



Internship Report on

Accounting Policy: Identification and Solution

Submitted To:

Mr. Tarek Mahbub

Assistant Professor

BRAC Business School

BRAC University

Submitted By:

Md. Moniruzzaman

ID- 09304087

BRAC Business School

BRAC University

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Letter of Transmittal

12th June 2014

Mr. Tarek Mahbub

Assistant Professor

BRAC University

66, Mohakhali, Dhaka.

Sub: **Submission of the internship report.**

Dear Sir,

With due respect, I would like to inform you that I am Md. Moniruzzaman bearing student ID: 09304087, student of BRAC Business School. My major is on Finance and minor on Accounting. With great pleasure, I am submitting my Internship report on “Accounting Policy: Identification and Solution”. I have found this report as of informative, beneficial as well as insightful. I have tried my best to prepare an effective report. Here I have gathered information through different sources such as annual reports, websites and actual interviews from personnel of corporate branch of Rome Corporation (Pvt.) Ltd.

I tried my level best to prepare this report. I will be pleased to deliver you with added explanations or clarifications that you may feel necessary in this regard. I will be thankful if you kindly approve this effort.

Sincerely Yours,

.....

Md. Moniruzzaman

ID: 09304087

BRAC Business School

BRAC UNIVERSITY.



Acknowledgement

At the very beginning, I would like to express my deepest gratitude to the almighty Allah, the most merciful blessing me with patience and tenacity of mind to complete the requirements for the degree successfully.

I would like to express my sincere gratitude to my academic supervisor **Mr. Tarek Mahbub, Assistant Professor, BRAC BUSINESS SCHOOL, BRAC University** for his constant guidance, supervision and feedbacks which enabled me to prepare a well executed report in a well-organized manner.

Then, I specially want to acknowledge **Mr. Diderul Alam Mojumder, Chairman** and **Mr. Nurul Amin, Finance Director** of **Rome Corporation (Pvt.) Ltd**, and also **Aminul Islam Shahin, Director; Mr. Anower Hossain, Manager** and **Mr. Mehedi Hasan, Personnel** corporate office for their tremendous support, guidance and patience. Without their kind supervision, preparing this report would have been very complex. I am also appreciative to them for providing me all the significant and available information to have a clear concept on the subject.

My heart full thanks to **Mr. Arfanul Haque Khandoker; Assistant Manager** and **Mr. Emdad Hossain; Accounts Officer, Rome Corporation (Pvt.) Ltd** they provide me the guidance and counseling during my entire internship program. Their continuous and well-thought feedback enabled me to make this report a comprehensive one.

Finally, I would like to mention my gratitude to all the officers and employees of **Rome Corporation (Pvt.) Ltd.**, Corporate Office for supporting me and giving me pleasurable working experiences and helping me to prepare this report.



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Executive Summary

RCL is one of the reputed real estate companies among the real estate industry in Bangladesh. It started its journey from 2007. Its main products are flat, commercial space and land. It has two categories of products. One is first-class collection which is segmented for upper class people. Another is standard collection segmented for upper middle class and middle class people. There is also an option for investors.

Since 2007, **RCL** is relentlessly in high position for their all facilities and features. The most important thing is the commitment with their customers and landowners. **RCL** is trying to satisfy the customers by build up a planned building and handed over by promised time. Often they get land from the brokers. So they try to build up good relation with the brokers and middleman to acquire the best place for projects.

They have all separate departments for different division of work to support the whole organization. Their construction department is very effective and every employee are experienced and trained.

RCL is maintaining a 24/7 Customer Service Department to provide the best client service. It's worth to mentioned, that many of the customers are living abroad. Sales department is very effective and efficient. Marketing and branding department work as the heart of **RCL**. They are conscientious for the advertisement, promotion, publicity and so forth of **RCL** through the mass media. They arrange all the events like General Meeting, Corporate Central Meeting, Grand Apartment Fair and so on.

They have come with a very novel idea for their customers from Customer Club and Corporate Marketing. They have enough credibility during the process of handling the plots. As a result **RCL** has developed standing towards the people.

With the products beyond thoughts and the innovative services **RCL** is always one step ahead and be one of the most inimitable among the real estate company.



Chapter-1

INTRODUCTION



Origin of the Report

Internship program is the most important period for a BBA student. The duration of internship program is 13 weeks, which carries a best learning process to know about the organization and survive the environment in such a manner like professional employees. The experience that got by an intern during the internship period will make them more elegant and skilled in their future job sector. I was started my internship at Rome Corporation (Pvt.) Ltd, Corporate Office, Nayapaltan Branch from 22nd September, 2013 and ended in 22nd January, 2014. The internship report focuses on **Accounting Policy: Identification and Solution** of Rome Corporation (Pvt.) Ltd.

Objective of the Report

The objective of the study as follows:

i) Broad Objective

The broad objective of the report is to know about the accounting division and what are the activities basically done by this department.

ii) Specific Objective

- ✓ To develop knowledge about Accounting Division of Rome Corporation (Pvt.) Ltd.
- ✓ To get knowledge about what are the models basically used by Accounting Division while assessing different policy that arises in Rome Corporation (Pvt.) Ltd
- ✓ To give some recommendations regarding the accounting division.



Scope of the Report

This report has covered mainly the Accounting division of Rome Corporation (Pvt.) Ltd. In addition, the models that the accounting division uses for assessing different policy while arises in Rome Corporation. Finally, I tried to give some recommendations regarding the Accounting Division of Rome Corporation (Pvt.) Ltd.

Methodology

During the internship period there is an excellent opportunity to have a clear idea about the accounting division and its functions in Rome Corporation (Pvt.) Ltd.

- ✓ The primary sources are as follows face to face conversation with my advisor and colleague.
- ✓ The secondary sources of data and information are:
 - a) Website of Rome Corporation (Pvt.) Ltd (www.romecorporationbd.com)
 - b) Audit Report of Rome Corporation (Pvt.) Ltd.
 - c) Publications.

