

Internship Report

On

“The Activities of Accounts & Finance Department of

Eastcompeace Smart Card (Bangladesh) Ltd.(ECPB)

BRAC University (BRACU)

Department Of Masters Of Business Administration



Inspiring Excellence

Supervised By

Mr. S.M. Arifuzzam

Assistant Professor

Faculty of Business Administration

BRAC University (BRACU)

Submitted By

MD.AHSAN HABIB

ID: 13264050

Major: Finance

BRAC University (BRACU)

Date of Submission: 15-06-2016

Letter of Transmittal

June 06, 2016

Mr. S. M. Arifuzzaman,
Assistant Professor
BRAC University
71, Mohakhali C/A, Dhaka, Bangladesh.

Dear Sir,

Subject: Submission of the Internship Report.

First, I would like to thank you for approving this invaluable topic. The study has given me the opportunity to get a deeper insight and use my theoretical knowledge in practical knowledge. This is to inform you that I have successfully completed my summerinternship at Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB). Here I am working in Accounts department, as an ExecutiveOfficer. It has been a great pleasure to work under such a friendly and helpful supervisorwho is the Sr. Manager of this institute in as smooth, cordial environment. The study focuses upon various relevant Accounts and Administrations' factors. I have provided some key findings and analysis and suggested some implementable recommendations.

I would try my best and shall be obliged to provide you with any clarification regarding the report.

Thank you.

Sincerely,

MD.AHSAN HABIB

ID: 13264050

BRAC University (BRACU)

ACKNOWLEDGEMENT

All praise to the almighty, and the merciful. Without his blessing and endorsement this report would not have been accomplished. The successful completion of this report might never be possible in time without the help some person whose inspiration and suggestion made it happen. First of all I want to thank my faculty advisor Mr. Arifuzzaman who has provided me with suggestions for making this Final Internship Report and also provided me with the format for preparing this report. Then I also thank my all colleagues of the ECPB for enhancing their support and time to complete my internship report. I also give special thanks to Mr. Ron Lim, principal of this institute for compassionate help. I was closely attached with them during my internship tenure. Without them this project would have been very difficult. I also thank the contributions whose articles and publications helped me to enhance my knowledge and contributed significantly in preparing my paper. In preparing this report, I have taken many books that mentioned in the references. I acknowledge my indebtedness to all those authors and teachers for their work, which had great use to me.

DECLARATION

I hereby declare that this report entitled “The Activities of Accounts Department Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB)” is my original work done by me under the guidance of Mr. Arifuzzaman, Associate Professor, Faculty of Business Administration, in partial fulfillment of the requirements of degree of Masters of Business Administration at BRAC University (BRACU).

.....
MD. AHSAN HABIB
ID: 13264050
BRAC University (BRACU)

CERTIFICATE OF SUPERVISOR

The Internship Report entitled on “The Activities of Accounts Department of Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB)” has been submitted to the Office of Placement & Alumni, in partial fulfillment of the requirements for the degree of Master of Business Administration, Major in Finance and Faculty of Business Administration by MD.AHSAN HABIB bearing ID No:13264050, Semester: Fall 2015. The report has been accepted and may be presented to the Internship Defense Committee for evaluation. She has accomplished the report by himself under my direct supervision.

I wish her every success in her future endeavor.

Mr.S.M. Arifuzzaman
Associate Professor
Faculty of Business Administration
BRAC University (BRACU)

TABLE OF CONTENT

Contents No.	Page
Executive Summary	09
1.Chapter One.....	10
1.1Backgrund.....	11
1.2 Objectives of the Study.....	11
1.3 Methodology.....	12
1.4 Limitations of the study.....	12
2.Chapter Two.....	13
2.1.1Short profile of the ECPB.....	14
2.1.2Name of Institute.....	14
2.1.3Location of theInstitute.....	15
2.2CompanyObjectives, Vision,Mission.....	15
2.3Why Study in ECPB	15
2.4Departments of ECPB.....	16
2.5Organizational Structure.....	16
2.6Administrative functions.....	16
3.ChapterThree	17
3.1 Introduction	17
3.2 Objectives.....	17
3.3 Overview of Accounting System.....	17
3.3.1 Flowchart of Accounting Function.....	18
3.3.2 Summary of Significant Accounting Policies.....	18
3.3.3 Basis of preparation of Financial Statements.....	18
3.3.4 Revenue Recognition.....	18
3.3.5 Expenses.....	19
3.3.6 Accounts Receivable.....	19
3.3.7 EmployeeGratuity and Redundancy Fund.....	19
3.3.8 Cash & Cash Equivalents.....	19
3.3.9 Bill-Voucher Preservation.....	19
3.4. Sections of the Department.....	20
3.4.1 Organogram of Accounts Department.....	20
3.4.2 Functions of department units.....	20
3.5. Computerized Accounting.....	22
3.6. Books, Forms and Register.....	23
3.7. Control over cash.....	27
3.8. Receipts.....	29
3.9. Payments.....	30

3.10. Payroll.....	31
3.11. Gratuity.....	35
3.12. Contributory Provident Fund.....	36
3.13. Advances.....	36
3.14. Bad loans and receivables.....	38
3.15 Long term investment.....	39
3.16. Fixed Assets.....	40
3.17. Accounts Receivable.....	42
3.18. Internal Financial Monitoring.....	42
3.19. Financial Reports and Statements.....	43
4.Chapter Four.....	46
4.1 Recommendation.....	46
4.2 Conclusion.....	47
5. Chapter Six.....	
Bibliography.....	

EXECUTIVE SUMMERY

The Eastcompeace Smart Card (Bangladesh) Ltd (ECPB) is going to themestablished as a good brand institute in Telecommunication sector.

