



Grameenphone Ltd

Internship Report on Financial Performance of Revenue Accounting Department: Case Study on Grameenphone Ltd.

Sakia Afroz
8/14/2016



Financial Performance of Revenue

Accounting Department: Case Study on Grameenphone Ltd.

Course: BUS400

Internship

Prepared For

Ms. Asphia Habib

Lecturer

BRAC Business School

BRAC University

Prepared By

Sakia Afroz

ID: 12104243

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BRAC Business School

BRAC University

Date: 14.08.2016



Letter of Transmittal

14th August 2016

Ms. Asphia Habib

Lecturer

BRAC Business School

BRAC University

Subject: Submission of Internship Report

Dear Madam,

This is to inform you that it is my pleasure to submit this report, which has been prepared as per the requirement of the course, BUS400: Internship. I have persistently followed your guidelines and as well as the rules set by the concern organization Grameenphone Ltd. to prepare this report. While doing my three months long internship in Revenue Accounting Department of Finance Division of the company, I have learned about various aspects of Revenue which more or less inherent in almost all leading institutions. Moreover, I have developed some knowledge on Revenue while dealing with invoice receivables, invoice payables, usage rate of the customer. In general, my Internship in the organization was a revelation for me. It has enabled me to bridge the gap between the gap between theoretical knowledge and practical aspects of corporate world.

I have received an essence of the issues and matters a financial institution may have to deal with when I worked in Grameenphone for three months. It was also a great opportunity for me to harness my skills and eliminate my shortcomings. The report is based on my workings, experience and observation during my internship in Grameenphone Ltd. To prepare this I have conducted both external and internal analysis. Despite facing some difficulties and obstacles, I have tried to be as much detail oriented as possible. If you need any further elaboration on any issue, I shall be very glad to oblige.

Sincerely Yours,

Sakia Afroz

ID: 12104243

Summer'2016

BRAC Business School

BRAC University



Acknowledgement

I want to start this report acknowledging my gratefulness to the Almighty Allah for giving me the strength and ability to prepare this report.

After that my most sincere thanks goes to my honorable academic supervisor, **Ms. Asphia Habib, lecturer of BRAC Business School, BRAC University** for her continues direction, suggestions and valuable feedback in completion of this report. Without her endless support and encouragement, this report would not have seen daylight.

I want to express my sincere gratitude and respect to **Mohammad Atahar Ali, General Manager, Revenue Accounting, Financial Accounting & Reporting, Finance Division, Grameenphone Ltd.** accepting me to work in this renowned telecom company and for guiding me throughout my internship. I am also greatly indebted to one of my team member **Mohammad Fuad Hasan, Senior Executive** who always conducted my purposes directly, taught me everything that I will be taking back with me as experience from this 3 months being in Grameenphone. I also want to thank **Mohammad Zihad Harun, Senior Executive**, as he has give his valuable time to instruct me different work done in the department. I will always grateful to **Rezwana Arifin khan, Specialist** and **Dalia Afroz Dalu, Senior Executive** as I have taught a lot of office etiquette, corporate culture form these corporate women. My heartiest gratitude goes to **Ratul Ahmed, Specialist, Minhazul Haque, Lead Specialist and Rajib Kundu, Senior Executive** including all member of the team who has guided and supported me their great sincerity and patience throughout my internship period. Due to their assistance, I have been able to learn many things and present them in this report.



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Executive summary

The report I am submitting is for my internship in Grameenphone Ltd. Grameenphone widely abbreviated as GP, which is the leading telecommunications service provider in Bangladesh. With more than 56 million subscribers as of January 2016, Grameenphone is the largest mobile phone operator in the country. It is a joint venture between Telenor and Grameen Telecom Corporation, a non-profit sister concern of the microfinance organization and community development bank Grameen Bank. Telenor, the largest telecommunication company in Norway, owns a 55.8% share of Grameenphone and Grameen Telecom owns 34.2% and the remaining 10% is publicly held. Grameenphone was the first company to introduce GSM technology in Bangladesh and built first cellular network to cover 99% of the country. The principal purpose of this report is to demonstrate my internship experience, which would enable me to understand the operations, functionally and overall efficiency of the department. The department I was assigned was Revenue Accounting Department of Finance Division. The department's principal tasks were to assess and manage different kinds of invoices and calculate Grameenphone's Revenue- a risk that underlies in the business of any lending institution. My department had to deal with the revenue segment like keeping track of all kinds of revenues of Grameenphone. In this report, a brief description has been given about the products and services, teams and persons, their reporting relationship and the task of my department. This report also encompasses particular sections that are dedicated to portray my personal viewpoints, experiences, tasks, observations and realizations from my internship in this company. I have included company overview, financial highlights, different departmental activities, revenue accounting department's activities, experience gained from internship along with some recommendation and conclusion.