Limitations

There are some limitations that I faced while doing this report as follows:

The organization maintains some confidentiality while giving information regarding their department. Specially, RCL never disclose their costing and purchase related information. As a result, this report does not bear any content related to cost accounting. Moreover, I had no opportunity to visit their sister companies during the internship period consequently I cannot accumulate any information that how they maintain their accounts system, control and synchronize with the head office. To overcome this situation I had to make some assumption that may cause few errors in the report. In spite of, all these limitations, I have tried to put my best effort as far as possible.



Chapter-2

ORGANIZATION

OVERVIEW



Company Overview

Rome Corporation (Pvt.) Ltd. (**RCL**) established in 2007 is a pioneer Real Estate & Developer company in Bangladesh. Almost seven years have passed since the humble beginnings. All these years have been used wisely to ensure that **RCL** grows into an important name in this sector.

Rome Corporation is an ISO-certified eco-friendly builder. The company's signature township "Green Metropolis" designed on 6 acres of green expanse at Sonargoan is the first eco-friendly self-contained township in Dhaka. Located in close proximity to Smart City, the project comprises of 400 dwelling units and a 32-storeyed twin tower apartment complex, the tallest in South Bangladesh.

Rome Corporation is also constructing the largest township in Dhaka "The Greens" on 11 acres of lush greenery at Model city near Dhaka. The proposed project features 364 dwelling units and exclusive Pool Villas. The third project is an exclusive beach township at Feni, the mystic land of looms and lures. This township is the first and largest in the city and features the tallest 27-storeyed twin towers in Bangladesh.

Living in a township built by Rome Corporation gives all the joys of gated community living. World-class amenities are a part and parcel of Rome Corporation's large residential townships. Club houses, jogging tracks, pools, crèches, cafeterias, guest suites, drivers, accommodation, medical clinics and bank ATM booths among many others serve to enhance the lifestyle of residents. 24 hour high-speed broadband connectivity makes a global resident! A lifestyle that would have required time, effort, costs and travel has all been made available within the township. Neighborhood harmony within these townships creates more healthy relationships and goes a long way in bringing about a harmonious co-existence of like-minded people.



Vision

Our vision entails the development of eco-friendly self-contained living spaces that are in perfect harmony with nature and in adherence to the objectives of our Quality Policy:

- Swimming Pool with separate toddler's pool
- Badminton Court
- Children's play area with equipments
- Guest parking
- Round the clock security and guard room
- Automatic generator back up for common facilities and street lighting landscaped Lawn with Party Pavilion

Mission

Envisioning eco-friendly living spaces

CERTIFICATIONS





Slogan of Rome Corporation (Pvt.) Ltd

The slogan of Rome Corporation (Pvt.) Ltd is, “*A Combination of Uniqueness and Fairness*”.

SWOT Analysis

Strength

- Skillful technical team
- Goodwill
- Flexibility to refund the installment to the customers and
- Handed the projects in time

Weakness

- Negotiable between the land owners and broker
- Lack of experienced personnel
- Few employee motivation schemes
- Lack of job commitment of the employees

Opportunity

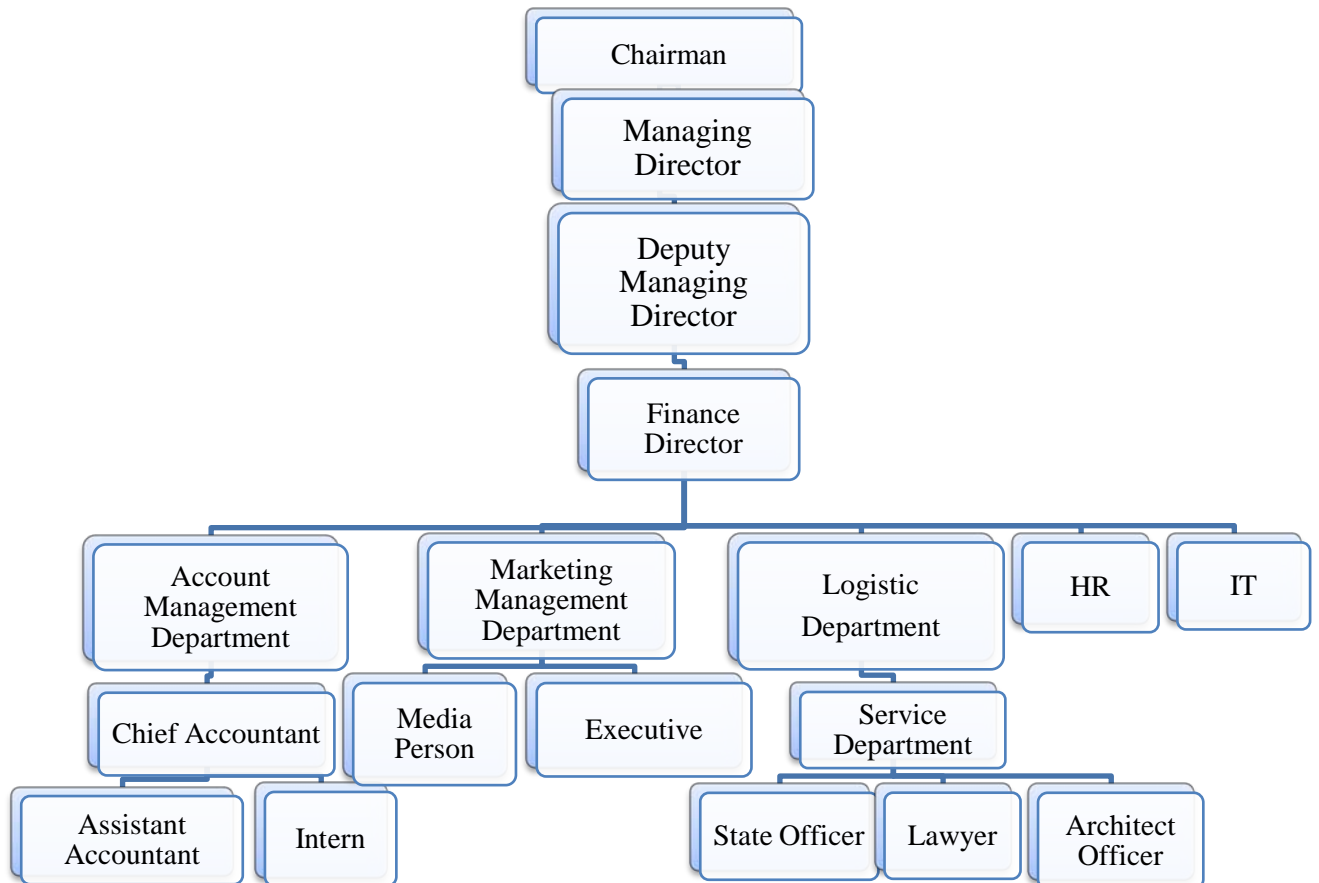
- To expand business internationally
- Clients become more concern regarding the quality of goods rather than price
- Advertising, attending fair and launch showroom might be bright prospect