Now they have lots of opportunity by their customers because these types of institute's demand for Telecommunication sector are increasing day by day. They should follow the Payment system resolve suppliers issues, salary and compensations for employees, and staffs. And also they want to attract, motivate, and retain the most qualified employees and match them to jobs for which they are best suited. They have excellent job environment for employees & workers. They want to change perception in telecommunication sector producing high quality goods and services. The Institute receives income from several sources. It is essential for the Institute to maintain an effective accounting system to satisfy the requirements of various stakeholders including A set of guidelines is needed to recognize/record transactions according to standard procedures and produce required reports.

|

Part-1

The Origin of the Report

Chapter-1

INTRODUCTION

1.1 Background:

Internship is the part of the Post Graduate Degree in business Accounts and Administration Department of the BRAC University Bangladesh. Internship has merged the theoretical and practical knowledge which is important in our future life. For developing the practical knowledge I want to do internship. As our educational system predominantly text based, inclusion practical orientation program, as an academic component is an exception to the norm. As the parties; educational institution and the organization substantially benefit from such a program. The process establishes networking contracts, which may help student to get a job, which means students can train and prepare them for the job market. Internship experience gives professional experience which practical orientation provides positive development in professional arena. In such a state of the affairs I join in Eastcompeace Smart Card Bangladesh Ltd (ECPB) under the guidance of my supervisor Mr. Hasanul haque, Deputy Manager of this Accounts Department. My experience involved with the overall accounts related work on Eastcompeace Smart Card (Bangladesh) Ltd (ECPB).

1.2 Objective of the study:

Broad Objectives:

To understand the functional activities of how the Accounts department is conducted within the organization which change the work activities and success of the academic work and their achievement for the organization based on academic related programs.

Specific Objectives:

Objective of the study:

- To understand the function of Accounts department of ECPB.
- This affiliation will help to get information from the activities of different Department.
- To know in which basis they evaluate their official's performance.
- To focus on their manufacturing and key activities.

1.3 Methodology:

Data source: Data for this report has been extracted from primary sources as well as secondary sources.

Primary Data: Primary Data will be collected Official records (files, rules & regulation).

Secondary Data: Majority of the data will be collected from Annual Report, Informal discussions mainly with my supervisor, brochures, and ECPB official web sites.

- Data availability could be another big issue here because company might not want to disclose all the confidential information regarding their managerial strategies and plans.

1.4 Limitations of the study:

- Data from different sources were quite inconsistent which created some problems in making the report.
- Data from different sources were quite inconsistent which created some problems in making the report.

Part-2

The Report Body

Chapter-2

COMPANY OVERVIEW

Eastcompeace Smart Card Bangladesh (ECPB) is a well reputed institution of Bangladesh aimed at producing telecommunication accessories of the country.

It was established in 2009. It is a Multinational Company which Head Quarter at Zhuhai in China. Eastcompeace Smart Card Co., Ltd. (002017.SZ) is one of the world's leading vendors specialized in the design, development and delivery of smart card products and system solutions for telecommunications, payments, ID & security and related applications. Established in 1998, Eastcompeace now has seven branches as well as R&D and service centers in Zhuhai, Beijing, Hangzhou, Singapore, Indonesia, India and Bangladesh. As the key State-torch High-tech Program enterprise of China, Eastcompeace is also certified by GSM SAS, VISA, MasterCard, China UnionPay, CMMI, ISO9001 & 14001 and ISO27001 for its cutting-edge manufacturing and R&D capabilities. Innovative technology, customized solutions and reliable products & services enable Eastcompeace to be the No.1 smart card provider in China and top 5 vendor in the world for smart card shipments since 2005. Up to 2009, the company supplied above 900 million pieces of smart cards and 3 billion pieces of other card products. In 2007, Eastcompeace is awarded by Frost & Sullivan as "Market Penetration Strategy Leadership in Asia Pacific Smart Card Market" for its excellence and leadership in APAC. ECPB is situated at Tejgaon Industrial Area of Dhaka Metropolitan City, having a good communication network with all areas of Bangladesh.

2.1.1 Short profile of the ECPB:

Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB) is a reputed company which activities is producing telecommunication items like sim card, scratch card and providing services to the telecommunication company in our country. Our main customers are Grameen Phone, Banglalink, Robi and Different kind of banks and other financial institutions. Our main activity is producing smart card and providing services to the telecommunication company and other financial organizations.

2.1.2 Name of Institute:

Eastcompeace Smart Card (Bangladesh) Ltd.

Established Date: 2009

2.1.3 Location of the Institute: 260/A, Tejgaon Industrial Area, Tejgaon, Dhaka-1208, Website: www.pisft.edu.com E-mail: info@pisft.edu.com

2.2 The aim of ECPB is to produce versatile and resourceful practitioners with scientific, technological and social knowledge and equip them to overcome the challenge of the 21st Century with the following Specific objectives.

Company Objectives, Vision, Mission:

- To develop ECPB as an international standard institute of Apparel, • To delivery international standard quality products & services in technology • To strengthen the Bangladesh Telecommunication & allied industries by providing technically skilled human resources. • To develop technical competency and consultancy skill relating to local, national and international issues on Telecommunication. • To keep close contact with the staff and employers to fulfill their intellectual and creative potential. • To create opportunities for development and training of the employees and staffs of the telecommunication and allied sector. • To establish and maintain close links with the similar local and foreign institutions to encourage exchange of staffs and employers.

The mission of ECPB is to establish an international standard Institution for education, training, research and development to produce highly qualified, dynamic, versatile, creative and skilled human resources for fashion and design, apparel technology and allied industries of home and abroad.

2.3 Vision: ECPB proposed to establish itself as a “Creative Technology” to produce technically competent human resources for the Telecommunication, Apparel and allied sector of home and abroad emphasizing on innovation and creativity.

2.4 Mission: Most believe that the success rate is partially dependent on the smart, energetic and enthusiastic people who directly control and monitor these departments.

