

**Internship Report**  
**On**  
**Fixed asset management process Of**  
**BRAC BANK LIMITED**



***Submitted By: Ahmed Shekatur***

**ID # 08304034**

**BBS Dept, BRAC University**

***Submitted To: Husain Salilul Akareem***

**Lecturer**

**BRAC Business School (BBS)**

**BRAC University**

28th, February, 2013

To

Husain Salilul Akareem

Lecturer

BRAC Business School (BBS)

BRAC University

66 Mohakhali, Dhaka-1212

Subject: To accept the internship report on; “Fixed asset management process of BRAC Bank Limited.

Sir,

I am delighted to submit my internship report on “Fixed asset management process of BRAC Bank Limited” as a requirement for my graduation. You are aware that I have completed my internship program in BRAC Bank Limited (BBL) from 4<sup>th</sup> November to 4th February. I joined BBL, which is the head office of BRAC Bank and the name of my sub unit is “Asset Management” which is in the unit of “Asset Management and Payment Settlement” at finance division. I truly believe that this report will satisfy your requirements and expectations as I tried my level best to make this report informative, practical, reliable and relevant as possible. To prepare this report I have reviewed some books, journals and download information from internet, take interviews and on the basis of available information I have depicted a set of recommendations which I think will help “asset management team” to improve their competence. I have attained some unique opportunities to go through some fruitful job experiences. Those experiences enabled me to bridge the gap between classroom learning and real life situation to a great extent.

I appreciate your kind advice, cooperation, patience and suggestions regarding this report which will definitely help me to go ahead as a brilliant guideline. I will be available for any further query and clarification regarding this report whenever necessary.

Sincerely Yours,

Md. Ahmed Shekatur

ID: 08304034

BRAC Business School

BRAC UNIVERSITY

## **Acknowledgement**

I am grateful to many individuals for completing my internship report successfully. First of all, I would like to thank the BRAC Business School of BRAC University and BRAC Bank Limited (BBL) for giving the opportunity of having an Internship program and allow me to submit my report based on the “Fixed asset management process of BRAC Bank Limited (BBL)”. I have gathered an enormous deal of experience while going through the internship period and preparation of this report.

I would like to thank to my Internship Supervisor, Husain Salilul Akareem, and Lecturer of BRAC University for his excellent guidance and support during the preparation of the report. A special thanks goes to my Internship Organization Supervisor in BRAC Bank Limited (BBL), Mrs. Pushpita Bardhan for providing me support and courage throughout my Internship program and helping me to accumulate necessary information. I would also like to show my gratitude to Mr. Abdullah Al Mamun (Mlion) and Mr. Mohammad Al Mamun, from “ Asset Management” Department for helping me by giving the valuable information and on behalf of their company they provided time to make me the understand the procedures of their department. I am also grateful to Mr. Md. Rakib-ul Islam, Associate Manager of procurement department who helps me a lot by providing necessary information.

Finally, my heartiest thanks go to others who were involved and helped directly and indirectly to prepare this report. Without them all these wouldn't have been made possible.

## **Executive Summary**

BRAC Bank Limited is one of the largest operational ventures of BRAC which is established by Sir Fazle Hasan Abed and the chairman of the bank is Mr. Muhammad A. (Rumeel). After facing so many obstacles and legal obligations BBL started its operation from July 04, 2001. It has established with an aim to alleviate poverty and empowering poor and bringing changes in their lives. The bank also continuously works to uphold the “Three P” agenda that means Planet, People and Profit as a part of sustainable and glorious banking journey. With the passage of time BRAC Bank Limited has become the fastest growing bank in Bangladesh. And now it has become the market leader in the Small Medium Enterprises (SME) business. Here BBL has targeted the missing middle the middle or small business people. BBL by starting its journey in 2001 now it has 152 branches, 12 Apon Shomoy, 313+ ATMs, 30 CDMs, 399 SME unit offices , 11 CRM center and almost 8000 employees. Along with SME banking it is continuously broadening its horizon into Retail banking, corporate banking, Probashi banking and other arenas of banking. Its main focus is to set a standard as the absolute market leader by bringing efficiency, friendliness and modernized automated service on a profitable basis so that, BBL is providing 100% integrated on-line banking. BBL is one of the members of the Global Alliance for Banking on Values (GABV)

Among with 20 different departments there is one department named fixed asset management department and that particular department has taken the responsibility of every single fixed asset of every particular location of BRAC Bank Limited. Fixed asset management department is responsible for buying, replacing, maintain, repairing the old one, keeping record of every particular asset, asset validity checking, and finally send the asset in auction when the validity is over of any particular asset. To do this asset management department use some software, and put tag number to every single asset. They recruit some interns for this purpose. They send those interns in different locations for the collecting details information about every single asset. And after that they input those in different software for the purpose of identifying the validity, condition, and most importantly preparing tag for every single asset. This is how the Fixed Asset Management Department is maintaining the balance of fixed asset and helps to prepare an error free financial statement by providing more accurate free information.

## Table of contents

<b>Topic Name</b>	<b>Page</b>
<b>1.Chapter 1: Introduction</b>	<b>07</b>
1.1 Origin of the Report	07
1.2 Objectives	08
1.3 Methodology	08-09
1.4 Scope of the report	09
1.5 limitation of the report	09
<b>Chapter 2: Company Overview</b>	<b>10</b>
2.1 Overview of BRAC Bank Limited	10-13
2.2 Corporate Vision	14
2.3 Corporate Mission	14
2.4 Core Values	14-15
2.5 Goals	15
2.6 Objectives of the BRAC Bank Limited	15-16
2.7 Logo Meaning of BBL	16
2.8 Company Slogan	17
2.9 Achievements of BBL	17
2.10 Products & Services of BBL	17-22
2.11 Organizational Structure of BBL	22
2.12 Departments of BBL	23
<b>Chapter 3: Project Details</b>	<b>24</b>
3.1 Details about Fixed Asset Management	24-27
3.2 Responsibilities of Fixed Asset management team	27-28
3.3 Fixed Asset Management process of BBL	29-30
3.4 Fixed Asset Auction Policy	30-31
3.5 Ratio Analysis related to fixed Asset	32

<b>Chapter 4: Job Details</b>	<b>33</b>
4.1 Nature of the Job	33-34
4.2 Job Responsibility in terms of Fixed Asset tagging	34-37
4.3 Benefits Of Fixed Asset Management	37-39
<b>findings</b>	40
<b>Recommendations</b>	40-41
<b>Conclusion</b>	42
<b>Bibliography</b>	43