Company Overview

Grameenphone connects 56.7 million subscribers and more than 43 thousand shareholders as of December 2015, giving people access to the internet and digital services. They are facilitating people to drive business, improve their lives and contribute to building a better future for society.

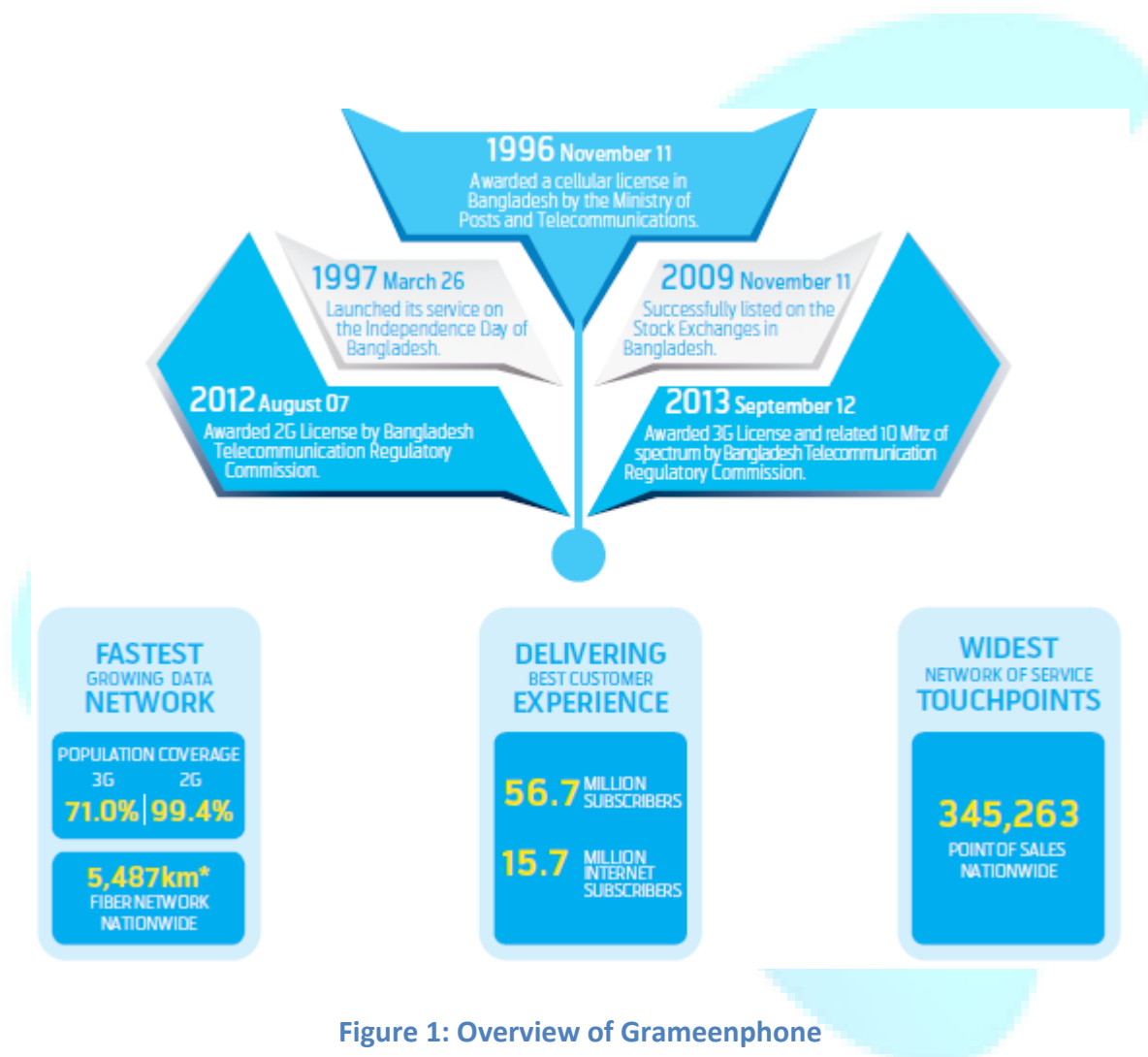


Figure 1: Overview of Grameenphone



Vision, Mission & Values

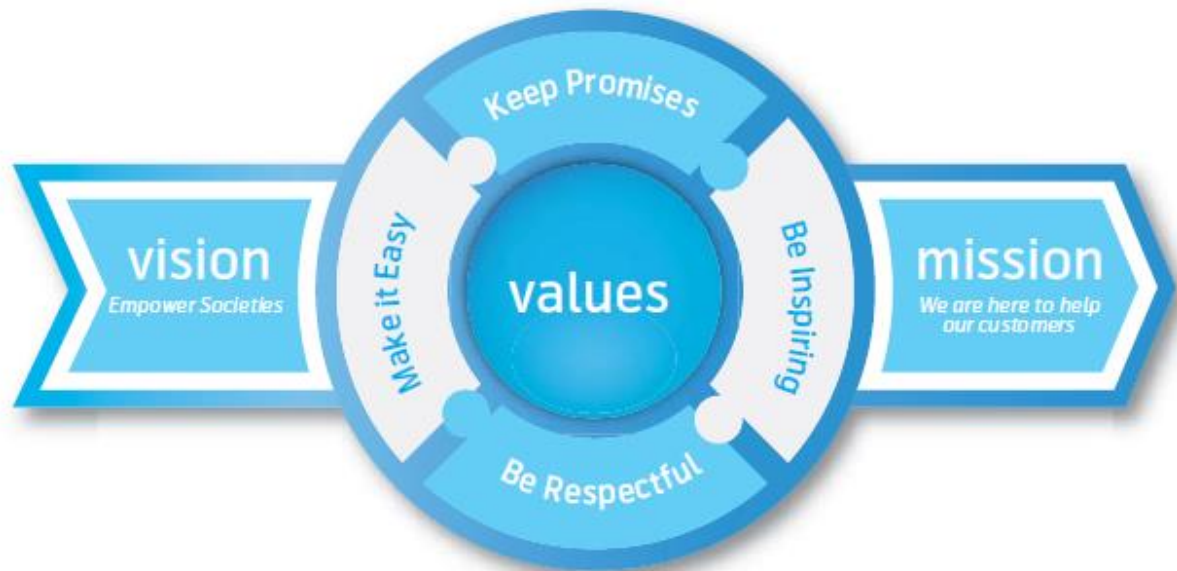


Figure 2: Vision, Mission & Values

The Vision, Mission and Values of Grameenphone are written below.

Vision

Empower Societies

We provide the power of digital communication, enabling everyone to improving their lives, build societies and secure a better future for all.

Mission

We are here to help our customers

We exist to help our customers get the full benefit of being connected. Our success is measured by how passionately they promote us.



Values

Make it easy

Everything we produce should be easy to understand and use. We should always remember that we try to make customers' live easier.

Keep Promises

Everything we do should work perfectly. If it does not we are there to put things right. We are about delivery, not over-promising. We are about actions, not words.

Be inspiring

We are creative. We bring energy and imagination to our work. Everything we produce should look fresh and modern.

Be Respectful

We acknowledge and respect local cultures. We want to be a part of local communities wherever we operate. We want to help customers with their specific needs in a way that suits way of their life best (Annual report, 2015)



