

Internship Report On
Management Accounting Practice at
Beximco Pharmaceuticals Limited

By

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Student ID: 19104007

An internship report submitted to the BRAC Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

BRAC Business School
BRAC University
December 2023

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

Neha Rahman
Student ID: 19104007

Supervisor's Full Name & Signature:

Dr. Suman Paul Chowdhury
Assistant Professor, BRAC Business School
BRAC University

Letter of Transmittal

Dr. Suman Paul Chowdhury
Assistant Professor,
BRAC Business School
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship Report

Dear Sir,

I am submitting an internship report titled for ‘Accounting Practice at Beximco Pharmaceuticals Limited’ as a part of the requirement of the course.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Neha Rahman

ID: 19104007

BRAC Business School

BRAC University

Date: December 20, 2023

Non-Disclosure Agreement

[This page is for Non-Disclosure Agreement between the Company and The Student]

This agreement is made and entered into by and between Beximco Pharmaceuticals Limited and the undersigned student at Brac University Neha Rahman, ID: 19104007.

Acknowledgement

At first, I would like to acknowledge the boundless blessings and profound kindness of the Almighty Allah. It is very difficult for me to thank all the amazing people who tried to contribute little things in anyway. But there are few people whom I have to mention.

First, I would like to show my sincere gratitude to academic supervisor and faculty Dr. Suman Paul Chowdhury for encouragement, suggestion and guidance.

Then I sincerely show my gratitude to my organizational supervisor MD. Mahiuddin, Deputy Manager, Accounts and Finance. Without his help and guidance, I wouldn't be able to learn some informative ideas and write them in my report.

Finally, I would like to express my sincere gratitude towards the employees of BPL.

Executive Summary

This report is based on Accounting Practice at Beximco Pharmaceuticals Limited about cost function. The motive for writing this report is to acknowledge how the elements of cost are being fixed or set and to identify the factors that affect the system.

BEXIMCO is a group of companies where Beximco Pharmaceuticals Ltd. is the medicine manufacturing part of Beximco Industries. In early 70's the company started to import and distribute medicines from one of the most known companies of USA (Upjohn Inc.) and Germany (Bayer AG). Since then, the demand increased day by day. And in the year 1980 there was an agreement that under the supervision and license of Upjohn Inc. Beximco Pharmaceuticals Ltd. can manufacture their products, same agreement also took place with Bayer AG and now Beximco Pharmaceuticals Ltd. produces more than 10% of total medicines needed in Bangladesh.

In this report we will see the cost function analysis such as variance analysis, product profitability and many more.

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Chapter 1

Overview of Internship

1.1 Student Information

Name: Neha Rahman

ID: 19104007

Program: Bachelor of Business Administration

Major: Accounting

1.2 Internship Information

1.2.1 Company name, Department, Period, Address

Company Name: Beximco Pharmaceuticals Limited

Department: Accounts & Finance

Period: May 3, 2023 - August 3, 2023

Address: 19 Dhanmondi r/A, Road No. 7. Dhaka-1205

1.2.2 Supervisor's Information

Name: MD. Mahiuddin

Designation: Deputy Manager

1.2.3 Job Responsibilities

Beximco Pharmaceuticals helped me to learn and apply theoretical accounting practically.

Here I worked as an intern in Treasury department. As an intern I had to

- Create invoices
- Make payments
- Calculation of commission
- Calculation of depot payment
- Calculation of advance and prepayments of representatives

1.3 Internship Outcome

1.3.1 Student Contribution to the Company

During the internship period I had to do various tasks under accounts. I had to make files of invoices, managing and creating excel files, do the reconciliation statement, operate oracle for payment and invoices, calculate the commission, calculation of insurance. Helped my supervisor with these tasks.

1.3.2 Benefits of the student

The environment of the institution was very friendly which is why I could learn things very easily without any hesitation. This helped me to build my confidence level, increased my skills and knowledge, which I can apply in other practical situations.

1.3.3 Recommendation

The internship with BPL was exceptional. All the authorities and colleagues were very friendly. BPL is providing secure and friendly environment to its employees. Students like me can get into the internship program to boost their confidence and learn valuable knowledge.