## **Chapter 1: Introduction**

### **1.1- Origin of the report**

This is an “internship report”, which is prepared after completion internship program. It is done as a requirement of the conclusion of the BBA program. In BRAC University BBA program, a student must have to complete twelve weeks of internship program after completing BBA courses. An internship program stands for providing on the job training to the student. Students are being exposed to the actual job scenario of an organization. Students are assigned to do different kind of job where they can apply their theoretical knowledge. At the time internship Students are placed in enterprises, organizations, research institutions, as well development projects for the conceptualization of real life job situation. This is a report of BRAC Bank and it has been prepared after completion of twelve weeks of organizational attachment in BRAC Bank. Among different private commercial bank in Bangladesh BRAC Bank is one of the leading one. This is the fastest growing Bank in Bangladesh. BRAC Bank is always ready to develop a long term beneficial, reliable and trustworthy relationship with their client or consumer. At the same they always try to follow different diversified strategy to archive their goal and maintain their position sustainable. To do this they always try to upgrade their approaches. After completion of my BBA courses I was placed to BRAC Bank limited to complete my internship. During my internship I was under the guidance of my intern ship supervisor Hussain Salilul Akareem sir, for the successful fulfillment of my internship program. I am supposed to submit this report including the overview of the organization and the details of the project I was assigned to do during my internship period.

At the time of my internship I had opportunities to visit all of the BRAC Bank branches all over Bangladesh but our project member and time was limited so that we cannot visit all of them. I have visited all of the branches of Dhaka city and near Dhaka city. And my task was fixed asset tagging. At first we choose a Branch we collect all the fixed information then we put these information in to IFS software for preparing Tag for every particular fixed asset and finally affixing these barcode in different fixed assets. The main purpose of asset tagging is to identify the assets and match with the resister book. So that BBL can identify the actual financial picture of profit and loss account as well as in the balance sheet.

## **1.2- Objectives**

My report includes two types of objectives. These are being described below:

### **Broad objective**

The primary objective of my report is to identify how fixed asset management department of BBL is managing their fixed assets and contribution of this department in terms of disclosure of financial statement.

### **Specific objectives**

- Getting introduced with a banks fixed asset management department.
- Understanding the importance of fixed for a business organization.
- Being a part of the fixed asset management team.
- Ensuring the assets visibility by physically being presents at the location.
- Helping to identify the accurate calculated value of the fixed assets.
- Matching the assets location as well as visibility of these assets with the register book.
- Helping to keep the balance of fixed asset among the branches.
- Helping the bank to prepare the accurate financial statement of a particular branch as well as the company.

## **1.3 Methodology**

All the information and data has been used in this report has been collected both from primary sources as well as secondary sources.

### **.Primary Source of Information**

- Observation during the total internship period and being Involvement with the operational process of fixed asset management.
- Discussion with officials of BRAC Bank Limited (BBL).

## **Secondary Sources of Data:**

- Relevant BRAC Bank Limited (BBL) paper and published documents
- Directory of operating instructions (DOI)
- “Annual Report 2010 and 2011” of BRAC Bank Limited (BBL)
- BRAC Banks Website

## **1.4 - Scope of the report**

In this report I am going to describe the overall fixed asset management process of fixed asset management department belonging from finance department of BRAC Bank Limited. As I am personally involved with the task and I have visited different branches of different areas of BBL, that's why I have clear idea about how they identify their fixed assets, categories of fixed assets, how they collect asset data, their ways of input data in software's for creating tag for different assets and finally what did they do valuation of different assets.

## **1.5 - Limitation of the Report**

At the time of preparing this report, I have to face some difficulties or some restrictions. I will take these problems, difficulties or restrictions as the limitation of my study. The limitations of my studies are being described below:

- Confidentiality in terms of disclosure of the internal financial information.
- There were some critical information's cannot easily understood.
- The total project plan was not totally organized.

## **Chapter 2: Company Overview**

### **2.1 - Overview of BRAC Bank Limited**

From the beginning of the civilization the banking sector is dominating the development of a country by mobilizing the saving from the general people and channeling those savings for investment and for the economic development and growth. Previously the government of Bangladesh used to discourage to permit the private commercial in the country. With the passage of time to keep pace with change, the government of Bangladesh has started allowing private commercial banking in our country thinking about the necessity if it for the economic development of our country. Now there are so many private commercial bank has started operation in Bangladesh and BRAC Bank Limited is one of them. BRAC Bank Limited established in Bangladesh under the Banking Companies Act, 1991 and on 20 May 1999 it was incorporated as private limited company under the Companies Act, 1994. BBL (BRAC Bank Limited) is a unique organization in Bangladesh and aims to provide all kinds of banking services. At the very beginning BBL faced some problem In case of the establishment because of some legal obligation. At that time the High Court of Bangladesh suspended the activity of the Bank after that BBL has to wait till 03 June 2001 for the approval of the high court. Eventually, the judgment of the High Court was set aside and dismissed by the Appellate Division of the Supreme Court on 04 June 2001 and the Bank has started its operations from July 04, 2001. BRAC Bank Limited is mainly owned by the largest NGO named BRAC. BRAC was established in 1972 with an aims to alleviate poverty by empowering poor and to bring changes in their lives. After overcoming so many hurdle or obstacles BRAC has establish itself as a pioneer in recognizing and tackling many different realities of poverty. BRAC Bank Limited is one of the largest operational commercial ventures of BRAC. BRAC Bank Limited was established by Sir Fazle Hasan Abed and the Chairman of the Bank is Mr. Muhammad A. (Rume) Ali. BBL has positioned itself as a new generation Bank with a mission to meet diverse financial need and work for growth and for the development of the economy. It's main focus to set standards as the absolute market leader by bringing efficiency, friendliness and modernized

fully automated on-line service on a profitable basis. BBL is surviving its large banking arena through its unique and competitive products and it is the only local bank which is providing 100% integrated on-line banking. The Bank has followed a policy to promote broad based participation in the Bangladeshi economy through the provision of high quality banking service based on latest information technology. BBL is growing faster targeting every sector of the society and by increasing access of participation of all individuals and business of Bangladesh to economic opportunities. BBL has a special focus on currently under served enterprises and households across the rural urban spectrum. BBL aims to increase economic well being by increasing the ability of underserved individuals and enterprise and by building their asset base and access market opportunities.