Historical Background

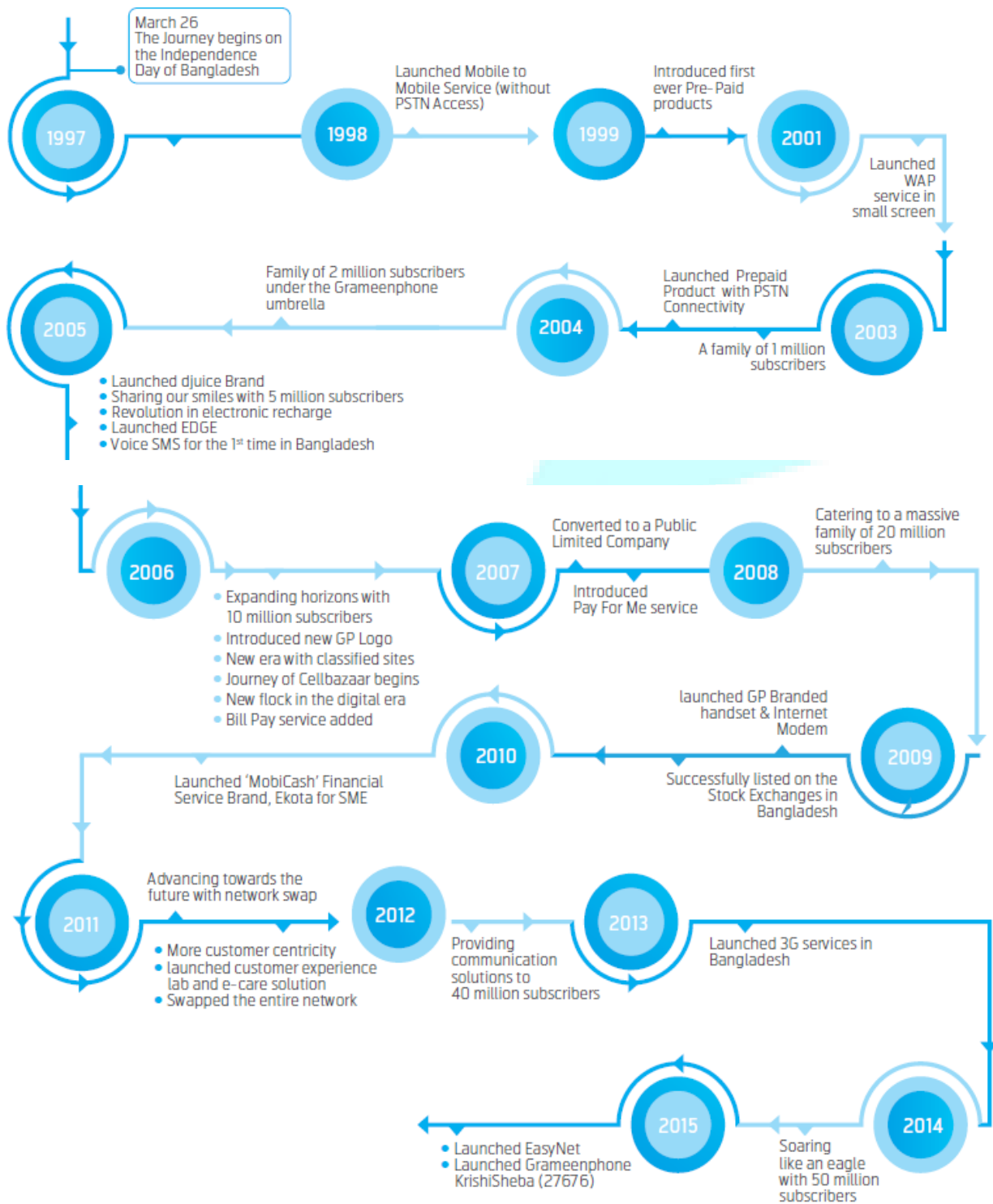


Figure 3: History of Grameenphone



Iqbal Quadir got inspiration from the idea of providing universal mobile phone access throughout Bangladesh, including its rural areas. He was inspired by the Grameen Bank microcredit model and visualized a business model where a cell phone can serve as a source of income. After leaving his job as an investment banker in the United States, Quadir met and successfully raised money from New York-based investor and philanthropist Joshua Maliman. He then returned to Bangladesh and worked for three years to gain support from organizations such as Grameen Bank and the Norwegian telephone company, Telenor. The Result was consortium with Telenor and Grameen Bank to establish the telecommunication company Grameenphone. In the process of convincing Telenor to go to Bangladesh Quadir ended up taking Telenor to Asia as a whole, which has now become of prime importance to Telenor. Grameenphone received a license for cellular phone operation in Bangladesh from the Ministry of Posts and telecommunications on November 11, 1996. The Company started operations on March 26, 1997, Independence Day in Bangladesh. Grameenphone originally offered a mobile-to-mobile connectivity, which is also popular as GP-GP connection, and bring keenness among the users. It became the first operator to reach the million-subscriber milestone as well as ten million subscriber milestones in Bangladesh. Gp formally changed its logo to match its parent company's logo on November 16, 2006. GP's new logo symbolizes trust, reliability, quality and constant progress. The name Granmeenphone was kept as part of the new identity because the name Grameenphone carries with all of the heritage, success and values of the company's past, added then CEO of GP (History and Milestone, 2015)

About the company

Grameenphone was the first operator to introduce the pre-paid mobile phone service in Bangladesh in September 1999. It offers the per-paid subscription under the name Easy Pre-paid which is currently called "Nishchinto, Amontron, Shohoj, Bondhu, Aapon, Smile, Spondon, Business Solution prepaid." Besides Grameenphone also offers a youth based mobile-to-mobile connectivity within Bangladesh named djuice. It also offers postpaid mobile service. Xplore Postpaid & Xplore Legend is the name of its postpaid service. Grameenphone provides several other packages that can be selected based on the type of tariff or feature like pulse, sms and internet. Detailed information about packages provided by Grameenphone can be found dialing 121 from a GP number and can also be found using the official Grameenphone android app available for free download on Google Play Store.