Threat

- The market is becoming terribly competitive
- Continuously increasing government rules and regulation
- Changing bank policy



Overall Organogram of Rome Corporation (Pvt.) Ltd.





ROME GROUP

VARIED FACETS OF A SINGULAR VISION

The multi-faceted Rome Group is one of the leading and fastest growing business houses in Bangladesh. Spearheaded by a team of enterprising businessmen in Bangladesh, Dubai and the Saudi Arabia, the Group is engaged in diverse business sectors such as Real Estate, Project Management & Consultancy, Tourism, Hospitality, International Trade, Life-science, Infrastructure, Energy solutions and Education. Headquartered in Dhaka, Bangladesh the Group directly employs close to 450 professionals in Bangladesh and enjoys a wide network of operations in the country. ROME Group also has a strong presence in UK, USA, Middle East, Europe, Sri Lanka & other Asian countries with innumerable associates across the globe. Within the last five years of its operation, the Group has witnessed substantial growth in all areas of business operation and has recorded an aggregate annual turnover of BDT 250 Core within a short span. Rome Group's well-earned reputation is based on time-tested corporate values, which includes strong adherence to ethical codes of business, social consciousness and responsibility, commitment, integrity and fair relations with both customers and employees.

Concern of Rome Corporation

MEDI ROME

Medi Rome Ltd. is one of the successful and ideal sister concern of Rome Corporation Ltd. The company started its journey from 2010. From the beginning, the company rapidly expanded its marketing area and at presents it distributing almost all types of medical and diagnostic machineries all over the Bangladesh.

Medi Rome ltd offers a various range of products. To capture rural and urban market it is essential to meet the demand for all type of client. Here is a brief list of the product offered by the company.



List of All Diagnostic & Hospital Equipments

01. X-ray Machine, Origin: China
02. Ultrasound System, Origin: China
03. ECG Machine, Origin: Korea
04. Bio-chemistry Analyzer, Origin: Germany
05. Operating Table (Stainless Steel), Origin: China
06. OT Light, Origin: China
07. Video Endoscope system with all standard accessories; Origin: China
08. Electrolyte Analyzer, Origin: Germany
09. Diathermy, Origin: Korea
10. Anesthesia machine
11. Multi Parameter Patient Monitor with ECG/RESP, HR, SP02, NIBP, 2IBP, 2TEMP & 10.4" Color TFF LCD Display, Model: VP-1000 and VP-1200, Origin: Korea
12. Hand Held Pulse Oximeter with Real time Sp02% and Heart rate + Pleth Graphic Waveform Display; Model: VO-100, Origin: Korea
13. Automatic Instrument for the determination of the ESR on 10 samples simultaneously or in random access mode; Model: VES-MATIC EASY, Origin: Italy
14. Full Digital Binocular Microscope 3M pixels; Origin: Italy, Taiwan



ROME LIVING LTD

“ROME LIVING LTD” The promising fast growing and leading developer company in Bangladesh started its journey in the year of 2010 considering and observing the diversified demand and desire of the valued customers. We have an enduring commitment to quality and apartment owner satisfaction, which is the foundation of every apartment we build. Citizen’s dream combined with our expertise creates the perfect balance between plan and task. Every apartment is a master piece of quality workmanship, built carefully with detailed attention and finish that is second none. Its goal is to achieve business excellence through quality. Perfect analytical ability, committed technical expertise supported by skilled labor forces and supervision by extremely sincere and friendly management is the prime power of ROME LIVING LTD.

- CERTIFIED - ISO 9001:2008 CERTIFIED COMPANY - MEMBER - REHAB & DCCI

ROME FASHIONS LTD

Rome Fashions Limited a member of Rome Corporation started its commercial production during July 2011. Rome Fashions Limited is a 100% export oriented garment industry, located at Dhaka Export Processing Zone at Savar, Dhaka. It produces over 6 million pcs of high quality dress/casual shirts for prominent brands and retails in USA, Canada & Europe. Rome Fashions Limited is managed by a group of professionals including expatriates and aims at producing high quality garments through an effective quality control system right from sourcing of fabric to end product. The number of employees at the beginning of year 2014 is 220.

ROME FOOD INDUSTRIES LTD.

Rome Food Industries Ltd. (RFIL) is a leading processed food industry that covers the processed foods and beverages in Bangladesh. RFIL processed food & beverage products & processes manufactured in Bangladesh, leading food scientists and technologists as well as a



Buyers' Guide to locate suppliers of machinery, equipment and ancillaries & also additives & ingredients, which are used in the manufacture of processed food and beverage products.

ROME BUILDERS LTD.

Rome Builders Limited is the undisputed leader in the market for high-end construction. Our projects are characterized by their innovative planning solutions & design features. Each project is executed with meticulous detail and tremendous precision by our incomparable design team. Our consultants are handpicked from the very best in this sector. We remain innovative by incorporating into our team those who have fresh ideas and think outside the box.

ROME TRADING LTD.