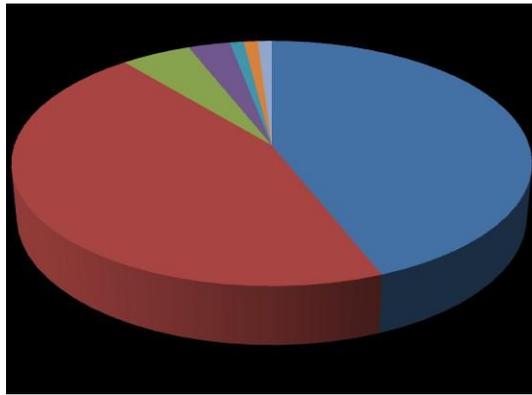
BRAC Bank Limited has started its operation at 4<sup>th</sup> July 2001 and known as one of the leading private commercial bank in Bangladesh. Within a very short period of time it has become one of the successful and fastest growing private commercial bank in Bangladesh. The Bank operates under a "Triple-Bottom-Line" approach where profit and social responsibility march together as it strives to achieve a poverty-free and enlightened Bangladesh. The bank also continuously works to uphold the "Three P" agenda that means Planet, People and Profit as a part of sustainable and glorious banking journey. One of the main objectives of BRAC Bank Limited is providing all kinds of banking services. BBL is the market leader in the Small and Medium Enterprises (SME) business. The bank with institutional shareholdings by BRAC, International Finance Corporation (IFC) and Shore Cap International has been the fastest growing bank in 2004 and 2005. BBL is known as a fully operational Commercial Bank focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business which was untouched and missed by the other Banks. And this missing people are called missing middle which is one of the main target of BBL. BBL established its first SME unit office at January 2002. The bank itself believes that this sector of economy can contribute the most to the rapid generation of unemployment in Bangladesh. Starting its journey in 2001 now BBL has 152 branches, 12 Apon Shomoy, 313+ ATMs, 30 CDMs, 399 SME unit offices, 11 CRM center and almost 8000 employees and this is one of the reasons for regarding BBL as the fastest growing bank in our

country. BBL deals with more than 1 million customers and the bank has already proved to be the largest SME financier in just 11 years of its operation in Bangladesh. Along with SME banking it is continuously broadening its horizon into Retail banking, corporate banking, Probashi banking and other arenas of banking. In 2010 BBL has recognized as Asia's most Sustainable Bank in Emerging Market by the financial times and IFC. Most importantly, BBL is the member of the Global Alliance for Banking on Values (GABV) which is made up of eleven of the world's leading sustainable banks, from Asia, Latin America to US and Europe with a commitment to find global solutions to international problems and to promote a positive, viable alternative to the current financial system. There are some other corporate Chronicle and information that are being shown in chart.

### **Corporate Chronicle and information of BBL**

Registered office at 1, Gulshan Avenue, Gulshan- 1 in Dhaka-1212
Company registration number: C – 37782(2082) of 1999
Inauguration of Banking Operations at 4th July in 2001
First SME unit office at 1st January in 2002
Signing with Shore Cap as Investor at 29th December in 2003
Signing with IFC as investor at 8th May in 2004
First ATM Installed at 3rd April in 2005
Commencement of Share Trading in DSE & CSE at 31st January in 2007
Launching Credit Card at 6th February in 2007
Introduced Probashi Banking at 14th April in 2007
Launched Off-shore Banking at 21st June in 2010
Co- branded ATM Booth Launching with Rupali Bank Limited at 25th September in 2010
Launching of Planet Card at 23rd October 2010
2500 remittance deliver point
E-commerce Launching for Online Shopping Facilities at 8th December 2010

## Shareholding structure of BRAC Bank Limited



BRAC	
Institutions & General Public	
International Finance Corporations	
Mutual Funds	
Shore Cap International Ltd.	
Non Resident Bangladeshis	
Others	

Shareholders of  
BRAC Bank Limited

Shareholders of BRAC Bank Limited in a chart:

Name of Shareholder	% of Shareholding
<b>BRAC</b>	43.77%
<b>International Finance Corporation</b>	5.36%
<b>ShoreCap Limited</b>	0.86%
<b>Non-Resident Bangladeshi</b>	0.43%
<b>Mutual Funds</b>	3.22%
<b>Institutions and General Public</b>	46.36%

## **2.2 - Corporate vision**

“Building profitable and socially responsible financial institution focused on Market and Business with Growth potential, thereby assisting BRAC and stakeholders to build a just, enlightened, healthy democratic and poverty free Bangladesh”.

## **2.3 - Corporate mission**

- Sustained growth in Small & Medium Enterprise sector
- Continuous low-cost deposit Growth with controlled growth in retail assets.
- Corporate Assets to be funded through self-liability mobilization. Growth in Assets through syndications and investment in faster growing sectors.
- Continuous endeavor to increase non-funded income
- Keep our debt charges at 2% to maintain a steady profitable growth
- Achieve efficient synergies between the bank’s branches, SME unit offices and BRAC field offices for delivery of remittance and Bank’s other products and services
- Manage various lines of business in a full controlled environment with no compromise on service quality
- Keep a divers, far flung team fully controlled environment with no compromise on service quality
- Keep a diverse, far flung team fully motivated and driven towards materializing the bank’s vision into reality

## **2.4 - Core values**

- Value the fact that one is a member of the BRAC family
- Creating an honest, open and enabling environment

- Have strong customer focus and build relationship based on integrity, superior service and mutual benefit
- Strive for profit and sound growth
- Relentless in pursuit of business innovation and improvement
- Value and respect people and make decision based on merit
- Base recognition and reward on performance
- Responsible, trustworthy and law-abiding in all that we do.

## **2.5 - Goals**

BRAC Bank will be the absolute market leader in the number of loans given to small and medium sized enterprises throughout Bangladesh. It will be a world-class organization in terms of service quality and establishing relationships that help its customers to develop and grow successfully. It will be the Bank of choice both for its employees and its customers, the model bank in this part of the world.