Chapter 2

About the Organization

2.1 Introduction

BEXIMCO is a group of companies where Beximco Pharmaceuticals Ltd. is the medicine manufacturing part of Beximco Industries. In early 70's the company started to import and distribute medicines from one of the most known companies of USA (Upjohn Inc.) and Germany (Bayer AG). Since then, the demand increased day by day. And in the year 1980 there was an agreement that under the supervision and license of Upjohn Inc. Beximco Pharmaceuticals Ltd. can manufacture their products, same agreement also took place with Bayer AG and now Beximco Pharmaceuticals Ltd. produces more than 10% of total medicines needed in Bangladesh.

2.2 Overview

2.2.1 Vision

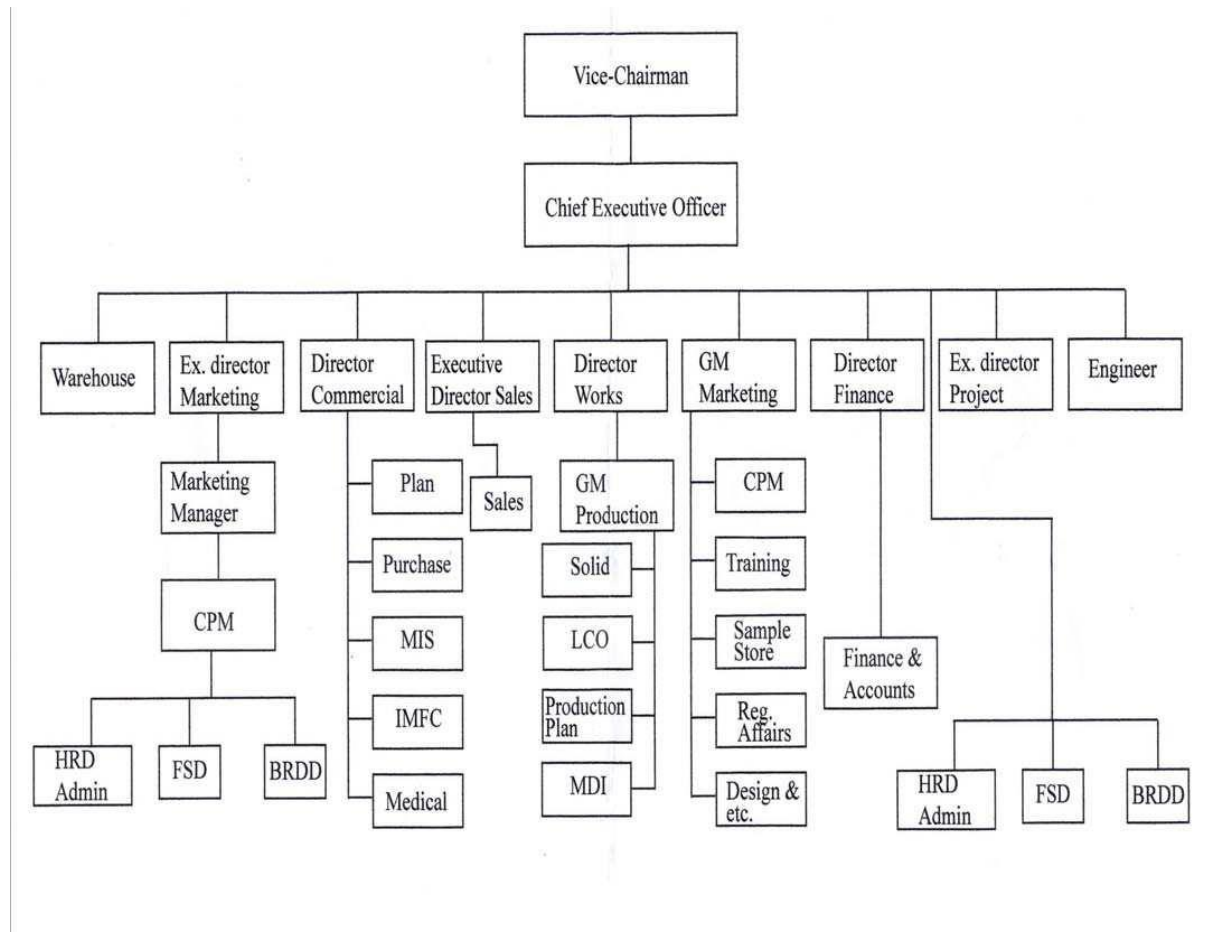
We will be one of the most trusted, admired and successful pharmaceutical companies in the region with a focus on strengthening research and development capabilities, creating partnerships and building presence across the globe.