The core business of Rome Trading Limited is to manufacture and sell of tiles and sanitary wares. The company has over 1000 models active in the ceramic and porcelain tile business and regularly adds several new designs to the product portfolio. The company manufactures tiles in a very wide range of tiles in the sizes from 20 cm X 30 cm up to 60cm X 60cm in Bangladesh location. The company has over 40 models an exclusive range of sanitary ware to offer with a very wide choice. In sanitary ware various models are produced in wash basins (mounted as well as pedestal), water closets, accessories and marble sets. The plant standard capacity is 22,000 square meter tiles and 3,400 pieces of sanitary ware per day. Most of production is consumed in local market and balance gets exported to UAE. Rome Trading Limited is an ISO 9001:2008 certified organization.

NUMBER ONE BRICK

Rome Number One Brick is operating two semi automatic bricks manufacturing plants at Bogra and Rangpur. The production capacity of two brick fields are around 20 million bricks per year. We are getting very positive response from the market as our size & strength of bricks are standard. We are following the latest guideline and instructions of Environment department and BSTI.



AN-NABIL INTERNATIONAL MADRASAH

An-Nabil Int'l Madrasah is a non-profitable and non-political organization approved by the government of the people's republic of Bangladesh; which has been working as an education mission since 1999. To make a large number of promising human resources of Bangladesh well-educated, to modernize neglected madrasah education, to build up an ideal human being, run the project to remove unemployment, to take special activities, to build up the nation, to serve the distressed mankind, to run research activities, to foster and develop the Islamic culture, to have reflective publications to spread well-education, to preach and spread the teachings of the Quran including various activities are lead by An-Nabil International Madrasah .

ROME INTERNATIONAL READING SCHOOL, DHAKA

Rome Int'l Reading School (RIRS) is an international and co-educational day school, founded in 2008, that was built to accommodate students from Playgroup to Grade 12. The school provides a high-quality international education for both the local and the international community. We are determined to maintain a high quality of teaching and learning, as well as set the highest standards in everything we do. We are an International Baccalaureate World School offering a well-established, successful and an internationally recognized curriculum for children aged 2-19. This includes the IRS Primary Years Program (PYP), IRS Middle Years Program (MYP) and IRS Diploma Program (DP). Our broad and balanced international curriculum reflects the importance of understanding academic discipline, community service, the performing arts and good health. The school is recognized by the Bangladesh Ministry of Education, and is accredited by the Council of International Schools (CIS) and the New England Association of Schools and Colleges (NEASC). We are authorized by the International Baccalaureate Organization (IBO).



Chapter-3

JOB PART



I started my internship program at Rome Corporation (Pvt.) Ltd, Corporate Office from 22nd September of 2013 and it ended up at 22nd January of 2014. Throughout this time I have got the opportunity to work with different department of Rome Corporation (Pvt.) Ltd.

Nature of the Job

My job in Rome Corporation was to work in Accounting Division. I was supporting an account manager. The team consisted of two people excluding me.

First few days I do not have to do anything except observing them and I was asked to learn by communicating and staying with Accounting Division. At the first month my primary work was to learn how to operate a customize software which is used for maintaining company account. Afterward, I practically mixed up in work with the account management team. It is importance to mention that, I had great opportunity to be a part of audit of the company at the end of the year. As a result, I had to extend my internship period.

In Rome Corporation both account management and financial planning is done by accounting division team. To be part of the team it is responsible for maintaining an efficient and accurate Accounting function.

Specific Responsibilities of the Job

Primarily, I had to confirm calculations, maintained cheque book register, ready cheques for payment and frequently drawing clients' cheque from the bank. Before starting the office hour every day I read newspaper and if there had any news published regarding the bank related than I also report it to my senior.



Critical Observation and Recommendation

The Working environment is very welcoming and employees are ready to help all the time. There is a good chain of command always followed. Working at Rome Corporation, Corporate Office was a great experience for me. I have learnt many things throughout my internship period. From my little knowledge what I have observed and some recommendations are as follows. At Accounts Division there have huge work pressure and manpower is also low. So the division can increase their workforce and share the work together. A good chain of command is always followed. From my point of view, to increase the rate of Work they need faster computer with user friendly operating system.