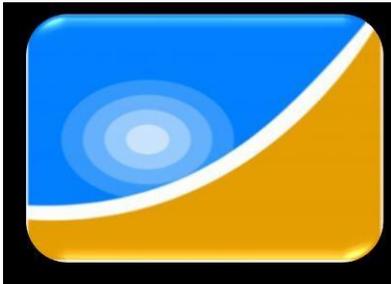
## **2.6 - Objectives of the BRAC Bank Limited**

The objectives of BRAC Bank Limited are specific and targeted to its vision and to position itself in the mindset of the people as a bank with difference. The objective of BRAC Bank Limited is as follows:

- Building a strong customer focus and relationship based on integrity, superior service
- To create an honest, open and enabling environment
- To strive for profit & sound growth.
- To value the fact that they are the members of the BRAC family – committed to the creation of employment opportunities across Bangladesh.
- To relentless in pursuit of business innovation and improvement.
- To mobilize the savings and channeling it out as loan or advance as the company approve.

- To establish, maintain, carry on, transact and undertake all kinds of investment and financial business including underwriting, managing and distributing the issue of stocks, debentures, and other securities.
- To finance the international trade both in import and export.
- To develop the standard of living of the limited income group by providing Consumer Credit.
- To finance the industry, trade and commerce in both the conventional way and by offering customer friendly credit service.
- To encourage the new entrepreneurs for investment and thus to develop the country's industry sector and contribute to the economic development.

## 2.7 - LOGO Meaning of the BRAC Bank Limited



The LOGO of BRAC Bank Limited representing the goal of the organization. The square portion of the logo stands for the solidity and strength of the organization. The golden color in the lower portion is representing the golden Bangladesh and her fertile land. The blue color in the upper portion representing the sky with enormous and unlimited opportunity, the white color curve stands for Growth and Progress and the white circle in the middle of the blue color representing the flashing sun that gives light to everywhere.

## **2.8 - Company Slogan**

BRAC Bank Limited Company's slogan is "Aastha Obichol". It promises trustworthiness as well as being the "Dependable Friend in Banking" will hold true for years to come.

## **2.9 - Achievements of BRAC Bank Limited**

- BBL has been awarded as the "FT Sustainable Banking Awards 2010" by Financial Times newspaper & IFC (International Finance Corporation) for sustainable Bank of the Year 2010 in London.
- BBL has been awarded as "Best Financial Institution of the Year" for the innovation in products, services, performance, company management and contribution Bangladesh's development by the prestigious business Award styled DHL-Daily Star Bangladesh Business Award 2008.
- It has received the prestigious award for being the highest in terms of VAT paying organization in the year 2007-2008 of national level in service industry.
- BBL has been awarded by ICAB national award from The Institute of Chartered Accountants of Bangladesh for publishing one of the best published Accounts and Reports 2007.
- Being the leader in SME financing through 350 offices, biggest suit of personal banking & SME products, Large ATMs (Automated Teller Machine) & POS (Point of Sales) network.

## 2.10 - Products and Services of BRAC Bank Limited

### SME Banking

BBL has introduced the SME banking in Bangladesh and being the youngest bank; it took a step to break away from usual tradition and tapped into the true suburb entrepreneurial initiatives. Now this bank is regarded as countries largest SME financier. BBL has 399 SME unit offices all over the Bangladesh. Loans and deposit products offered by SME banking are being listed below:

Loan products	Deposit Products
Anonno Rin	Prapti Current Account
Apurbo Rin	Prachurjo Fixed Deposit
Prothoma Rin	
Durjoy	
Shomriddhi Rin	
Shompod Rin	
Shokti Rin	

SME Banking

### Retail Banking

BBL has already 152 and 313+ ATMs all over the Bangladesh. BBL also offers a wide range of financial solution to meet its client's everyday needs. In retail banking operation the bank has a slogan that "Be it home loan, car loan or simply a quick loan-simply drop an application and we shall do the rest while you enjoy life". Services offered by retail banking are being described in a chart:

Deposit Products	Loan Products	Cards
<p><b>Savings Account:</b></p> <p>Triple Benefit Savings Account</p> <p>Savings Classic Account</p> <p>Aporajita Account</p> <p>Future Star Account</p> <p><b>Current Accounts:</b></p> <p>Current Classic Account</p> <p>Current Plus</p> <p>EZee Account</p> <p>Salary Account</p> <p>Campus Account</p> <p><b>Term Deposits:</b></p> <p>DPS</p> <p>Fixed Deposit</p> <p>Flexi DPS</p> <p>Interest First Fixed Deposit</p> <p>Freedom Fixed Deposit (FFD)</p> <p>Abiram Fixed Deposit</p>	<p>Salary Loan</p> <p>Quick Loan</p> <p>Auto Loan</p> <p>Home Loan</p> <p>Secured</p> <p>Loan/Overdraft</p>	<p>Credit Cards:</p> <p>Platinum Card</p> <p>VISA Classic</p> <p>VISA Gold</p> <p>Dual Universal Card</p> <p>Co-branded ATM Card:</p> <p>ICDDR, B</p> <p>Fast Rewards Programs:</p> <p>Fast Rewards Programs</p> <p>Partners outlet with logo</p> <p>PayFlex Program:</p> <p>PayFlex Program</p>

Retail Banking

**Wholesale Banking**

BBL offers every sort of financial services to every types of corporation and institution. They have deep access everywhere for assisting business in Bangladesh in a global standard. In Wholesale banking of BBL offers:

Corporate Banking	Cash Management	Custodial Service
Corporate Loan Products:	Cash & Trade Overview	Probashi Biniyog
Overdraft	Liability Products	
Short Term Loan	Securities Services	
Lease Finance		
Loan against Trust Receipt		
Work Order Finance		
Emerging Business		
Syndication		
Term Loan		
Project Finance		
Bill Purchase		
Bank Guarantees		
Trade Finance:		
Letter of Credit (LC)		
Letter of Guarantee (LG)		

--	--	--

Wholesale Banking

**Probashi Banking**

This banking sector of BBL is for the NON resident Bangladeshis and it has made BRAC Bank one of the largest players among private commercial banks in channelizing inward remittance in the Bangladesh With the help of ELDORADO, now anyone can withdraw money from any of the Eldorado member banks in addition to BRAC Bank outlets this sector offers:

Accounts & Deposits	Investments	Remittance
Probashi Current Account	Probashi Wage Earners**	Western Union
Probashi Savings Account	Bond	Money Transfer
Probashi Fixed Deposit	US Dollar Premium & Investment Bond	Exchange Houses
Probashi Abiram		
Probashi DPS	Probashi Biniyog	

Probashi Banking

## E- Banking

BBL offers its client a wide range of financial solutions with 152 outlets, 313+ ATMs, and 399 SME unit offices to meet the clients need. E-Banking includes:

Internet Banking
SME Banking
Important Security Messages
E-Commerce
Phone Banking
E-Banking

## 2.11 - Organizational structure of BRAC Bank Limited

In BRAC Bank Limited the Board of directors are the sole authority who take regarding the affairs of the business. Now, in BBL there are 5 directors in the management of the bank. The current management and board of directors are given in the following table:

Mr. Muhammad A.(Rume) Ali Chairman
Syed Mahbubur Rahman (Managing Director & CEO)
Mr. Shib Narayan Kairy (Director)
Ms. Tamara Hasan Abed (Director)
MsNihad Kabir ;Director (Independent)
Dr. Hafiz G.A. Siddiqi (Director)

## **2.12 - Departments of BRAC Bank Limited**

For a well organized job sector, for consideration of employee's interrelationship, for the controlling the system effectively and avoiding the haphazard situation BBL has gone for the departmentalization. There is a list of department which is given below:

1. Human Resources Department
2. Financial Administration Department
3. Asset Operations Department
4. Credit Division
5. SME Division
6. Internal Control & Compliance Department
7. Marketing & Product Development
8. Impaired Asset Management
9. Remittance Operation Department
10. Treasury Front
11. Treasury Back
12. General Infrastructure Service
13. Information Technology Department
14. Customer Service Delivery
15. Cards Division
16. Call Center
17. Cash Management
18. Secured Remittance department
19. Women Entrepreneur Cell
20. Payment Service

## **Chapter 3: Project details**

### **3.1 Details about fixed asset management**

#### **Fixed Asset**

A tangible or intangible piece of property owned by a company or business organization for a longer period of time which is used in the production of its income and valued over 20000 and lasts more than one year at the same time depreciated with passage of life time is called fixed asset. Fixed asset provides benefits to business organization over than several years. As example, a business organization may use machinery, tools etc for many years. Fixed assets are differentiated in the company's balance sheet as intangible, tangible, or investments category. Now I am going to give some examples of BRAC Banks fixed assets:

Office Equipment, Chair, Table, CPU, Monitor, ATM machine, Dehumidifier, UPS, IPS, Online UPS, Air Conditioner, Fan, Money Counting machine, Router Cc camera, Vault, Generator, Printer, Scanner, IT'S Hardware & Software, Construction & Renovation Works, Photocopy Machine, Vehicle etc.

#### **Costs related to fixed asset**

Costs of fixed assets are the combination of costs related to incurred or acquire an asset as well as cost of bringing the asset into working condition and fix it. In the other hand, the costs of repairs and maintenance are also included in the fixed related cost. Some other direct attributable costs may also include such as:

Delivery cost,

Costs related to acquiring the stamp duty and import duties,

And some other external expenditure that enhances the benefits of fixed assets should be regarded as the costs of fixed asset.

### **Physical life cycle of fixed asset**

A business organization or a company always tries to use an asset until the end of the assets physical. Sometimes some assets become unproductive or useless before the end of the physical life. Generally fixed assets suffer deterioration through usage and the passage of time but care and maintenance may increase the life time of an asset. There is one thing should be keep in consideration is, when the benefits of the fixed asset have been obsolete. The economic life cycle of a fixed asset depend on technological progress and changes and that's why, in terms calculating depreciation, it is estimated that economic life rather than the potential physical life of fixed asset.

### **Depreciation of fixed asset**

Depreciation means consumption of an asset. Depreciation involves total amount of benefit has been provided by the particular asset and allocation of the cost of the fixed asset over its useful lifetime. During calculating depreciation some things are needed to keep in consideration:

The cost of the fixed asset

The estimated useful life of the asset

The estimated residual value of the asset

Residual Value of Fixed Asset

At the end of the life time of a fixed asset business will dispose off it and after the disposal, the amount received from the disposal off is called the residual value. The cost of a fixed asset less than its estimated residual value will represents the total amount of depreciation of a particular fixed asset over its estimated lifetime.

There is a fixed asset which is not depreciated. For example, Land is not depreciated. Depreciation is charged on the items of property, plant machineries, different equipment; tools vehicles etc. depreciation on different fixed assets varies one from another because of variation in physical lifetime of different fixed asset. Depreciation is charged from the beginning date of acquisition.

The estimated useful lives for the current and comparative period are as follows:

<b>Category of Assets</b>	<b>Estimated useful life (Years)</b>
<b>Buildings</b>	<b>20</b>
<b>Furniture &amp; fittings</b>	<b>5-10</b>
<b>Motor Vehicles</b>	<b>5</b>
<b>Leasehold Improvement</b>	<b>6-7</b>
<b>IT Equipments</b>	<b>4</b>
<b>Office Equipments</b>	<b>5-10</b>

The rate of depreciation on various classes of property, plant and equipment are as follows:

<b>Asset Category</b>	<b>Rates (%)</b>
<b>Building &amp; other constructions</b>	<b>2</b>
<b>Furniture &amp; fixtures</b>	<b>12.5</b>
<b>Office decoration</b>	<b>15</b>
<b>Computers &amp; accessories</b>	<b>25</b>
<b>Air coolers &amp; ceiling fans</b>	<b>20</b>
<b>Telephones, fax &amp; mobiles</b>	<b>20</b>
<b>Electrical &amp; office equipment</b>	<b>20</b>

<b>Cookeries &amp; cutleries</b>	<b>10</b>
<b>Vehicles</b>	<b>20</b>
<b>Software &amp; system</b>	<b>33</b>

### **3.2 Responsibilities of fixed asset management team**

#### **Identifying the accuracy of the fixed asset**

When a fixed asset management team visit any branch, krishi branch, SME unit office, SME sales and service center or an ATM, they calculate each and every single fixed asset. That's how they identify the exact amount of fixed asset they have in their branch or other service centre. After each year when the head office calculate the profit and loss of each individual branches, then these data provided by fixed asset management team helps to know the accurate fixed asset value of each branch.

For example, sometimes, because of some mismanagement IFS shows that a fixed is under a particular branch but actually this fixed asset is not actually under the control of that particular branch, in that case this fixed asset will increase the value of fixed asset of that particular branch. So that, when an internal audit team comes to the branch for preparing profit and loss statement it will provide inaccurate profit and loss statement.