2.2.2 Mission

We are committed to enhancing human health and wellbeing by providing contemporary and affordable medicines, manufactured in full compliance with global quality standards. We

continually strive to improve our core capabilities to address the unmet medical needs of the patients and to deliver outstanding results for our shareholders.

2.2.3 Organogram



2.2.4 Board and Management

Beximco Pharmaceuticals Ltd. is managed by the Board of Directors, an Executive Committee and a Management Committee. Board of Directors is responsible for the corporate governance. The Executive Committee is responsible for both operational and financial performance of the company and also responsible for approval of budget, audit, review of project and any changes in policies. The Management Committee comprises of ten professionals who the best in Bangladesh in their own fields.

The Board of Directors	
Names	Position
A S F Rahman	Chairman
Salman F Rahman MP	Vice Chairman
Nazmul Hassan MP	Managing Director
Osman Kaiser Chowdhury	Director
Iqbal Ahmed	Director
A B Siddiqui Rahman	Director

Quamrun Naher Ahmed	Director
Reem H. Shamsuddoha	Director
Prof. Mamtaz Uddin Ahmed Independent	Director
Dr. Md. Ibraheem Hosein Khan	Independent Director
Mohammad Asad Ullah, FCS	Company Secretary

Executive Committee	
Names	Position
Osman Kaiser Chowdhury	Member of the Board of Directors
Nazmul Hassan MP	Managing Director
Rabbur Reza	Chief Operating Officer
Mohammad Ali Nawaz	Chief Financial Officer
Afsar Uddin Ahmed	Director, Commercial

Management Committee	
Names	Position
Nazmul Hasan MP	Managing Director
Osman Kaiser Chowdhury	Member of the Board of Directors
Rabbur Reza	Chief Operating Officer
Mohammad Ali Nawaz	Chief Financial Officer
Afsar Uddin Ahmed	Director, Commercial
Lutfur Rahman	Director, Manufacturing
Zakaria Seraj Chowdhury	Head of Distribution Services & Director, International Marketing
Shamim Momtaz	Director, Manufacturing
Mohd. Tahir Siddique	Director, Quality
Rizvi Ul Kabir	Director, Marketing
Jamal Ahmed Choudhury	Director, Accounts & Finance
Ms. Rokhsana Hassan	Executive Director, Financial Compliance Audit and Internal Control
Dr. Selina Akter	Executive Director, Department of Medical Affairs
Shawkat Haider, PhD	Executive Director, Business Development & Corporate Affairs
M A Arshad Bhuiyan	General Manager, Human Resource

2.2.5 Products

Napa	Highest selling drug
Neoceptin-R	Highest selling drug
Bextrum/Bextrum Gold	Highest selling nutritional supplement
Amdocal	Highest selling cardiovascular drug
Tofen	Highest selling oral anti-asthma drug
Azmasol	Highest selling mastered dose

2.3 Departments under BPL:

BPL operates, monitors and controls its activities from the head office of Beximco Pharmaceuticals Ltd. leading pharmaceutical company in Bangladesh and also employs a large number of employees. These are the major departments in BPL.

- Strategic Brand Management (SBM) department
- Planning department
- Procurement Department
- Sales department
- Training department
- Project management & Business Development Department
- International Marketing department
- MIS department
- Multimedia department
- Accounts & Finance department
- Human Resource Department (HRD)
- Medical Department

2.3.1 Brief Description of Accounts & Finance department and others

Accounts & Finance Department

The job is being held out by talented persons. This department have five different sections.

- IOC & BP
- Financial Accounts- Strategic Business Unit (SBU)
- Financial Accounts- Non-Strategic Business Unit
- Treasury
- Tax and Payroll
- Leasing and Legal Affairs

Strategic Brand Management (SBM) department

- Product making strategy
- Market research
- New production selection
- Designing and testing the product
- Logistics management

Planning and Inventory Control Department

- Decides when materials will be procured

Procurement Department

- Raw materials
- Machineries
- Office equipment

- Packaging materials

Sales department

- Profit of the company depends on sales
- Executes marketing plan
- Selling responsibility assigned to medical representatives