Grameenphone is the second mobile phone operator in the country. It is a joint venture enterprise between Telenor and Grameen Telecom Corporation, a non-profit sister concern of the internationally acclaimed microfinance organization and community development bank, Grameen Bank. The company has the highest no. of subscribers. However, the no. of postpaid and sub brand users is lower compare to prepaid users (Grameenphone, 2016)

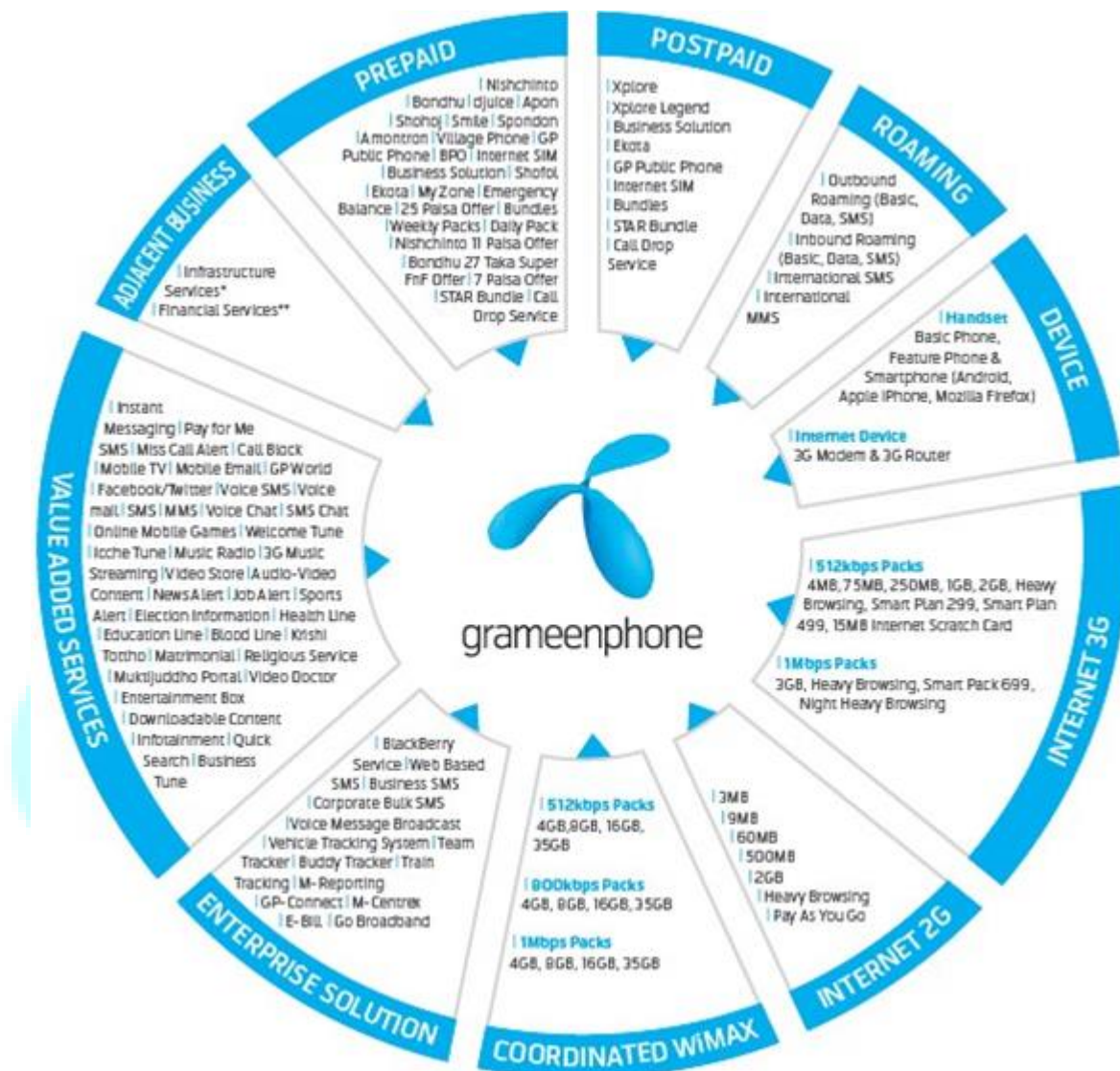


Figure 4: Grameenphone Offers

Grameenphone Headquarter is located in Bashundhara Residential Area. Previously headquarter was in Gulshan area. In 2010 headquarter moved to the amin entrance of the Bashundhara Resiudential Area. It is known as GP House, the largest corporate house in