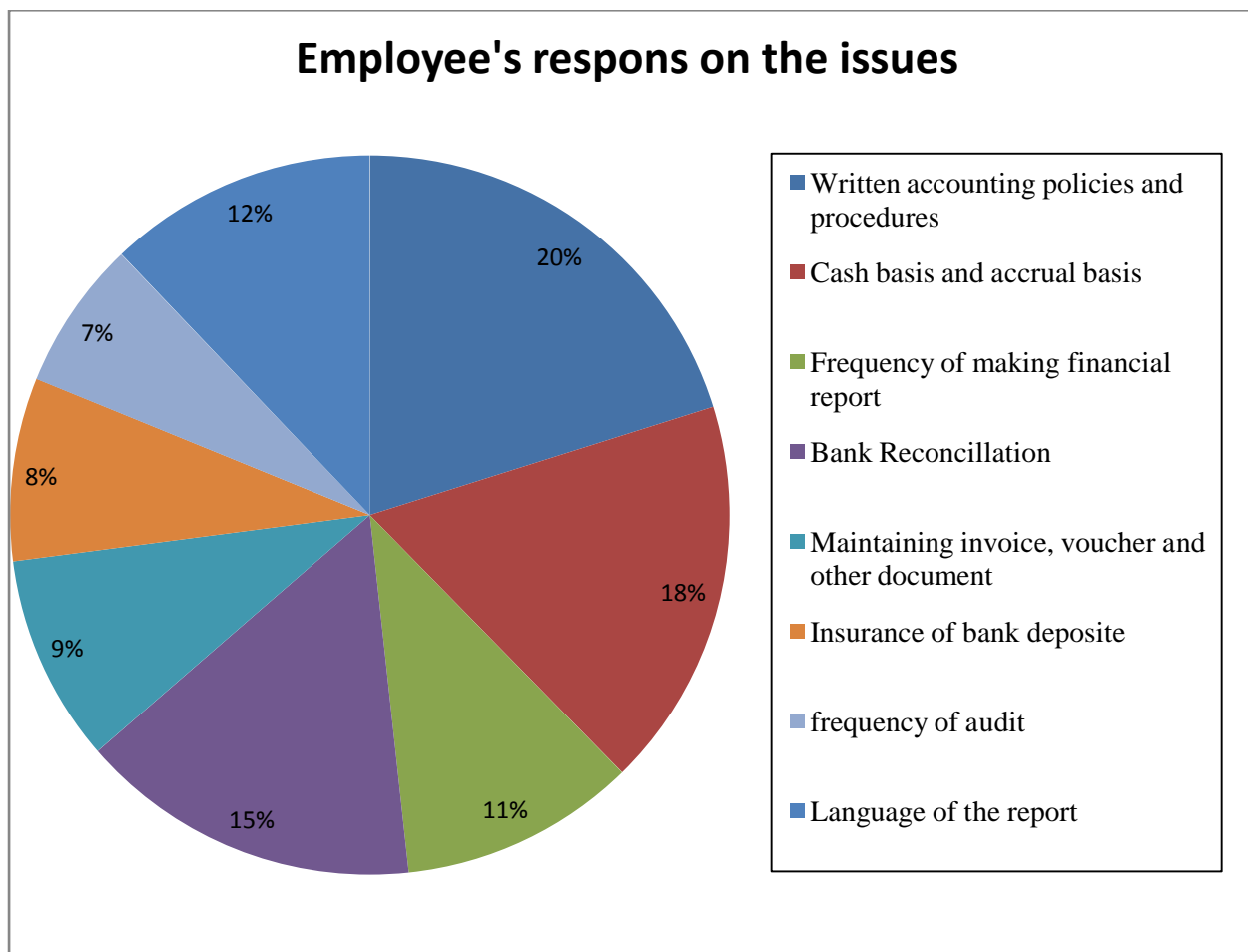


Chapter-4

PROJECT PART



During my internship period I tried my best to find out the bottle neck and or the difficulties of the account department of the Rome Corporation (pvt) Ltd. To make sure to success my goal I developed a questionnaire and conducted face to face discussion with the employees of the company. After the discussion I found several significant data and easily enabled to trail the trouble. According to the response, I identified three major problems and included those in my report to postmortem and come up with a solution.

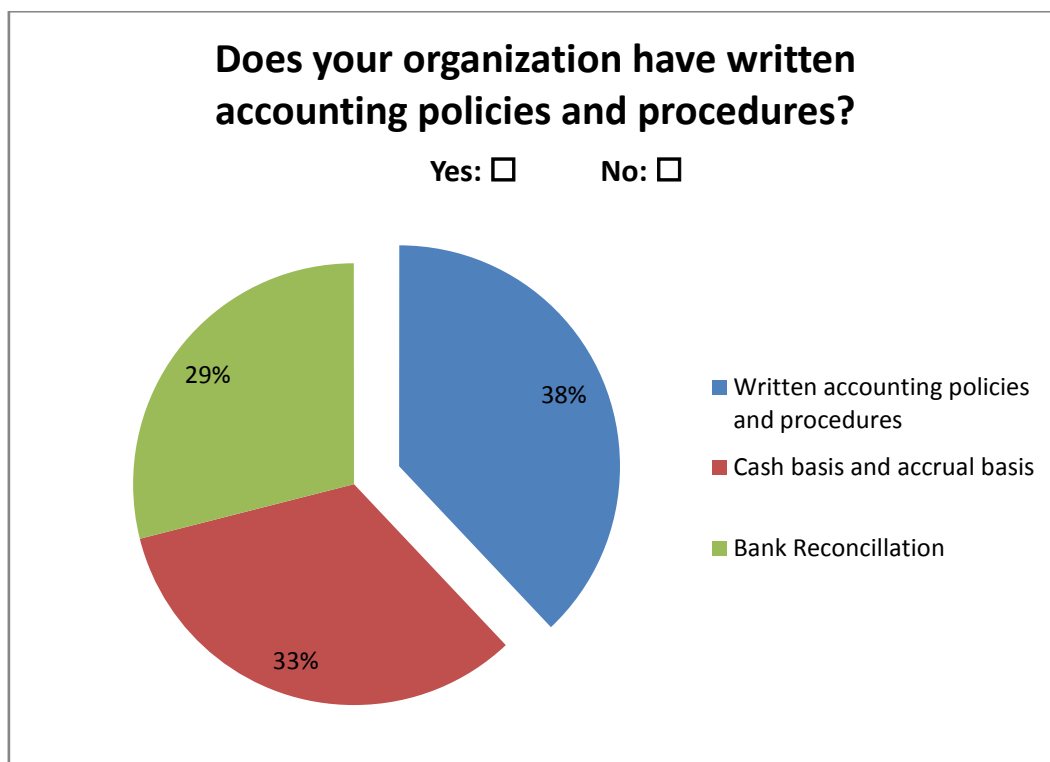




Accounting Policies and Procedures

The purpose of an accounting system is to accurately record all financial transactions and ensure that all financial transactions are supported by invoices, timesheets and other documentation. The type of accounting system often depends on the size of the organization. Some organizations may have computerized accounting systems, while others use a manual system to record each transaction in a ledger.

After having a short question answer session with the employees of the Rome Corporation (Pvt.) Ltd as well as the sister concerns' accounts people I have noticed more than a few difficulties. Among those, the most anxious fact was they have no written accounting policies and procedures. It is worth to mention that, among three major malpractice 38% responds worried about the accounting policies and procedures. I feel written accounting policies and procedures are very important and mandatory for such a big limited company that have a mentionable investment. There is no option to maintain a healthy accounting information system without implementing a written accounting policies and procedures.





Accounting policies are essential to any company to continue consistency and to set up a standard for decision-making. Based on policies, procedures are developed and followed, as well as paying bills, cash management and budgeting. Accounting policies should be agreed by top management and do not modify much during the years. They are developed for long-term use, reflecting firms' values and ethics.

Accounting policies and procedures help human resources to run business without constant supervision of the authority. These are uncomplicated, easy to understand and to pursue. For illustration, if a company has the guidelines of not accepting checks, then employees do not accept checks, even if there is no one to check them. Writing accounting policies and procedures may be complicated, but they will facilitate in the long term, keeping processes consistent and plain.