Training department

- Training program for employees for developing their skills

Project management & Business Development Department

- Study of new product
- Study of new technology
- Study of project feasibility

International Marketing department

- International marketing policies and procedures

MIS department

- Supports hardware and software of the company

Multimedia department

- Designing webpage
- Prepares presentation
- Prepares videos for conferences or meetings

Human Resource Department (HRD)

- Conducts and prepares recruitment and its policies
- Employees placement
- Hiring and firing
- Career Planning
- Safety security
- Maintaining employees personal files
- Appraisal

Medical Department

- Professional connection with the doctors

2.4 Inventory Management

Materials management is very important for providing best services to the customers, produce at maximum efficiency and to manage inventories. So, this includes the following stages: purchasing, receiving, storage, production and actual sales.

2.4.1 Procedure of Materials

Materials

In BPL materials are divided into raw material and packing materials. And all the materials are purchased both locally and importing it.

❖ Process of purchasing local raw and packing materials:

This process starts with recognition. The department needs to identify its needs and should get it approved by the head of department. Once it's approved a person is being authorized and sends it to purchase requisition to the purchase department. And planning department fixes the quantity and time for ordering the raw materials. After purchase department receives the information, it starts to call for quotation. After the quotation is received supplier gets selected (it can be either local or international). And once the terms and conditions are favourable with BPL order is being issued.

Receiving the materials

Materials are being received by the Quality Assurance Department. Once the materials are received Material Receiving Report is issued.

Liability recognition

Purchase department will compare the bill with Quality Assurance Department. After checking the amount payable to supplier is being approved.

Process and Record of Disbursement

The invoice will be matured after a period of time (mentioned in terms and conditions in the invoice) the payment is done by BPL treasury department.

❖ Process of importing raw and packing materials:

At first Purchase Department should open a credit letter at the bank to ensure liquidity of foreign supplier. Then the Purchase Department enters all the information in a file for LC and keeps the file fully separated and a copy of this file to Accounts and Finance Department for processing the information and prepare a cost sheet. The file is named as Pharmaceutical Consignment File.

2.5 Conclusion

Overall this is the research and the information I have collected in 3 months period.

Chapter 3

3.1 Introduction Management of Materials in BPL

A successful materials management system is necessary to:

- deliver the greatest possible customer service
- produce at the highest possible efficiency
- maintain preset amounts of inventory to keep investments in inventories stable.

The creation of a highly integrated and coordinated system involving production, shipping, manufacturing, receiving, warehousing, purchasing, and actual sales is necessary for successful materials management.

The following is a list of the stages of management of materials:

1. Acquisition procedures for materials
2. Acquisition Cost of Materials
3. Cost allocation and product costing

3.2 Objectives

The objectives of the report are given below:

- ✓ To have an idea about Beximco Pharmaceuticals Limited.
- ✓ To know about the departments of BPL.
- ✓ To understand the operating ways and functions of Accounts and Finance Department of BPL.

3.3 Methodology

This report is based on primary and secondary data.

Primary Data:

- Observing activities of the particular department.
- Discussing the works with the colleagues or officials.

Secondary Data:

- Online information
- Online reports

3.4 Stages of Management of Materials

3.4.1 Acquisition procedures for materials

Within Beximco Pharma There are two sections to the material. These components make up the product directly. The materials are categorized as follows:

- ✓ Raw materials
- ✓ Materials for packing

There are two ways to buy these kinds of materials:

- ✓ Local acquisition.
- ✓ Material imports

Local Purchase of Raw Materials and Materials for packing:

The following business operations are involved in the domestic procurement of raw materials and packing materials:

- ✓ Completing purchasing orders
- ✓ Getting supplies, equipment, and services
- ✓ Acknowledging the Risk
- ✓ Handling and documenting payments in cash

Import of Raw Materials and Materials for packing:

Importing from foreign markets serves as another supply of raw materials and packing materials. The procurement department needs to open a letter of credit with the bank for this reason. It guarantees the foreign supplier's liquidity. Once a letter of credit is opened, the purchase department keeps a file in which all the each LC has associated papers that are stored individually, and a copy of each document is sent to the Finance and Accounts department for additional information processing and the creation of the cost sheet for the materials received in relation to each LC. The PC (pharmaceutical consignment) file is the name of this file.

The entire process of acquiring materials involves three sections.