The departments are described including number of employees & worker given below-

Departments of ECPB:

1. Finance Department

2. HR Department
3. Production Department
4. Business & Technical Department
5. Operation Department

Company Logo:



2.6

The functions of administrative department are:

Administrative functions:

1. 2. Employee welfare 3. Accounts. 4. Security service 5. Program arrange 6. Vehicle Maintain 7. Security assurance of the workers & employees 8. Maintain work order 9. Take report from accounts & admission officer 10. Hiring and firing 11. Induction, Attendance and leave 12. General service 13. Training Procedures 14. Maintain organization rules & regulations

We organize welfare activities for employers and workers like annual picnic, indoor games, cricket tournaments, volleyball tournaments etc.

Chapter-3

ACTIVITIES UNDERTAKEN Accounts Division

3.1. Introduction

The Institute receives income from several sources including sim card and scratch card sales and service providing and self service Kiosk Machine for mobile recharge purpose. It is essential for the Institute to maintain an effective accounting system to satisfy the requirements of various stakeholders including, Head Quarters, suppliers and different regulatory bodies. A set of guidelines is needed to recognize/record transactions according to standard procedures and produce required reports.

3.2. Objectives

The Accounts manual is intended to:

1. Describe the systems and procedures that will guide the financial personnel and help them fulfill accountability requirement
2. Establish a uniform accounting record keeping system across the sections/departments of the institute.
3. Ensure compliance of the requirements of Bangladesh Accounting Standards (BAS).
4. Guide utilization of fund effectively.
5. Assist Institute management by way of giving necessary financial information through proper system.
6. Ensure production of accurate financial reports to the user of the financial statement.

3.3. Overview of Accounting System

3.3.1 Flowchart of Accounting Function:

Established in 2009, Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB) is one of the quality manufacturing providers in Bangladesh. It operates through accounts departments and all incomes and expenses are related to departments. The flow chart of accounting activity of Eastcompeace Smart Card (Bangladesh) Ltd (ECPB) is shown below:

3.3.2 Summary of Significant Accounting Policies

ECPB prepares its financial statements on a going concern basis, under the historical cost convention. It follows the modified accrual basis of accounting for key income and expenditure items.

The significant accounting policies followed in the preparation and presentation of financial statements are summarized below.

ECPB Accounts Department

Preparation of Vouchers

Collection of Source Documents

ECPB Accounts Department Processing of Data with Ledger and Register

Department wise Consolidate Financial Statements

3.3.3 Basis of preparation of Financial Statements

ECPB maintains its books of accounts and records on the basis of departments, that is, each department is looked upon as a separate accounting entity having separate set of books. The Accounts department maintains records of all accounting, investment and management functions. All cash balances, including those meant for departments are held at one place and spent for or transferred to departments as required.

3.3.4 Revenue Recognition

Revenue is recognized on accrual basis.

Sale of materials

Revenue is recognized on cash basis.

Interest on bank account and fixed deposits

Revenue is recognized as the interest accrues unless collectability is in doubt. Expenses arise from goods and services being distributed to beneficiaries in accordance with the academic and research objectives and activities. ECPB's administrative expenses are allocated to various departments. Each department's share is calculated according to the aggregated number arrived by multiplying courses offered by it by the number of students.

Other income

All other incomes are recognized when ECPB right to receive such income has been reasonably determined and all conditions precedent are satisfied. Other incomes are recognized on cash basis.

3.3.5 Expenses

3.3.6 Accounts Receivable

Accounts receivable arise principally from providing services to Customers. Accounts receivables are recognized when they are due.

3.3.7 Employee Gratuity and Redundancy Fund

ECPB makes provisions for an Employee Gratuity and Redundancy fund, on the basis of two months' basic salary for each completed years of service for each permanent employee (based on the latest basic salary). For accounting purpose the provision is made on a monthly basis. Gratuity is to be disbursed upon retirement of employees whilst redundancy disbursements are to be made in the event of cessation of service from ECPB on grounds of redundancy.

3.3.8 Cash & Cash Equivalents

Cash and cash equivalents for the purposes of the statement of cash flows comprise cash and bank balances and un-pledged fixed deposits, against which bank overdrafts, if any, are deducted.

3.3.9 Bill-Voucher Preservation

Except any legal and regulatory documents like deeds, agreements, books and records related to Income Tax, VAT, or any other legal documents which might be needed in future, all other documents, vouchers, bills, files, or registers shall be destroyed after of 5 (five) years. A committee will effect the disposal. A list of documents destroyed shall be preserved.

3.4. Sections of the Department

3.4.1 Organogram of Accounts Department:

ECPB's Accounts department has the following organizational structure:

Head of Accountant bears overall responsibilities of the Accounts Department who works under the direct supervision of the MD. Head of Accounts work in co-ordination with DGM. For smooth operation, the Accounts Department of ECPB has following units with distinct responsibilities:

- (1) General Accounts Unit
- (2) Treasury Unit
- (3) Employee Affairs Unit
- (4) General Accounting Unit, and
- (5) Budget & MIS Unit

3.4.2 Functions of department units

3.4.2.1 Functions of Treasury Unit:

Treasury unit executes the following activities:

- Payment of all bills authorized by General Accounting unit.
- Receipt of cash against Kiosk Machine, various Commission, and sales proceeds.
- Deposit of cash and cheques in banks.
- Withdrawal of cash from banks.
- Make final payment to staff/officials in the case of resignation, termination or retirement etc. (according to calculations made by the general accounts section).
- Meet up Utilities bill like gas, rent, electricity, water, telephone, Internet, Fax etc. as authorized by general accounts section.
- Administer IOU.
- Act as custodian of money Receipt and other forms and registers used by the section.
- Preserve paid vouchers.

3.4.2.2 Functions of General Accounting Unit:

General Accounting Unit performs the following functions:

- Control operation of ECPB Bank Accounts.
- Prepare all vouchers including journal vouchers for internal transaction, transfer or any other provisions.
- Maintain effective operation of the computerized accounting packages.
- Prepare Bank Reconciliation Statement.
- Produce department-wise financial statements at the end of every month and preserve hard copies in file.
- Maintain consolidated financial statements on monthly basis.
- Reconcile inter department transactions.
- Maintain books, registers and documents required for smooth functioning of accounts section.
- Coordinate Annual External Audit and work with internal auditors.