Accounting policies can be about any financial matter, such as consolidation of accounts, depreciation methods, goodwill, inventory pricing and research and development costs. Policies may vary with individual industries and sectors.

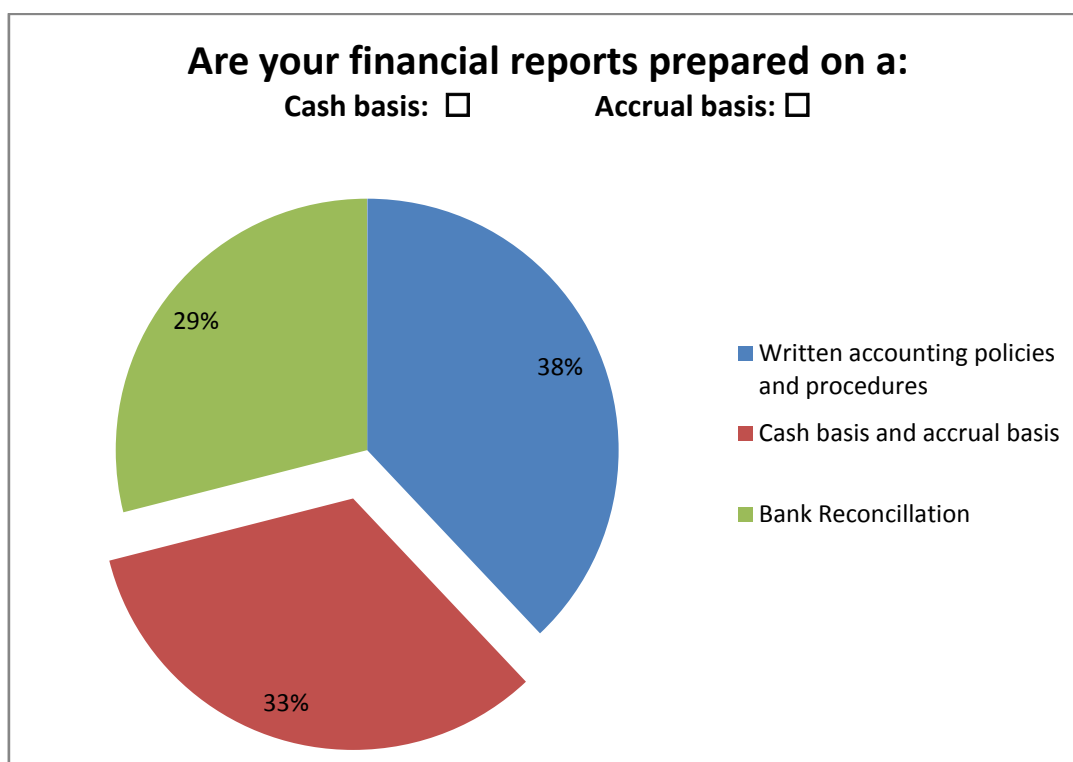
The business accounting policy and procedure covers multiple areas: general accounting guidelines, financial reporting, daily accounting practices and period close and other accounting reports. At a detailed level, this might include the company's stance on vendor payments, employee expense reimbursements or travel policies, for example. Well-defined corporate accounting policies ensure that accounting practices across the business remain consistent, that financial employees follow generally accepted accounting principles and practices and that all financial transactions are accurately recorded and maintained according to the policies defined.

Absence of accounting policies and procedures has a great impact on the RCL. Accountants are also feeling ambiguous, confused and insecure, which were not supposed to happen if there were a policy and procedure instruction guide. Though developing a written accounting policies and procedures guide is expensive, laborious as well as time consuming but in the long run it becomes very inexpensive and results to a healthy accounts department.



Cash Basis and Accrual Basis

One more key improper practice that I have become aware of is that RCL recorded their transactions in cash basis rather than accrual basis. But under this manner the revenue recognition and the matching principal are disregarded. Accordingly, financial statements are not in conformity with generally accepted accounting system. Indeed, some small business enterprise uses cash basis approach. Under the cash basis accounting, revenue is recorded only when the cash is received and expense are recorded only when the cash is paid. The determination of income on the cash basis rests upon the collection of revenue and the payment of expenses. The only positive thing is 33% respond oppose cash basis and looking forward to change into accrual basis.



As an example, If Rome Corporation Ltd signs a contract to develop a land for 5,00,000 taka. In the January, Rome Corporation Ltd begins construction, incurred cost of 3,00,000 taka on credit and by the end of January delivers a complete land to the buyer. In February, Rome Corporation Ltd collect 5,00,000 taka from the customer. In March Rome Corporation Ltd pays the 3,00,000 taka due to the creditors. The net Income from each month under cash basis accounting and accrual basis accounting are as follows-



Rome Corporation (Pvt.) Ltd				
Income Statement				
Cash Basis				
For the month of.....				
	January	February	March	Total
Cash Receipts	0	5,00,000	0	5,00,000
Cash Payments	0	0	3,00,000	3,00,000
Net Income (loss)	<u>0</u>	<u>5,00,000</u>	<u>(3,00,000)</u>	<u>2,00,000</u>

Rome Corporation (Pvt.) Ltd				
Income Statement				
Accrual Basis				
For the month of.....				
	January	February	March	Total
Cash Receipts	5,00,000	5,00,000	0	5,00,000
Cash Payments	3,00,000	0	3,00,000	3,00,000
Net Income (loss)	<u>0</u>	<u>5,00,000</u>	<u>(3,00,000)</u>	<u>2,00,000</u>



Significant differences between Cash Basis and Accrual Basis:

- There are no receivables or payables in a cash basis balance sheet.
- For small businesses that are within certain income tax limits, there may not be inventory on a cash basis balance sheet.
- Only the cash amounts that are collected from sales and other revenue activities are shown as revenue in cash basis reports. On accrual basis reports, revenue includes both collected and uncollected amounts.
- Only the cash paid to vendors and others are shown as expenses in cash basis reports, whereas on accrual basis reports, expenses include both paid and unpaid amounts.