South Asia, a 9 story building which is constructed by “Associated Builders Corporation Limited” and Vistaara and Icon Architects(VIA) was the consultant.

- ✓ Grameenphone provides Internet service in its coverage area. As it has EDGE/GPRS/3G enabled network, any subscriber can access to internet through this network. Grameenphone was the first mobile operator in Bangladesh to offer EDGE and 3G services to its subscribers.
- ✓ BillPay is a service to enable users to pay their utility bills Electricity/Gas through mobile.
- ✓ Ekhanai.com is a service was known as CellBazar, enable users sell or buy products through mobile or internet and it is free to use for all Grameenphone customers.
- ✓ Various other service like stock information, instant messaging, SMS Based Alerts/Services, Voice-based Services, Downloads , Music, Cricket updates, Web SMS and Mobile Backup etc (Annual report, 2015)

Objective of the company

Grameenphone Ltd has dual objectives to receive

- ✓ An economic return on its investments and
- ✓ To contribute to the economic development of rural Bangladesh through telecommunication

This is why Grameenphone in collaboration with Grameen Bank and Grameen Telecom, is aiming to place one phone in each village to contribute significantly to the economic benefit of the poor.

Strategies of the company

The basic strategy of Grameenphone Ltd is for the overall coverage of both urban and rural areas. It builds continues coverage, cell after cell with an intention to bring the whole country under its network. At present, it has network coverage in 57 districts around the country including all six divisional headquarters with 749 base stations in operation. However Grameenphone ltd also concentrated on these strategies like-

- ✓ Continually grow subscriber base
- ✓ Focus on high customer value
- ✓ Achieve capital and operational efficiency to improve profit margin and cash flow
- ✓ Increase brand awareness and reinforce brand values



- ✓ Increase revenue from non voice services
- ✓ Continually expand the comprehensive distribution network (Sakil, 2014)

The main strength of the company are mixture of three equal important feature

The people

The people who are making it happen- the employees are young dedicated and energetic. All of them are well educated at home or abroad, with both genders and minority groups in Bangladesh being well represented. They consider Grameenphone more than an office. This sense of purpose gives them the biggest coverage and subscriber –base in the country. Grameenphone knows that the talents and energy of its employees are criticize to its operation and treats them accordingly.

The Technology

Grameenphone's Global System for Mobile or GSM technology is the most widely accepted digital system in the world, currently used by over 900 million people in 150 countries. GSM bring the most advanced development cellular technology at a reasonable cost by spurring severe competition among manufactures and driving down the cost of equipment. Thus consumers get the best for the last.

The Service

Grameenphone's believe in a service that leads to good business and good development. Telephony helps people work together, raising their productivity. This gain in productivity is development, which in turn enables them to afford a telephone service, generating a good business. Thus, development and business go together (Grameenphone, 2016)