3.4.2.3 Functions of Payroll Unit

Payroll unit performs the following functions-

- Collect relevant information from HR and other departments/sections on salary and benefits, leave availed without pay, deductions etc. required for payroll preparation.
- Input all required information in the Payroll software.
- Prepare and check salary register.
- Advice banks to transfer net salary to individual staff.
- Prepare, check and distribute pay slips.
- Maintain and preserve all records and information related to payroll.
- Maintain the Payroll software.

3.4.2.5 Functions of Budget and MIS Unit:

Budget and MIS Unit performs the following functions:

- Prepare budgets for individual departments with the help of concerned Departmental

Coordinator Officer (DCO).

- Monitor budgets; calculate variances and identify causes of major variances in consultation with budget holders.

- Implement recommendations of internal and external auditors.

Computerized Accounting

Accounting packages:

ECPB's Accounts department uses three accounting packages to process information. They are:

(1) Advance accounts

(2) Financial Accounts

(3) Payroll

(4) Cost Accounts

a. Tax

b. Provident Fund

All three packages run independently. Efforts will be made to develop integrated software to reduce dependence on manual recording of data.

Payroll is a part of HR software. Payroll module has two sub-modules - Tax and Provident Fund. Calculated tax from Tax sub-module automatically gets transferred to Payroll while Provident Fund gets information from Payroll. In addition to the three packages referred above, there are two other small

packages, which run independently. They maintain useful information and produces important registers. The packages are:

(4) Fixed Asset Register

(5) Cheque Management System

Fixed asset register is maintained to keep track of various information about fixed assets which are recorded in Advanced Accounts. They including cost, depreciation, location, identification number etc. Cheque Management is used to make and print cheques with inputted information. It is also used as acknowledgement for paid cheques.

ECPB uses the following books, forms and registers to record and analyze transactions and institute an effective internal control:

Maintained in Advanced Account

1. Cash Book
2. General Ledger
3. Advance against expense Ledger
4. Advance against 3rd party Ledger
5. Advance against salary Ledger
6. Staff loan ledger
7. IOU form
- 3.6. Books, Forms and Register
8. Cash certificate

Maintained in Payroll

9. Salary register
10. Payment slip

Maintained in Fixed Asset Ledger

12. Fixed asset register Manual

13. Money receipt

14. Voucher forms:

- Debit voucher
- Credit voucher
- Journal voucher
- Transfer voucher

15. VAT/Tax deduction at source register

3.6.1 Cash book

The computerized cash book records all cash and bank transactions. Departments or projects are identified through a code system. The computerized cash book is more informative than traditional cashbook. The cashbook provides cash and bank balances at the end of the day. It also provides details of daily transactions and balance of each bank account. Three types of transactions are recorded in the cashbook:

• Payments • Receipts • Transfers The cash book preserves all cash and bank related transactions and can generate information in various forms. The output would include:

1. Transactions list
2. Cash transactions list
3. Cash register
4. Bank transactions list
5. Bank register
6. Cash certificate, etc.

Receipts, payments and transfer entries are recorded in the cash book along with related information. At the closing of each day the assigned accountant checks whether the physical cash balance including IOU is equal to total cash balance shown by the cash book. The bank balance shown by bank register is checked with bank statement and if there is a difference, bank reconciliation is prepared on a monthly basis.

3.6.2 Cheque Register

The Cheque management System is used to enter the name of the payee, amount, cheque number and date of the cheque. The system prints cheque, which is delivered to the parties. A cheque register is printed which includes all relevant information of cheques issued in a particular period. The register has a column for recipient's name and signature. ECPB is planning to upgrade the Advanced Account, which will make the Cheque Management System redundant. The function that this software performs now will be performed by the Advanced Account.

3.6.3 General Ledger

General ledger records both cash and non-cash transactions. Each department/project has its own general ledger book. The cash transactions are automatically transferred to the general ledger book. Non-cash transactions are separately entered through journal vouchers.

3.6.4 Salary Register

Salary is one of the largest parts of operating expenses of PISFT. Details about salary/ payroll register are discussed in Payroll section of this Manual.

3.6.5 Pay Slip

Pay slip portrays details of an employee's salary. Pay slip is prepared in three copies, one is for the staff, one remains with the counterfoil and the other is office copy, which is filed separately. Following is the format of pay slip:

3.6.6 Advance Ledgers

To carry out various activities, ECPB has to procure goods and services for which advances to suppliers or to its own staff are required to be given. All of

the advances are recorded in advance ledgers, which are subsidiary ledgers. Currently advance ledgers are manually maintained but will soon be computerized. There are two advance ledgers to record

(i) Advance to staff against expenses and

(ii) Advance to 3rd party against expenses.

3.6.7 Voucher Forms

Voucher is the most basic document needed for recording financial transactions.

Elements of a voucher are:

- Name of the organization
- Number of voucher
- Nature of voucher
- Date of preparation
- Signature of those who originated checked and authorized.
- Bill/cash memo and other supporting documents as attachments.

- Department/project code
- Heads of Account, Accounts code
- Amount in figures and words
- A brief narration about the transaction
- Recipient's Signature

ECPB has four types of vouchers:

- Debit voucher
- Credit voucher
- Transfer voucher
- Journal voucher

3.6.7.1 Debit voucher

Debit voucher is prepared to record all cash and bank payments. This voucher is alternatively called payment voucher.

3.6.7.2 Credit Voucher

Credit voucher is used to record cash and bank receipts. It is alternatively called receipt voucher.

3.6.7.3 Transfer voucher

Cash transfer from one bank to another bank is recorded in the books of accounts through transfer voucher. This voucher is also used for cash/cheque deposit in and cash withdrawal from bank accounts. Bank statement, deposit slip and counter foil of cheques are supporting

documents of transfer vouchers.

3.6.7.4 Journal voucher

All non-cash transactions are recorded in the books of accounts through journal vouchers.