The following are examples that use an accrual basis system:

- Revenue is recognized before cash is received and is described as accrued revenue. It is categorized as a current asset. The most common example is accounts receivables that result from sales to customers.
- Cash is received before the revenue is earned and is described as deferred revenue. It is categorized as a current liability. For example, a customer might pay you a deposit for a service. However, you do not recognize the revenue until you have performed the service. Another example might be prepaid rental income. A tenant might pay you on a quarterly basis for rent, but you only recognize each month's rent as it occurs.
- Expense is recognized before cash is paid and is described as accrued expense. The most common example is accounts payables that result from purchases from vendors. Another example is paying interest on a bank loan on a quarterly basis but recording the accrued interest on a monthly basis.
- Cash is paid before the expense is incurred and is described as a deferred or prepaid expense. It is categorized as a current asset. For example, you might pay your auto insurance every six months, but you only recognize one month of expense at a time.

It is alarming time to change accounting system from cash basis to accrual basis. Only experienced and account background person can effectively implement this new perfect policy, according to GAAP. Another flexible way to develop this worker through training and workshop, consequently, they could be effectively implement and build a great milestone.



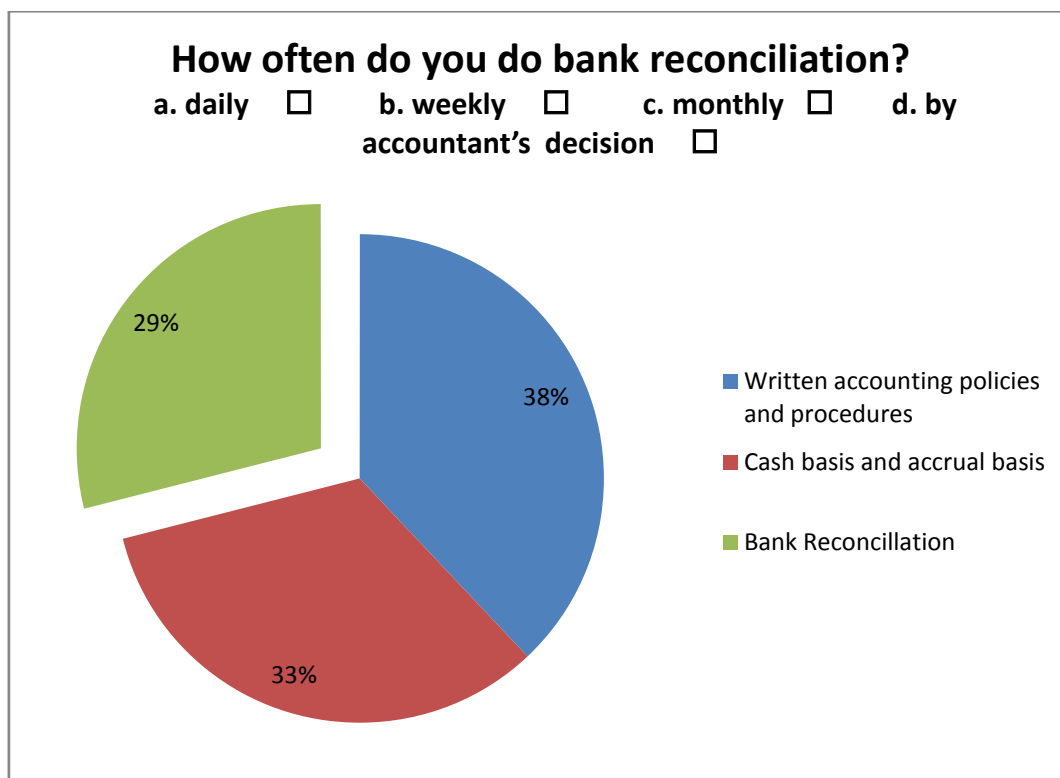
Bank Reconciliation

Bank reconciliation statement is a report which compares the bank balance as per company's accounting records with the balance stated in the bank statement.

It is normal for a company's bank balance as per accounting records to differ from the balance as per bank statement due to timing differences. Certain transactions are recorded by the entities that are updated in the bank's system after a certain time lag. Likewise, some transactions are accounted for in the bank's financial system before the company incorporates them into its own accounting system. Such timing differences appear as reconciling items in the Bank Reconciliation Statement.

The purpose of preparing a Bank Reconciliation Statement is to detect any discrepancies between the accounting records of the entity and the bank besides those due to normal timing differences. Such discrepancies might exist due to an error on the part of the company or the bank.

While discussed concerning the bank reconciliation I found it is one of the immense problems in Rome Corporation (pvt) ltd. At the same time 29% respond agreed with me, therefore, I keep it as a third major trouble in my report.





Importance of Bank Reconciliation

- Preparation of bank reconciliation helps in the identification of errors in the accounting records of the company or the bank.
- Cash is the most vulnerable asset of an entity. Bank reconciliations provide the necessary control mechanism to help protect the valuable resource through uncovering irregularities such as unauthorized bank withdrawals. However, in order for the control process to work effectively, it is necessary to segregate the duties of persons responsible for accounting and authorizing of bank transactions and those responsible for preparing and monitoring bank reconciliation statements.
- If the bank balance appearing in the accounting records can be confirmed to be correct by comparing it with the bank statement balance, it provides added comfort that the bank transactions have been recorded correctly in the company records.
- Monthly preparation of bank reconciliation assists in the regular monitoring of cash flows of a business.

How to do Bank Reconciliation

Here are several methods in reconciling the book balance and the bank balance. The adjusted balance method is preferred over book to bank method and bank to book method. Under the adjusted balance method, the book balance and the bank balance are brought to a correct cash balance that must appear on the balance sheet.

1. The procedures in preparing bank reconciliation are concisely presented as follows:

- Determine the balance per book and the balance per bank.
- Trace the cash receipts to the bank statement to ascertain whether there are deposits not yet acknowledged by the bank.
- Trace the checks issued to the bank statement to ascertain

2. Whether there are checks not yet presented for payment.

- The bank statement should be examined to determine whether there are bank credits or bank debits not yet recorded by the depositor.