#### **Putting the fixed asset quantity into the resister book**

When a fixed asset management team visits any Branches, SME Unit Offices, ATM Booths, Apon Shomoy, AB centres, ROC (Regional Operations Center), CRM (Credit Risk Management) of BRAC Bank for asset tagging purpose they collect details information of every

particular fixed asset after collecting these information they prepare two excel sheet, one is for those asset which has been tagged already and other is for the untagged asset. The untagged asset are t those assets that are completely new or transferred from other locations and had no existence on that particular location in the IFS. In that case, the asset management team use these information of untagged asset they put these data into IFS under a particular branch. After that they prepare tag for this untagged asset.

That's how the asset management team gives location of this new and untagged asset into IFS.

### **Bringing accuracy in the financial statement**

The value of fixed assets is very important in the financial statement. When any miss management takes place at the time of calculating assets it creates inaccuracy in the financial picture of a company or a business organization. This is very important to create an accurate financial statement because the management takes different important decision depending on that financial statement.

In that case the asset management team helps the company to create an accurate financial statement by providing accurate and error free information.

### **3.3 Fixed asset management processes of BRAC Bank limited**

#### **Acquisition of fixed asset**

- When someone create any MR (Material Requisition) and send it to the authorized person or department head. The authorized person gives it to the IT team.
- The IT team first justify the MR after that they give it to procure department, who are responsible for budgetary cost of that MR. After that, the payment processing and compliance prepare a budget for that MR.
- Then it will be send to division head for the approval of the MR. after that, he send it to the store team for converting that MR into PR (Procurement Requirement)
- After that, it is seen that whether the MR is within the financial limit of approval or not. If it is, then procurement department creates PO (Purchase Order) otherwise they take necessary financial approval as per delegation.
- After creating PO, procurement purchases the asset according to the policy.
- When the procure department deliver the assets & submit of the final bill then Fixed Asset Team creates object ID in IFS.
- Then the store team receives the asset and issue in the IFS and payment team pays the final bill.
- Finally, Fixed Asset team activates all new objects that were purchased in last month & charge depreciation in IFS.

#### **Disposal off of the old or unused asset**

- In case of old and unused asset GA&IS (General Administration & Infrastructure Services) or IT takes necessary approval for the auction.
- GA&IS, Fixed Asset and auction participate on the auction and complete it.
- After the auction they calculate profit or loss on auction depending on the written down value (WDV).
- Finally, it is the responsibility of fixed asset to dispose off each and every asset from previous list using IFS sale option.

## **Charging depreciation**

- At first, ERP team sets the depreciation rate according to the guideline of BBL.
- After that, assistant manager of fixed asset management team creates depreciation proposal.
- Then, the officer of the fixed asset team charges depreciation manually and check it with depreciation proposal.
- Finally, authorization and post depreciation proposal done by the Sr. manager of the fixed management team.

## **3.4 Fixed asset auction policy**

### **Auction**

In case of fixed asset management auction plays a vital role in case of the dispose off the waste, unused, non repairable and old assets. Auction helps a business organization implement compliance and control issues and ensure good corporate governance by disposing off the waste, unused and old non repairable assets. A proper auction policy set out standard guidelines and procedures for disposing off waste and unused assets of the organization. By setting a systematic approach for assessing, evaluating and identifying the organization properties to be dispose off or not, it is preventing the organization from unnecessary wastage and loss.

There are some procedures to follow to obtain permission for an auction:

- At first, when GIS/ Branch/ Unit office go for any auction they must have to prepare the “Auction Assessment and Approval Form”.
- Then this approval form goes to the management committee for permission.
- After that, when the management committee give the approval they can go for the auction.

This type of formalities should be fulfilled only at the time of Deliberate Auction. But in case of time constrain there may be a Spot Auction, in that case decision of auction may be taken

verbally and the post-facto approval must be taken from the management committee after the completion of the auction.

### **3.4.1 Types of auction**

Basically auctions are two types:

#### **1. Spot auction**

When the purchase price of a particular capital asset less than TK.50000 and the book value is nil during the time of auction, then it could be put into the spot auction. In the other hand spot auction takes place when there is a time constrains, possibility of turning into waste, possibilities of losing of high market and arranging a deliberate auction is expensive. For example, there are many unused, waste, old, or non repairable items in a branch, I these factor deliberate auction will not be a good option.

#### **2. Deliberate auction**

When the purchase price of a capital asset more than TK50000 and the book value of that particular asset is nil during the time of auction then it is called deliberate auction. In terms of deliberate auction time and situation are also favorable. The final decision depends on the auction committee. They give decision after assessing and evaluating the overall situation after obtaining prior permission from the management committee.

### 3.5 Ratio analysis related to fixed asset

Ratio analysis related to fixed asset based on annual report 2011 of BRAC Bank Limited is given below:

❖ **Fixed Assets to Net worth ratio:**

➤ Fixed Asset/Net Worth ( Total Assets- Total Liabilities)

(In 2011) =  $2349164755 / (133201048438 - 123598443600)$

= 24.46 %

(In 2010) =  $1748905507 / (117297555748 - 107879663647)$

= 18.57%

Here, in 2011 BRAC Bank has 24.46% fixed asset and in 2010 it is 18.57% fixed asset to net worth ratio. That means in 2011 the ratio has increased. A high ratio is indication of lower solvency. Lower solvency means BRAC bank's funds are decreasing to meet its current obligation. Another problem is that the bank may also facing liquidity problem, because of its high fixed asset to net worth ratio. In 2011 BBL may not have enough cash to meet its current obligation.

❖ **Fixed Asset turnover ratio:**

Fixed Asset Turnover Ratio = Sales/ Fixed Asset

(In 2011) =  $10795786834 / 2349164755$

= 4.60 Times

(In 2010) =  $10399476002 / 1748905507$

= 5.95 Times

Comparing with two years fixed asset turnover ratio of BRAC bank is quite clear to me that this bank is not able to use its fixed asset to generate its revenue. In 2010 the ratio was 5.96 times. And in 2011 it was 4.60 times. These results indicate that in 2011 BRAC bank cannot manage its fixed assets to generate revenues effectively and efficiently.

## **Chapter 4: Job details**

### **4.1 Nature of the job**

BRAC Bank limited (BBL) is one of the leading private commercial bank among different private commercial bank in Bangladesh. Every year BBL organize different project for their different operation, among different project one of the most important project is "fixed asset management project" which is organized by Fixed Asset Management division a sub unit of finance department of BRAC Bank Limited. In terms of organizing the project the fixed asset management team proposed a project by the name of "Fixed Asset Management" to the management committee. After that when they got the approval from the management committee they provide a budgetary cost allocation related to the project. After getting approval of budget and for the project they go for recruiting members for the project. Usually they recruit interns from different universities for the project work. As BBL is a private commercial bank and one of the leading banks in Bangladesh, it started asset management from the year 2008. They started to tag every asset, so that it can identify the entire fixed asset into location wise category. At that time these staffs were handled manually, they used to use a manual asset registered book to reconcile all the assets and they use a paper and write down code number as well as the number of fixed asset and after that they affix it on the asset. But it was very much complicated and there were huge possibilities of doing error repetition of affixing the same code in different asset.