Provident fund, income tax and other deductions from salary, expenses or income transfer from one project/department to another, depreciation on fixed assets etc. are recorded in the books of accounts through journal vouchers.

3.6.8 Money Receipt

Money receipt is used to acknowledge cash or cheque. Receipts are prepared in three copies, which are used for the following purposes:

- Customer copy
- Voucher copy (attached with voucher)
- Filing copy

3.6.9 Fixed Asset Register

Fixed Asset Register is maintained in Fixed Asset Ledger software. The register keeps detailed information of fixed assets including group, subgroup, voucher number, date, price, disposal details, depreciation, location etc. Various reports are available from the register. Two most important reports are Asset Ledger Summary and Asset details.

3.7. Control over cash

ECPB's Accounts Department is responsible for receipts and disbursements of cash. Cash includes cash in hand, cash at bank, pay orders, drafts and other instruments. Cash is widely acceptable; its ownership is easily transferable and it carries high value in small quantity. These characteristics demand strict control over cash.

The control system employed by ECPB has the following elements:

1. Use of voucher system: All receipts and payments require approval, which is effected through vouchers. Debit voucher is used for all payments and credit vouchers for all receipts.
2. Minimum cash handling: ECPB discourages cash receipts and cash payments. Preferred mode of receipts and payments are cheques, drafts or bank transfers.
3. Minimum cash holding: Cash holding is limited to 50,000.
4. Surprise check of physical cash: Appropriate authority conduct surprise checks when cash is counted and compared with book balance.
5. Daily cash certificate: At the closing of the day, after all the transaction have been recorded in the cash book, daily cash and bank certificate is prepared that exhibits bank-wise closing balances, IOU and cash in hand with denomination. The certificate are signed and preserved in daily cash certificate file. A format of the certificate is reproduced on the next page. The certificate is computer generated.
6. Acknowledgement of all receipts: All receipts are immediately acknowledged by issuing serially numbered receipts.
7. Receipting all payments: All payments made by ECPB require to be receipted by the payee.
8. Different authorization level: Depending on the nature and size of payment authorization level varies. High value, capital expenditure and unbudgeted payments require approval of higher authority.
9. Any payment is under strict scrutiny to check that:
 - a. Expenses are properly authorized
 - b. Procurement procedure is followed
10. Internal check system: An internal check system is in operation which ensures distribution of work in such a way that work of one is automatically checked by another. The person receiving the cash, for example, does not authorize the receipt.

11. Bank reconciliation: Sometimes the balance shown by the bank statement differs from the cash balance of the ledger for various reasons. Reconciliation statement is prepared to explain the difference.

Students are required to deposit fees direct into bank using a collection slip. The Student Affairs Section receives copy of collection slip from bank and enters information in the software called Students Account. The outputs of Students account form the input for accounting software called Advanced Account.

3.8. Receipts

ECPB's receipts are broadly classified as:

1. Receipt of sales SIM card & Scratch card
2. Kiosk Machine purpose
3. Other income

Receipts are accounted for through credit vouchers. Appropriate head in the respective department/project is credited for the receipt.

3.8.1 Income from sales SIM card & Scratch card:

The accounting entry for recognition of income is:

Bank Dr.

Related Income head Cr.

Final Payment is made when a staff leaves ECPB by way of resignation, termination, dismissal or redundancy. The staff needs to take clearance from his/her department in-charge and other relevant departments (transport, library, HRD etc.) to get final payment. The final payment includes gratuity, provident fund, leave pay etc. If the staff has an outstanding loan or other dues the amount would be marga.

3.9. Payments

ECPB's payments can be categorized as follows:

☐ Internal Payments

Salary Payment

Staff Final Payment

Payment of other expenses

☐ External Payment

3.9.1 Internal Payment

3.9.1.1 Salary Payment

Payroll is one of the largest payments that take place every month. ECPB has Payroll wing which is responsible for preparation of payroll. Details about payroll have been discussed later under payroll section.

3.9.1.2 Staff Final Payment

It is adjusted from the final payment. The terminal benefit is calculated according to the rules of Human resource policies. The gratuity and provident fund calculation process is described in details in “Gratuity” and “Provident Fund” sections of this manual.

3.9.1.3 Traveling and other Payment:

This includes payment of traveling allowance, local conveyance, and overtime bill, daily allowance and other reimbursements. Employees prepare their bills and get approval from their respective department heads. Then treasury section makes payment. Accountant prepares payment voucher. The voucher is approved either by the head of accounts.

3.9.2 External Payment

External payments are usually made against purchase of goods and services. They include office rent, food and accommodation fees for residential semesters, fixed assets, supplies etc. Purchases are made according to the rules of “Procurement Manual”. The Supplier/Contractor, after performance of the contract, submits bill to procurement department which approves the bill after necessary verification.

They include:

- a. Nature of employment
- b. Duration of employment

3.10. Payroll

Payroll is one of the largest components of ECPB's annual expenditure. Accounts department manages the whole process of preparation and payment of salary.

3.10.1 Role of HR Department Regarding Payroll

The HR department is responsible for maintenance of all personal records of the employees.

- c. Regular and terminal benefits available
- d. Leave entitlement and leave enjoyed
- e. Type and date of separation
- f. Change in terms of employment etc.

HR department feeds finance department with all information required for preparation of salary. Terms of appointments and changes in them are forwarded when they occur. A regular monthly statement is prepared on leave status. This information is provided from two registers maintained by HR - the attendance register and the leave register.

All employees record their attendance by swiping the attendance time clock. The HR officer reviews the register and computes excess leave, if any, enjoyed by staff and reports it to finance by 25th of every month. Excess leave is treated as leave without pay. The HR department also provides other information having a bearing on calculation and payment of salary. All regular staff members of the university are entitled to paid leave for specific number of days.