3. Watch out for errors. Errors are reconciling items of party who committed them.

4. Now when all the reconciling items have already been determined, a formal reconciliation may be prepared.

5. Choose your method of reconciliation. There are several methods in reconciling the book balance and the bank balance. The adjusted balance method is preferred over book to bank method and bank to book method.

- Under the adjusted balance method, the book balance and the bank balance are brought to a correct cash balance that must appear on the balance sheet. The credit memos are always added to the book balance and the debit memos are always deducted from the book balance.
- Deposits in transit are always added to the bank balance and the outstanding checks are always deducted from the bank balance.
- These procedures are explainable due to the fact that under this method, the objective is bringing both balances to the correct amount as would appear in the balance sheet. The adjusted book balance and adjusted bank balance must balance or must arrive at the same amount.
- Credit memos have already increased the cash balance per bank but have no effect on the book balance for they are not recorded yet by the depositor. Consequently, the book balance is understated hence credit memos are added to the book balance.

6. Conversely, debit memos have already decreased the cash balance per bank but have not been taken up in the books of the depositor. As a result, the book balance is overstated in relation to the correct cash balance. It is but logical to deduct debit memos from the book balance.

- Deposits in transit have already increased the book balance but have no effect on the bank balance because the deposits are not yet taken up by the bank. The bank balance therefore is understated. To adjust it to the correct cash balance, deposits in transit are added to the bank balance.
- Outstanding checks having been released already decreased the book balance however, not yet presented for payment, hence not taken up by the bank. The cash balance per bank is naturally overstated. They must therefore be deducted from the bank balance.



Advantage of bank reconciliation:

Bank reconciliation is a critical part of maintaining accurate financial records for the smooth operation of your company. A completed bank reconciliation statement shows cleared transactions, outstanding transactions and real account balances. The reconciliation process is when you compare your financial records with the statement you receive from your financial institution to verify that both your records and the records of the financial institution are in agreement. You can reconcile any account for which you receive a financial statement. These include bank accounts, credit card accounts and more.

Accurate Balance

As you start cash transactions, you record these transactions in your financial records reducing your bank account's balance. The bank balance in your financial records is not your true bank balance because some of these transactions are still outstanding and have not yet cleared the bank. An outstanding transaction is a transaction you have started that your bank has not yet processed. A transaction clears the bank when your bank processes the transaction. Bank reconciliation reveals which cash transactions have cleared the bank and which cash transactions are still outstanding. Checks are the most common type of transaction that remains open at the end of the statement period, but if you make a deposit at the end of the month, your financial institution might not clear it as of the statement ending date.

Prevent Thefts

A bank reconciliation in which you compare your transactions with your bank's financial transactions will help you spot transactions your bank has recorded that are not in your records. It is a common practice to record bank fees as you complete your reconciliation. It also might be a transaction you forgot to record. Further examination of original documents, if available, should reveal this. Comparing transactions might also reveal a transaction initiated by an unauthorized person who is attempting to steal money out of your account.

Prevent Mistakes

A good financial institution puts procedures in place to avoid making a mistake in your account, but sometimes mistakes do happen. A common mistake financial institutions make is a simple entry error.



For example, a \$25 check might be inadvertently recorded as \$52 or \$250. Financial institutions will correct a mistake of this nature when you reveal it after performing your reconciliation.

A simple solution of this problem could be solved by regularly maintaining a bank book and reconcile every month with approved bank statement brought from bank. Thus, any unknown transaction or mistake will be possible to easily find out and give proper treatment to it.



Chapter-5

RECOMMENDATION & CONCLUSION



Recommendation

Rome Corporation Ltd has a very attractive number of transactions. To keep the company more obvious and let it to grow up, it should put extremely good consideration to it's accounting system. In order to track all the transaction and make them informative company should initiate automated software. Furthermore, it must change its transaction recording system from cash basis to accrual basis so that the monthly report will not show negative balance and vice versa. To be a ideal company, Rome Corporation (pvt) ltd should overcome their major problems then step by step it could challenge any giant problem in the upcoming days. It is worth to mention that, before implement a proper accounting system, RCL have to trained and or hire new employee who have experienced an appropriate accounting system. In addition, if they execute automated software, it would be more as fruitful as expensive and training on software to the existing and or new employee is again costly.

Conclusion

Rome corporation ltd is a well known name in Bangladesh for its dealing with their clients. Real estate industry is still growing in Bangladesh so RCL has a sever opportunity to lead in this sector. According to their administrative, marketing and financial planning Rome corporation can go ahead perfectly. Furthermore, The Accounts department took the challenge and proved their strength of mind by the timely publication of yearly Annual Financial Reports. Each and every division in the department deserves to be complemented. In this report, I have tried my level best to recognize management accounting system and dealings used by RCL. What and how RCL use accounting information for judgment and external financial reporting along with describing the procedure and systems of using accounting information. In this report, I entail our acquired familiarity from accounting course and try to comply with the techniques procedure and systems followed by the company.



Chapter-6

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Abbreviation

- RCL – Rome Corporation (Pvt.) Ltd.



Appendix:

1. Does your organization have written accounting policies and procedures? Yes: No:

2. Are your financial reports prepared on a: Cash basis: Accrual basis:

3. How often are financial reports prepared?
Monthly: Quarterly: Annually: Not Prepared: (explain)

4. How often do you input entries into the financial system?
a. daily b. weekly c. monthly
d. by accountant's decision Average frequency _____

5. How often do you do bank reconciliation?
a. daily b. weekly c. monthly d. by accountant's decision

6. Do you keep invoices, vouchers and timesheets for all payments made? Yes: No:

7. Will your organization be able to keep accounting records including invoices, vouchers and timesheets for at least five years after the final financial report is submitted? Yes:
No: (explain)

8. Are bank deposits insured by the government? Yes: No:

9. How often are audits performed?
Quarterly: Yearly: Every 2 years: Other: (explain)

10. Will the report be prepared in Bangla, or translated into English? Yes: No:

Approved by: _____
Name

Signature & Date