In this sense, they are accountable to themselves. The departments are:

- ✓ Planning & Inventory Control Department
- ✓ Sales Department
- ✓ Procurement Department

3.4.2 Acquisition cost for materials

The expenses incurred during regular business operations to move and condition the stocks are included in the cost of inventories. Therefore, the purchase price, import charges, and other taxes (apart from those mentioned above) make up the expenditures associated with

purchasing inventory ultimately recouped by the organization from the taxing authorities), as well as expenses related to transportation, handling, and other expenses directly related to the purchase of completed goods, raw materials, and services.

The costs of purchases are calculated by subtracting trade discounts, rebates, and other comparable goods. Actually, the main goal of this research is to shed light on the associated accounting practices as well as the cost of purchasing raw and packing materials from domestic and international sources.

3.4.3 Cost allocation and product costing

Product Costs:

All expenses related to purchasing or producing a product are included in the product costs. These expenses include manufacturing overhead, direct labor, and direct materials in the case of manufactured goods. Product expenses are incurred when units of the product are bought or produced, and they continue to be incurred when the products are stored in inventory until they are sold. On the balance sheet, product costs are first attributed to an inventory account. Upon the sale of the items, the expenses (often referred to as cost of goods sold) are deducted from inventory and offset against the sales revenue. Manufacturing costs are another name for product costs.

The notion of absorption costing is used in BPL to calculate product costs. They charge the income statement for their selling and administrative overhead. They attempt to apply the idea of activity-based costing to determine the cost of the product, which means they don't fully utilize ABC costing.

Bangladesh is one of the most complicated countries to implement ABC. They make every effort to apply the ABC idea when allocating industrial overhead. Put costing and direct costing are not used by BPL.

Cost components of the product:

- ✓ Materials Directed
- ✓ Work Directed
- ✓ Production Overhead

Beximco Pharma uses standard historical costing to calculate production costs. They occasionally also employ the conventional costing technique. They have standard cost sheets for each of the manufacturing cost's constituent parts. Standard cost sheets are also used by them for effective control and evaluate their work. They also compute the difference between the real and standard. They employ preset factory overhead in order to complete the pricing process early. then calculate the overapplied or underapplied factory overhead using standard historical costing procedures, and then dispose of this overapplied or underapplied factory overhead through the cost of products sold statement. They perform the variance analysis as well. They often perform the idle capacity and spending variances. They compute the spending variance by comparing their actual and budgeted amounts.

3.4.4 Preparation of Budget

IOC&BP stands for "industrial operation control & business planning" in its expanded form. The BPL budgeting and costing is completed in this section. Previously it was known as costing and budgeting section but recently it has changed its name because of horizon of their work. Their output isn't restricted to the budgeting and costing processes alone. They supply data to the departments of purchasing, marketing, planning, and other functions so that informed decisions can be made. The reporting to management is completed by this division of the finance and accounting department. They create several kinds of cost reports.

- ✓ Make a cost sheet
- ✓ Calculate a product's manufacturing cost
- ✓ Allocate the product's overhead
- ✓ Determine the tender cost sheet
- ✓ Create a variety of budgets, including those for production, sales, cash, master, purchases, departments, and so forth
- ✓ Prepare various reports, including those on scrap, COGS, production, product profitability, greatest loser, and so forth
- ✓ Provide accurate costing data to the planning department
- ✓ Assist in inventory management

3.5 Findings and Analysis

- Different department employees are interconnected to each other.
- BPL uses conversion cost concept.
- BPL does variance analysis.
- For measuring performance properly BPL uses standard cost sheet.
- BPL increments salary every year.

3.6 Conclusion

In this report, I have tried to identify each and every point and techniques I have seen and experienced in Beximco Pharmaceuticals Limited. What and how they do the procedures. BPL is one of the most leading pharmaceutical companies in Bangladesh and of BEXIMCO Group. It is the largest exporter. In the year 2005 Accounts and Finance Department came over all the challenges and published its Annual Report globally.

3.7 Recommendations

BPL ensures better quality and management from the very beginning. Each and every staff/employees are talented and experienced. Still there might be some shortcomings. They are mentioned below:

- Petty Cash Expenses: Through I&I services BPL distributes goods and I&I gets commission. While working with these data I have seen that they don't have any limitation of expenses for depot. They overstate their expenses. In order to prevent from this situation, they can set a budget of daily allowance of the depot of I&I services so the expenses will not be overstated.