3.10.2 Payroll Register

ECPB maintains computerized payroll register. Human Resource Management System (HRMS) software maintained by HR provides necessary information that the payroll section requires to prepare this register. The Payroll is a

module of HR software and is integrated. The Payroll maintains a Payroll register with detailed information, which includes:

3.10.2.1 Components of Gross pay:

- ☐ Basic amount (base salary)
- ☐ House rent
- ☐ Conveyance
- ☐ Medical allowance
- ☐ Utility
- ☐ Special allowance
- ☐ Other

3.10.2.2 Deductions:

Generally following deductions are made from the gross salary:

- ☐ Provident fund
- ☐ Income tax
- ☐ Transport
- ☐ Loan realization
- ☐ (calculated salary for leave) without pay
- ☐ Others

The salary register is updated whenever there is a change in information. The assigned accountant gets all the relevant information from HR and, if required, gathers information from other departments, to update the payroll register. After updating the information, the accountant can generate the following reports:

- ☐ Salary analysis sheet / Salary register
- ☐ Pay slip (3 copies)

- ☐ Provident fund deduction list
- ☐ Income tax deduction list
- ☐ Project wise salary charge list
- ☐ List of salaries transferred to bank
- ☐ Loan listing (position of loans of which installments have been realized from salary)
- ☐ Other reports as required

3.10.2.3 Provident Fund

A confirmed employee is entitled to be a member of ECPB contributory provident fund (PF). Every month the non-faculty staff contributes 10% and faculty staff 5% of their basic salaries, which is matched by the organization. The accounting entries for provident fund are as follows:

(1) When employee contribution is realized from salary:

Salary and benefits Dr.
Provident fund Trustee Cr.

(2) When Organization's contribution is provided for

Salary and benefits Dr.
Provident fund Trustee Cr.

(3) When provident fund liability is settled (that is amount paid to PF)

Provident fund Trustee Dr.
Bank Cr.

3.10.2.4 Income Tax

According to Income Tax Ordinance 1984 tax has to be deducted at source from salary that exceeds the taxable limit. The entire amount deducted is deposited to government account within prescribed time. The computerized

payroll register automatically calculates individual tax liability. The liability is then evenly distributed over twelve months and realized from salary.

The accounting entries related to income tax are as follows:

(1) When taxes are deducted from employees' salary:

Salary and benefits Dr
Income Tax payable Cr.

(2) On payment of tax to the Government

Income Tax payable Dr
Bank /Cash Cr.

3.10.2.6 Without Pay

This is deduction of salary against leave without pay. If a staff takes leave in excess of entitlement proportionate amount is deducted from his or her salary. Amount of deduction for leave without pay is calculated in the following manner:

$\text{Gross salary}/20 \times \text{Excess leaves in days}$ No accounting entry is required for this deduction. The deduction reduces the amount to be debited to salary and benefits.

3.10.2.7 Festival Bonus

All permanent employees get festival bonus twice a year. Each bonus is equal to one month's basic salary. Those who have not completed one year get bonus on pro rata basis calculated in the following manner:

$\text{Basic salary} \times \text{No of months worked} / 12 \text{ months}$

Bonuses are paid fifteen days before the festivals as follows.

Provision for bonus is made on a monthly basis. Entries that recognize provision and disbursement of bonuses are:

(1) At the time of making provision

Salary and benefits Dr
Provision for festival bonus Cr.

(2) At the time of payment

Provision for festival bonus Dr
Bank / Cash Account Cr.

3.11. Gratuity

Gratuity is calculated from the date of joining to the date of separation of an employee. All regular and service staff get gratuity at their resignation, retirement, redundancy or termination.

Calculation of Gratuity:

The amount of gratuity available to a staff is calculated applying the following formula:

Length of service in complete years X Basic salary X Number of gratuity per year (subject to maximum entitlement)

Gratuity provision is made on a monthly basis.

The following accounting entries recognize the provision and payment of gratuity:

(1) When provision is made:

Salary and benefits Dr.
Employee gratuity and redundancy Fund Cr.

(2) When gratuity is paid

Employee gratuity and redundancy Fund Dr.
Cash/Bank Cr.

3.12. Contributory Provident Fund

Any confirmed staff can become member of the Provident fund. Every month nonfaculty staff contributes 10% and faculty staff 5% of their basic salaries and the university matches these amounts. In case of death of a staff the nominee gets full amount standing in credit in PF account.

Provident Fund is a separate accounting entity from ECPB. A Board of Trustees administers the fund. The organization deducts contributions of employees from their salary and hands over the money together with its own contribution to Provident Fund Trustee. The accounting treatments for PF related transactions have been dealt in Payroll section. Final payment of provident fund to staff is accounted for in Provident Fund's book and Institute books are not affected.

Advance to the contractors

3.13. Advances

Procurement of goods and services are essential part of company activities. Goods are usually procured from outside suppliers while services are bought from both within the organization and outside. The employees are the internal service providers. Often money has to be advanced against procurement of goods and services. This advance may be given directly to the supplier of goods and services or to staff when staff does the procurement as per procurement policy. In case of company staff, the advance is adjusted either against the bill or against salary. In case of outside suppliers, advances are adjusted against bills submitted by them.

3.13.1 Types of Advances

(a) Advances to Staff

Advance against salary (interest free, through IOU)

Advance against conveyance and transportation expenses (through IOU)

3.13.2 Advance against purchase of goods (through IOU)

(b) Advances to Third Party

Advance against purchase

Advance against house rent

Advance to the contractors

3.13.2.1 Advance against salary (Interest free, through IOU)

Employees are entitled to draw half-month's salary as advance, if they go on leave before and, are not expected to return, by the scheduled date of salary. The advance payment is made through IOU form. The staff fills IOU form and gets own department's recommendation before submitting it to the Accountants for approval. The advance is adjusted from current month's salary. Salary advances are approved according to the following table of authority.