In 2010 BRAC Bank Limited introduces Enterprise Resource Planning (ERP) software which is named as IFS. This IFS software replaced the entire manual resister book and all the manual systems. In IFS software BBL resister all the asset in a effective and efficient way. BBL use different SOL number for different location, as example they use '0000' for the Head Office. Now the overall system has become much easier and automated and that's why anyone can identify in a particular branch, CRM (Credit Risk Management) center AB (Alternative Banking) center, ATM (Automated Teller Machine) Booth, ROC (Regional Operation Center), SME Unit office or service center etc. by using the SOL number in the IFS software. In the other hand, if anyone want to the purchase date or written down value of any particular asset then he can trace it by using the barcode number in the IFS software. Before introducing the IFS software, the barcodes for the assets were purchased from the third party. But now, BBL is no more dependent

on the third party, they have their own barcode printer through which they can print barcode any time.

## **4.2 Job responsibility in terms of fixed asset tagging**

Like other local commercial bank, BRAC Bank Limited is the private commercial bank where a lot of employees are working to fulfill the organization goals and objectives. BBL treat their employees as asset of their organization. In case of fixed asset management BBL recruit some interns for asset tagging purpose for a limited period of time to fulfill a number of objectives. Several responsibilities of the job are being described below:

### **Identifying the untagged asset location wise**

At the beginning of the fixed asset tagging process it is needed to identify the untagged asset location wise. In that case our immediate supervisor helps us to identify the untagged fixed asset location. We target different branch, CRM (Credit Risk Management) center AB (Alternative Banking) center, ATM (Automated Teller Machine) Booth, ROC (Regional Operation Center), SME Unit office or service center for data collection. Our supervisor used to gives us the location, how to go there, when to go there, and send them a mail before we went in that particular place. And we also supposed to carry hard copies of that mail with us for the authority to go every confidential places like vault room and cash etc.

### **Preparing a well formatted paper for data collection**

After identifying our target to visit And data collection we sit in front of the computer to prepare a formatted excel sheet for data collection in a convenient manner which will helps us to collect data easily. After preparing the excel sheet according to our format we print it and make several copies. After that, we divided these copies to every group, as we were four groups and each group contains two members because different group were nominated to visit different locations.

Now, there is a sample of the sheets that we used to collect information that we prepared is given below:

Object ID	Description	Brand	Model	Serial No.	Pin No	Remarks
ACR0001223	AC 2.5 ton	General	General 2.5 ton	37678		Not in a good condition
PCD0004501	Monitor	DELL	REVA00	CNC3432	3224	
COM0003215	CPU	HP	DC7900	SGH47474GJ	3224	
UPS0002300	UPS	Socomec	Socomec DT651	2N767776		UNUSED

### Visit the location and collect data

Previously our supervisor informed us about the date and time of the visit after taking permission of that particular location from the authorized person of that place. At the beginning our supervisor shows us how to collect data and he was with us and working with us while we collect data of head office and that's why we didn't face any big problem when we visit any remote place even if any problems occurs we were suppose to call him. We were take all the fixed assets information of a particular location including chair, table, electrical appliance, IT equipment etc. in case of furniture items we used to count the number and mention the category for example, chair (executive and visitor), table (manager, computer and normal table) and most importantly mention weather there is tag or not. If tag is available we collect the tag number or we mention "tag not available" ion the sheet. In case of electrical appliance we had to collect company serial number, brand name, model number etc. in case of CPU and monitor some additional

information we need to collect these are the user pin number of the person who is using it and how long he is using it. This information helps to identify the validity of that asset. Moreover, if we found anything broken or unused we were supposed to mention in the data sheet.

### **Input this information in to excel**

After collecting data we used to come back to office and input these information into excel. It is needed to do because, we collect data manually, and those data were hand written and these data were not in a position to put into any system. So that, we put those information into excel to put these into systems. In the other hand, it was necessary to provide a clear copy of this asset information to the location from where we collected the information. We just give input into excel and our immediate supervisor mailed it to the particular location.

### **Input those excel data into IFS software for preparing tag**

After completing the excel sheet then it is needed to put these information in to IFS software system because through IFS software the employees do the asset valuation, identify the validity of those assets and most importantly using IFS software they prepare tag for the un tagged asset. After preparing tag they print those tags with the barcode printer.

### **Affixing Bar code or Tag in the fixed asset**

When the tag preparation is complete we had to visit the location again for the tagging purpose of that location for the untagged assets. We went to the location again and provide tag for the untagged asset. A particular tag of an asset contains a barcode which contains the asset's number, description of the asset, and location of the asset. Moreover, there is a Logo with the name of BRAC Bank on that barcode which represents that the owner of the assets is BRAC Bank Limited. Previously bar code that were affixing on the assets were purchased from the third party but now BRAC Bank Limited has owned its own barcode printer to print those barcode.

An example of Bar code is given bellow:



ACR0002003

Object des: AC General 2.5 ton

Location: Natore Branch

That was the job responsibility of us. We were eight people and four groups. At the beginning we were supposed to visit different location all over Bangladesh but due to time constrain and management problem we cannot got the approval but we have visited all the location of Dhaka city and near the Dhaka city.

### **4.3 Benefits of fixed asset management**

#### **Informed authority**

When an asset management team visits any branch of BBL they collect all the information of fixed asset of that particular branch and after that they provide a copy of this data to the manager of that particular branch. That's why managers of individual branch are able to know about the exact quantity of their fixed asset as well as the value of the asset they have in their branches. At the same time the asset management team also informs the manager if they find any mismatching between the assets list and the visibility of the assets of that branch. This gives the accurate and exact information to the authority and that's why when the internal auditor prepares profit and loss statements and balance sheet based on the value of fixed asset then it will provide the accuracy.

