department about the problem. Make sure you send it within 60 days after the bill with the errant charge (specifically, the charge for an item not received) was sent. Sometimes items are shipped but delivered to the wrong address; stolen from the porch; or inadvertently left in a hidden spot (such as an alleyway or by a seldom-used side door). Again, this often comes down to customer service, and major online retailers may be willing to give you the benefit of the doubt in such a situation.

Are there special concerns when buying from foreign companies?

Problems with online shopping can be especially difficult to resolve if the seller is located in a foreign country. Before you order, you will want to know how the item is priced and when it is converted to taka (if listed in a different currency); whether the retailer will ship to other countries; the likely length of time it will take to fulfil the order; any applicable special duties or taxes. If there are problems with your order, such as getting the wrong item, most vendors require you to resolve the dispute in their local court. As a general rule, you should approach international online orders with caution.

Are there any scams I should watch out for when buying online?

In addition to general problems with online shopping pertaining to legitimate retailers, one also need to be aware of the various kinds of scams targeting online consumers. Other online scams include phishing and spoofing and identity theft.

Online retail customers are less engaged

Customer engagement has strong ties to business performance, and when retail clothing brands can fully engage their customers, they gain a substantial return on their investment. An international organization performed a survey and data analysis in 2014 across various industries, countries and organizations showed that customers who are fully engaged -- who have a strong, positive emotional attachment to a company -- represent an average 24% premium in terms of revenue and sales, profits, share of wallet, brand preference and consumer well-being. Actively disengaged customers, in sharp contrast, represent a 19% discount in those measures. Though these actively disengaged customers have a strong attachment to the company, it is negative.

Transportation

Bangladesh is one of the most attractive nations in the South-east Asia region in which to do business. However, a poor transportation network and inadequate electricity supply remain the main obstacles hindering the business climate in Bangladesh. To solve these issues significant improvements in infrastructure are anticipated in coming years. To improve the transport system the country's authorities are constructing city bypasses and investing in public transportation.

Making Online Business Successful

Here's the bad news: Thousands of people start an online business every day. However, only a small percentage of these online businesses actually succeed. Here's the good news: There are certain basic rules you can follow to turn your online business into a successful one. Two business experts were discussing in a forum about the infrastructure and other factors essential to make the on line business successful. They also refer to the situation of Bazar24.com with the overall environment as follows:

Most of the Bangladeshi on-line shopping companies over-designed their website to make it stand out or look cool. They add flash animation, sound in the background, and load the site up with large graphics. Visitors cannot easily find what they are looking for at a glance. Music blaring out is actually a pet peeve of many internet shoppers, especially if they are surfing at work as many do. The instructions are not in very easy language to read in general.

When a visitor, a potential customer, emails the company or fills out your contact form, Bazar24.com executives in general take 1-2 days to respond it. Bazar24.com is able to turn its visitors into active participants; the company will increase loyalty and sales. The company added a blog and open it up for comments from the visitors. Company advertise its posts in your newsletter and sought for comments.

Bazar24.com is up on a number of Social Media platforms such as Twitter, Face book, or LinkedIn and conversant/share/inform customers with high quality answers and content. Also make sure that you have a follow, Fan Page 'Like' widget or a Pinterest badge on your website so that people can follow company through their favourite social media platform and stay in tune with your progress and updates.

Repeat visitors to the online business will increase sales. Bazar24.com can give its visitors a reason to come back in many ways. For example, they can let them know that once a month you post a one-day only sale. Another example might be to write an article and let the readers know there will be a follow-up next month. Make the topic of the follow-up something that people really want to know. Just adding quality content on a regular basis is a good way to get repeat visitors.

No one likes a pushy salesperson. Online business is no different in this aspect. People hate to feel like they are being overly pressured to buy something. You can point out the advantages of your product or service but try not to over-sell.

You have probably heard of the term, "search engine optimization". This is where people design their webpages with the intent of ranking higher in the search engines, particularly Google. Many online businesses push this way too far. Their sites end up being demoted or even banned from the search results because the search engines view their efforts as spam. Over optimizing pages also makes them less likeable and readable by real human beings.

For a long time, it has been well-known that Google and other search engines look at how many links there are to a website as one important factor in determining how to rank that website in the search engine results. This has prompted online business owners to want to get as many links as they can. Sometimes they even pay for links in directories and blogs. However, in most cases, these paid links are sites that are known as bad neighbourhoods by the search engines. In other words, they are spam my sites and having your website listed in them can actually hurt you, not help you!