3.13.2.2 Advance against conveyance and transportation expenses (against IOU)

ECPB employees including the teachers undertake internal and international travel for official purposes. An employee is entitled to certain conveyance allowance to meet travel expenses. The staff can take advance against the allowance. This advance, given through IOU form, is adjusted against traveling and transportation bills usually within seven days from the date of advance or return from the journey. But the adjustment period can be 37 extended where there are genuine reasons. The advance must be adjusted at a time, that is, no installments are allowed to adjust.

3.13.2.3 Advance against Purchase (against IOU)

Various kinds of materials and services are procured to carry out academic and administrative activities. Small and urgent purchases are usually done through procurement committees and in cash. In these cases procurement committee members take advances through IOU. The advances are later adjusted against bills.

3.13.2.4 Advance against Purchase (Advance to Suppliers)

Sometimes advances are given to the suppliers. The amount of advance and terms of adjustment are agreed between the university and the supplier before an advance is given.

Often advances are secured by obtaining bank guarantee from the supplier. The accounting entries for suppliers' advances are:

(1) When money is advanced:

Advance to third party Dr.

Cash/Bank Cr.

3.13.2.5 Advance against House Rent

When hiring space for official use, the university often needs to pay several months rent in advance. House rent advances are subject to the following conditions:

☐ Advances can be given only when prior approval to rent and pay advances has been agreed by the management.

☐ An agreement between the company and the owner has been signed. Advance can be given only as per terms and conditions of the agreement.

The accounting entry related to advance payment is as follows:

Advance to 3rd party Dr.

Bank/Cash Account Cr.

3.14. Bad loans and receivables

3.14.1 Loans to staff.

Staff loans are less likely to become bad. Therefore no provision is made in the book for bad and doubtful staff loans. In case a staff loan becomes bad, it is directly written off. The accounting entry that recognizes this is:

Bad debt expense Dr.

Staff loan Cr.

The bad debt expense is closed to income statement.

3.14.2 Bad Accounts Receivables

Accounts receivable arise from dues from students. No provision is made for bad and doubtful accounts receivable. When specific accounts turn bad they are directly written off.

Other long-term investments, which are intended to be held to maturity, such as debentures and private debt securities, will be subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on acquisition.

3.15 Long term investment

Long term investments may be in shares and securities. All investments will initially be recognized at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments in shares of listed companies will subsequently be measured at fair value, with unrealized gains or losses recognized in the statement of income and expenditure. Fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset. The period to maturity. Apart from the amortization process which is dealt with through the statement of income and expenditure [income is increased or decreased by the amortization of discount or premium, any gain or loss is recognized in the statement of income and expenditure when the investment is disposed of or suffers a permanent diminution in value.

ECPB fixed assets portfolio includes the following:

- (a) Land
- (b) Building and construction
- (c) Furniture & Fixture
- (d) Computer

3.16. Fixed Assets

An asset which meets the following criteria is recognized as fixed asset:

- Its expected life is more than three years.

- ☐ Its cost exceeds Tk. 2000
- ☐ It is tangible
- ☐ Economic benefit is generated from it
- ☐ Management recognizes it as fixed asset

(e) Manufacturing equipment

(f) Other equipment

(g) Interior decoration

(h) Office Furniture

(i) Vehicles etc.

3.16.1 Procurement of Fixed Assets

ECPB purchases fixed asset according to procurement manual. Fixed asset is always recorded at original cost plus any other capitalized cost. The accounting entries for transactions in relation to fixed assets procurement are:

(1) When fixed asset is purchased

Fixed assets Dr.

Cash/Bank/Creditors Cr.

(2) When fixed assets are under construction

Work in progress Dr.

Cash /Creditors Cr.

(3) When construction is completed and certified for use

Fixes assets Dr.

Work in progress Cr.

(4) When advance is given for purchase of fixed assets

Advance to 3rd party Dr.

Cash/Bank Cr.

(5) When advance against fixed assets is adjusted

Fixed assets Dr.

Advance to 3rd party Cr.

3.16.2 Fixed Assets Register

The detailed particulars of fixed assets are maintained in fixed assets register. The register is updated whenever there is a change in or addition to information maintained in it. The following information is kept in the fixed assets register:

☐ Date of purchase/sale/transfer/depreciation

☐ Voucher number

☐ Group of assets

☐ Description of assets

☐ Depreciation rate

☐ Quantity of assets

☐ Cost of assets

☐ Cumulative depreciation

☐ Written down value of the assets

☐ Location

☐ Identification mark

☐ Other information (if any)

3.16.3 Depreciation

Fixed assets lose their value over time (in other words, they depreciate), and must be replaced once the end of their useful life is reached. All fixed assets of

ECPB depreciated under straight-line method. Under this method an asset's expected economic life is ascertained in terms of year. Then the total cost of the assets is divided by the number of years. If any salvage value is considered for an asset on its expiry of expected life, this amount is deducted from the cost to arrive at the depreciable amount. Depreciation is expressed in terms of percentage of cost of the related assets.

When depreciation is charged the following entry is passed in the book:

Depreciation Expense Dr.

Accumulated depreciation Cr.

The students are required to pay the course fees and other fees in the bank through a prescribed deposit slip. A copy of the paid deposit slip comes to the Accounts for recording. The students Affairs section uses software called Students Account.

3.17. Accounts Receivable

Accounts receivable arises principally from services provided to customers. Based on the quantity of products issues invoices.

Accounts Receivable Dr.

Respective income head Cr.

Receivables are shown on Balance at fair value and no provision is shown for bad receivables. Other receivables may arise from insurance claim, interest accrued on bank deposits or investment in securities.

3.18. Internal Financial Monitoring

Internal financial monitoring includes all the procedures and actions taken by the Accounts Department to:

- Ensure reporting and financial calculations in compliance with different accounting policies.
- Ensure accurate and reliable operating data and accounting reports.
- Protect ECPB's assets against theft and waste.

- Conduct various financial analyses to find performance of different projects/departments

Monitoring is a collective responsibility and every member of Accounts department is involved in it.