### **Beneficial in terms of insurance against fixed asset**

As it is previously mentioned that, the asset management team after collecting information provides all the information regarding the value of the asset to the manager and that's why he or she become able to minimize the risk factor by getting insurance coverage against the fixed asset. Fixed asset management team, by providing accurate information about the quantities as well as the value of the fixed asset helps the bank to insure whether they are providing more insurance premium for getting the insurance coverage against fixed asset or not.

### **Calculate Written Down Value (WDV)**

Written down value is the value which comes after deducting the depreciated value from the purchase or the book value of a particular asset. Asset management team helps to calculate the WDV of assets by providing the accurate information regarding the assets. In case of BBL if written down value is higher than the repair and maintenance cost then and they can get further service from that asset then they go for repair and maintain the asset.

### **Accuracy in the balance sheet**

Fixed asset is an important part of balance sheet. So it is very important for the management of the BBL and the Stakeholders of BBL to know the accurate figure of the fixed asset. In that case the fixed asset management team helps them a lot. Fixed asset management team by providing accurate information about fixed asset helps to bring accuracy in the balance sheet and makes it error free.

### **Maintaining the balance of assets**

Sometimes it seen that, imbalance of fixed asset within the branch one branch is having extra assets than the necessity and another one is having less. This kind of situation occurs because of some mismanagement. In that case the fixed asset management officer of BBL just gives the

approval of transferring the asset through an e-mail. In that case fixed asset information helps a lot.

### **Replace unused, repair and purchase new**

When the fixed asset management team visits any location for collecting assets information they mention the condition of a particular asset. As example, when any unused photocopier found, they mention not in use and when they found any computer not in a good condition they mention not in a good condition in the remarks part. So, when the authority are got informed about those information they give requisition for purchasing the new or repair the old on which is repairable. Fixed asset management department keeps record all the assets that are being purchased newly as well as make important decision for the further repair and maintenance of the existing assets. At the time of repair and maintenance of assets BBL at first inform the management department and then asset management department then the asset management department decides whether the assets are in a condition to repair or it should be replaced by a new one by calculating written down value. If they find that the written down value of an asset is less than the repair and maintenance cost of that asset then they decide not to go for repairing and maintaining cost for that asset and arrange auction for those assets. On the other hand, if the written down value of those asset is more than the repair and maintenance cost of those asset and there is possibilities of getting farther service from that asset if they repair it then the asset management department decide to repair and maintaining the asset.

## 5. Findings

- Knowing about the fixed asset management process of BRAC Bank Limited by being a part of the total fixed asset management process.
  - Identifying the costs, depreciation and physical related to the fixed asset.
  - Knowing different estimation criteria for useful life of fixed asset.
  - Different responsibility of fixed asset management team in terms keeping a proper balance of the fixed asset within the branches, keeping record of fixed asset quantity into the register book, Bringing accuracy in the financial statement.
- 
- The total auction policy of BRAC Bank Limited for the fixed asset.

## 6. Recommendations

Like other local commercial bank BRAC Bank Limited uses modern technology and IT support. In case of Fixed Asset Management, they are getting more and more systematic day after day as previously it was handled manually and now the total procedure is computerized. Although BBL uses systematic and computerized systems to manage the fixed assets and reducing the number of mistakes, but there are still some system needed to improve for the betterment of the bank and make the system error free and these are:

- When we go out for data collection of fixed assets of any particular branch of BBL, sometimes we faced some problem in terms of getting access to the branch because we had no identity card to show them though the Fixed Asset Management department are supposed to mailed them before the date we visit the branch but sometimes branch authority could not got the mail due to some problem. At that time we only have the hard copy of the mail which is not enough to get access so that we had to call our supervisor to talk the authority of that branch, which was very time consuming. In that case BBL

should provide a temporary ID card for three months period for the interns who work for their project.

- At the time of data collection, we had to visit every desk of every particular for identifying fixed asset but sometimes these employees were too busy that they cannot even give us a side immediately and that's why we had to wait which was time consuming. Here, BBL should inform them to stop their work when we visit them for small period of time.
- We faced some problem at the time collecting information of IT equipments, such as when we used to collect the serial number of IT equipment we used to get confused to identify the alphabetic 'O' and 'I' with the numeric number 'zero' and 'one'. In that case BBL can provide the cash memo of those products.
- Whenever we used to work with IFS software for giving input the collected data, we only knew how to input data other than nothing. We had no idea about the other use of this IFS software so supervisors should make the interns aware about the overall things for the betterment of learning.
- When BBL purchase any fixed asset they store it in the head office for checking the performance and the configuration of that product and they know where it will be sent here, they can collect the serial number or brand if it is an IT equipment and even put a tag in the asset.
- Sometimes the asset management officer split off the value of asset to match asset figure and the depreciation, it is very effective in the short term but it may create problem in the long run.

## **7. Conclusion**

BRAC Bank Limited (BBL) is one of the leading private commercial bank among different commercial in Bangladesh. After passing so many obstacles and legal obligation it was established in July 04, 2001. BBL is one of the strong IT supported bank as the bank updating modern IT equipments keeping pace with the change of times and demand for providing better banking service to the customers. BBL is providing countries largest SME banking services. Along with SME banking they provide all kinds of banking services. The BRAC Bank Limited believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh. BBL is the country's largest fast growing bank. BBL is growing faster because it is expanding its banking services and at the same time establishing more and more SME unit office, Branch, CRM, ROC, Apon Shomoy etc. and along with the increasing number of branches the volume of the fixed asset also increasing. That's why the fixed asset management department is also adapting different strategies; they are getting automated and computerized day after day more and more. They are using different software for keeping the proper record of assets, keeping the track of these assets, doing the proper valuation, and finally maintaining the balance of assets within the branches. These things help to create a proper financial statement of BRAC Bank Limited.

## **8. Bibliography**

### **JOURNALS**

Books, Publications and Journals of BRAC Bank limited

Valuable discussion with the Associate manger & Officers during the period of internship

Prospectus of BRAC Bank Ltd.

Annual Report of BRAC Bank Limited in 2010 and 2011

Bangladesh Bank related websites

### **WEBSITES**

<http://www.bracbank.com>

[http://en.wikipedia.org/wiki/BRAC\\_Bank](http://en.wikipedia.org/wiki/BRAC_Bank)

[www.bangladesh-bank.org](http://www.bangladesh-bank.org)

[http://tutor2u.net/business/accounts/assets\\_fixedassets\\_intro.asp](http://tutor2u.net/business/accounts/assets_fixedassets_intro.asp)

[www.scribd.com](http://www.scribd.com)