Social and Economic aspects of Online Shopping in Bangladesh

Not such a long time ago, the idea of purchasing goods online was somewhat exotic. But online shopping has become firmly well-established globally. An American says that “94 percent of Americans have made an online purchase, and nearly 30 percent of holiday shopping is done entirely online. I’m a big believer that shopping on the World Wide Web is generally secure and convenient, and enables consumers to find bargain prices on everything from books and electronics to groceries and clothing. I even bought my mattress online last year, and had it delivered right to my apartment.”

Transportation is the biggest contributor to carbon emissions in both retail and e-tail product pathways. When purchasing a book from a bookstore, each household drives separately, but delivery trucks take purchases to many customers on a single route. There’s also a decent chance that the delivery truck is more fuel-efficient than your family sedan.

When it comes to packaging, however, a new market bookshop generally claims the environmental edge. Shrink-wrapping, padding and boxing each individual novella, as e-tailers do, is hardly going to maximize materials efficiency and minimize waste. (Walking to a used bookstore, or downloading an ebook, will do exactly that—but we haven’t been asked about those options yet!)

Both online and new market booksellers operate climate-controlled storage warehouses, but retailers usually own or lease additional storage and distribution facilities. Likewise, the energy consumed to browse and purchase books online is much less than that needed to build, light, heat, and cool physical bookstores. By streamlining the purchase and delivery process, e-tailers minimize the need for buildings and their associated energy usage.

But we haven’t turned the final page of our carbon emissions whodunit quite yet. Human behaviour can provide a plot twist that strongly affects the environmental impact of online and real-world book purchases alike. Common sense applies: buying multiple books from the same seller results in fewer emissions than ordering one at a time, and of course walking or biking to the bookstore, or combining book purchases with other errands in the area, can draw down the carbon footprint of a bookstore visit. And while it may be tempting to overnight the latest Twilight instalment, express shipping means air transport, and that could consume as much as five times the fuel used in ground delivery.

How green is online shopping?

Shopping online seems good for the environment: it eliminates car trips and associated carbon emissions. But what about the emissions from fleets of delivery vehicles bringing orders to houses? Delivery trucks also contribute substantially to the burden of fine particulate matter, known as PM2.5, in the air, which is associated with many effects on human health.

What’s more eco-friendly: going to the mall or shopping online?

Is going to the mall better for the environment than shopping online? That’s the surprising claim. The argument is that mall shoppers often travel in groups and buy more than one item, reducing their environmental impact. Online shoppers, meanwhile, return products more often, and the shipping requires more packaging. A researcher identified that shoppers can often reduce their environmental impact by shopping online, and outcome depends on individual shoppers’ circumstances and behavior. If you’re looking to purchase one item and your choice is driving a good distance to a facility or buying it online, you are likely to be better off buying it online. The report found that online shopping had an environmental impact that was 7% greater than mall shopping, if shoppers bought the same number of products both ways.

Successful online Business

Amazon.Com

Amazon was originally founded in Bezos' garage in Bellevue, Washington. It was incorporated in 1994. The company began as an online bookstore, an idea spurred off with discussion with John Ingram of Ingram Book, along with Keyur Patel. In July 1995, the company began service and sold its first book on Amazon.com. In the first two months of business, Amazon sold to all 50 states and over 45 countries. Within two months, Amazon's sales were up to Tk. 20,000/week. While the largest brick and mortar bookstores and mail order catalogs might offer 200,000 titles, an online bookstore could "carry" several times more, since it would have a practically unlimited virtual (not actual) warehouse: those of the actual product makers/suppliers.

Amazon's initial business plan was unusual; it did not expect to make a profit for four to five years. This "slow" growth caused stockholders to complain about the company not reaching profitability fast enough to justify investing in, or to even survive in the long-term. When the dot-com bubble burst at the start of the 21st century, destroying many e-companies in the process, Amazon survived, and grew on past the bubble burst to become a huge player in online sales. It finally turned its first profit in the fourth quarter of 2001: Tk. 5 million (i.e., 1¢ per share), on revenues of more than Tk. 1 billion. This profit margin, though extremely modest, proved to skeptics that Bezos' unconventional business model could succeed. In 1999, Time magazine named Bezos the Person of the Year, recognizing the company's success in popularizing online shopping.

Bdjobs.com

This company has been formed by eight friends in 1999. In that time it was very much harsh that company will hire people through a head hunter company even no company will displayed the recruitment advertisement on line or company's web site. In reality it was happened and subsequently bdjobs.com evolved profit making company and they are recognized as a first class training provider. After few years of operation a UK based head hunting company acquired bdjobs.com from the partners at 80 million taka. Each friends made 10 million in 8 years.