3.19. Financial Reports and Statements

Financial reports and statements are the ultimate products of the financial management system. All financial transactions generated throughout the year are recorded in a set of books in the computerized accounting system. The system facilitates accountant to prepare financial reports and statements as per the requirements of the stakeholders.

Financial reports contain a typical presentation of financial data. Sometimes for better clarity, these reports also include narrations. Statutory financial statements are prepared in accordance with accounting concepts, convention and other applicable standards. But in other cases, reports are prepared based on the requirements of the users. However, the financial data for both the cases are generated from same set of books.

3.19.1 Reporting Standard

Reports are prepared on the basis of and keeping in mind the following principles:

☐ **Completeness and Clarity:** All essential facts are clearly displayed in reports. The requirements and intent of prescribed reports are fully and clearly served. Reports are maintained on a consistent basis from period to period.

☐ **Accuracy and Reliability:** The data in the reports are accurate. All steps are taken to avoid bias, presentation of misleading information, or the obscuring of significant facts and relationships.

☐ **Timeliness:** Reports are produced promptly. Scheduled reports are produced in accordance with the time allotments specified.

☐ **Status of Reports:** Reports, analyses, and related work papers form an integral part of the formal accounting records from which they are compiled.

They are maintained so as to be clearly and readily accessible for repeated reference to the information compiled and the methods employed.

3.19.2 User of ECPB's Report

Following is the list of users of ECPB's financial reports:

Internal users:

☐ Company Management

External Users:

☐ Head Quarter

☐ Audit firm

☐ Government of Bangladesh

☐ Financial Experts/ Researchers

☐ Regulatory Bodies

☐ Others

To meet the requirements of above users, the reports are prepared under the following groups:

☐ Internal reports

☐ Statutory reports

HQ reports

3.19.3 Internal Reports

Accounts Department generates various reports and statements for the internal users at regular interval.

Following are the examples of internal reports:

1. Weekly report

2. Monthly Profit & Loss Statement, Balance Sheet and Cash Flow Statement

3. Monthly budget variance (consolidated)
4. Quarterly budget variance (department wise)
5. Other need-based reports

The Advanced Account is capable of producing Income Statement and Balance Sheet at any point of time.

3.19.4 Statutory report

Statutory report is prepared annually. This report is certified by public auditors.

3.19. Financial Reports and Statements

Financial reports and statements are the ultimate products of the financial management system. All financial transactions generated throughout the year are recorded in a set of books in the computerized accounting system. The system facilitates accountant to prepare financial reports and statements as per the requirements of the stakeholders.

Financial reports contain a typical presentation of financial data. Sometimes for better clarity, these reports also include narrations. Statutory financial statements are prepared in accordance with accounting concepts, convention and other applicable standards. But in other cases, reports are prepared based on the requirements of the users. However, the financial data for both the cases are generated from same set of books.

3.19.1 Reporting Standard

Reports are prepared on the basis of and keeping in mind the following principles:

☐ **Completeness and Clarity:** All essential facts are clearly displayed in reports. The requirements and intent of prescribed reports are fully and clearly served. Reports are maintained on a consistent basis from period to period.

☐ **Accuracy and Reliability:** The data in the reports are accurate. All steps are taken to avoid bias, presentation of misleading information, or the obscuring of significant facts and relationships.

☐ Timeliness: Reports are produced promptly. Scheduled reports are produced in accordance with the time allotments specified.

☐ Status of Reports: Reports, analyses, and related work papers form an integral part of the formal accounting records from which they are compiled. They are maintained so as to be clearly and readily accessible for repeated reference to the information compiled and the methods employed.

3.19.2 User of ECPB's Report

Following is the list of users of ECPB's financial reports:

Internal users:

☐ ECPB Management

Eastcompeace Technology Ltd

External Users:

☐ Government of Bangladesh

☐ Financial Experts/ Researchers

☐ Regulatory Bodies

☐ Others

To meet the requirements of above users, the reports are prepared under the following groups:

☐ Internal reports

☐ Statutory report

3.19.3 Internal Reports

Accounts Department generates various reports and statements for the internal users at regular interval.

Following are the examples of internal reports:

1. Weekly fund position

2. Monthly Profit & Loss Statement, Balance Sheet and Cash Flow Statement

3. Monthly budget variance (consolidated)

4. Quarterly budget variance (departmentwise)

5. Other need-based reports

The Advanced Account is capable of producing Income Statement and Balance Sheet at any point of time.

3.19.4 Statutory report

Statutory report is prepared annually. This report is certified by public auditors.

Chapter-4

Recommendation & Conclusion

4.1 Recommendation:

The Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB) already has a good brand name in the industry. So I do not have much to recommend. Some recommendations are:

- They focus need more full time in orfanization because it may create crisis for their business growth
- Orientation should be performed effectively specially for the new employees.
- They have to focus on Payment System of customers.
- Accounts department play an effective role for developing their strategic plan.
- They need perform more promotional activities.

4.2 Conclusion:

The Eastcompeace Smart Card (Bangladesh) Ltd. (ECPB) is going to them established as a good brand institute in Telecommunication sector. Now they have lots of oppportunity by their customers because these types of institute's demand for telecommunication sector are increasing day by day. They should follow the Payment system resolve suppliers' issues, salary and compensations for employees, and staffs. And also they wants to attract, motivate, and retain the most qualified employees and match them to jobs for which they are best suited. They have excellent job environment for employees & also working environment for workers. They Want To Change perception in Manufacturing system.

Chapter-5

Bibliography

- Achieving Excellence in Human Resources Management: An Assessment of Human Resource Functions Edward E. Lawler Iii; John W. Boudreau. Stamford Business Books, 2009. BOOKS:
- Organizational Success through Effective Human Resources Management Ronald R. Sims. Quorum Books, 2002
- Apparel & Textiles Industry Employment by Business Type, U.S.: 2008-2013 • Fashion Supply Chain Management: Industry and Business Analysis. Tsan-Ming Choi • www.google.com Web: • www.eastcompeace.com. • www.eastcopeace.com.bd