Organizational Structure

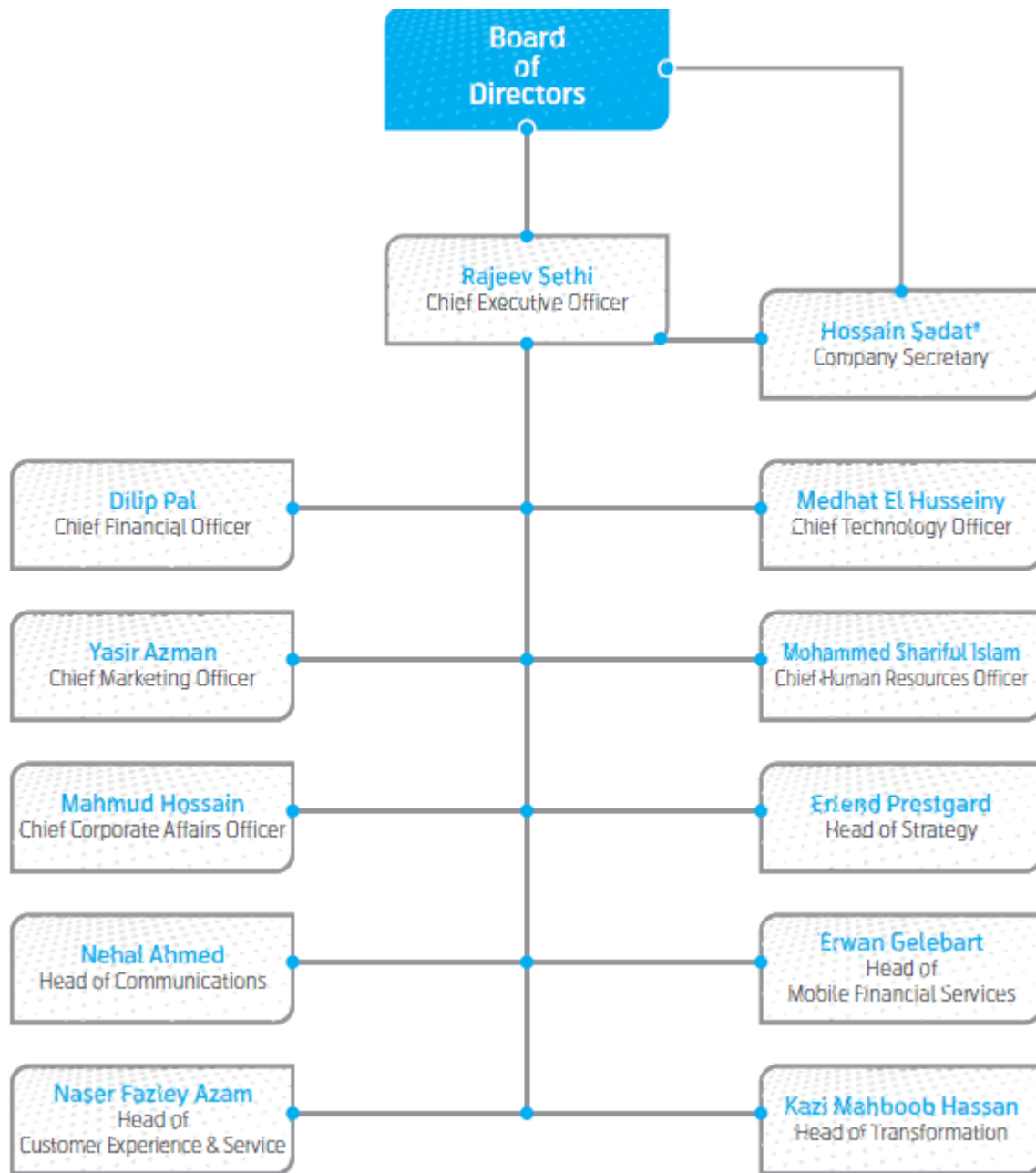


Figure 5: Organizational Structure



Classification of Employees

In Grameenphone Ltd, employee's positions are divided into two segments. These are

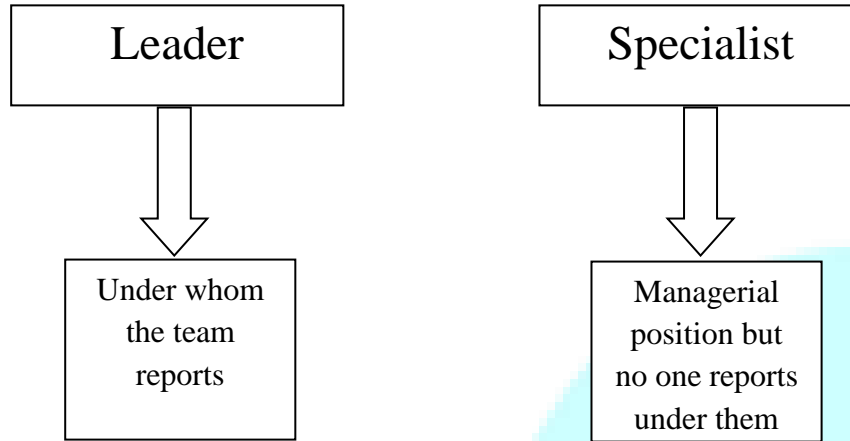


Figure 6: Team Structure

GP has employees of different status to meet its need. They are:

- ✓ **Regular employment:** Career with Grameenphone starts with a regular employment and is a permanent in nature.
- ✓ **Contractual Employment:** This type of job is project-based in nature. Working hour remaining same as regular employment, the contract is made for a certain period of time, with a fixed salary paid at the end of the day/month. The employment ends when the contract expires.
- ✓ **Part-time Employment:** students are encouraged to apply for this type of job. Working hours are adjusted to match their class schedule and company need. This job also ends upon the completion of the contract.
- ✓ **Internship:** Upon the completion of graduation courses, students are assigned internship projects in their area of concentration. Under the supervision of a regular employee, they work for the company for three month to generate a report on the project findings and recommendation (Nishat, 2015)



Financial highlights

In 2015, Grameenphone recorded revenue growth of 2.0% over 2014 to BDT 104.8 billion as 2014 had 102.7 billion with net profits of BDT 19.7 billion formerly 19.8 billion. In line with its “Internet for All” ambition, GP added 4.9 million mobile internet users in the year, increasing the total internet users to 15.7 million at the end of 2015. During the year, Grameenphone has increased its subscription base by 10.0% and invested more than BDT 19 billion network mainly for 3G and 2G expansion and IT infrastructure enhancement. In addition, granular level monitoring of the operating expense throughout the year enabled Grameenphone to extract 2.8% growth in EBITDA with healthy margin of 53.4%. Grameenphone had a challenge start in 2015 with political turmoil and intense price competition. From Q2, Grameenphone observed gradual performance revival followed by gaining momentum in Q3 and onwards. Having comparatively slower performance in the first half of the year, Grameenphone successfully turned around in the second half. Throughout the year, Grameenphone concentrated its focus on simplified customer centric offers and services along with strengthening its data positioning through 3G coverage expansion that was reflected in the revenue performance (Chadni, 2016).

Customers and Average Revenue/Minutes Per User (ARPU & AMPU)

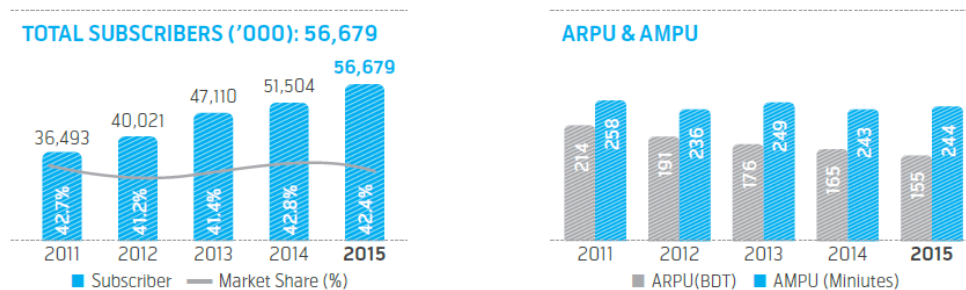


Figure 7: ARPU & AMPU

Overall Industry subscriber acquisition performance was slower during Q1 as impacted by the political turmoil. Afterwards, with the continued acquisition drive in market for the rest of the year, Grameenphone acquired 5.2 million new subscribers in 2015 that was 4.4 million in 2014, increasing the total subscriber base by 10.0% to 56.7Mn and 51.5Mn in 2014. It ensures 42.4% subscriber market share. In 2015, ARPU decreased by 6.2% at BDT 155 billion from 165 billion. The reason behind it is competitive pressure on domestic voice pricing. With all the major operations playing with the promotional price offers, voice



contribution on ARPU continued to be under pressure which was partly compensated by growth from data and VAS (Sarker, 2013)

Revenue performance

Total revenue reached BDT 104.8 billion in 2015, was 102.7 billion with 2.0% growth over the previous year. This was mainly driven by growth in revenue from mobile communication and other revenues, which include telecom facility sharing and mobile financial services. Revenue from mobile communication grew by 2.0% in 2015 to BDT 100.4 billion from 98.5 billion in previous year. The growth was mainly driven by data and VAS partly offset by voice. Interconnection revenue remained stable compared to 2014. Data & VAS revenues increased by BDT 5.0 billion for the year 2015 BDT 16.2 billion and were 11.2 billion in 2014. At the end of 2015, data & VAS revenue accounted for 16.2% and 11.4% in 2014 of mobile communication revenue. The growth in data revenue is mainly driven by 45.0% increase in mobile internet users with doubled mobile data usage. With extensive 3G investment activities along with radical simplification of data portfolio resulted in Grameenphone widest 3G geographic as well as population coverage in the industry (5 Years Business Performance, 2016).

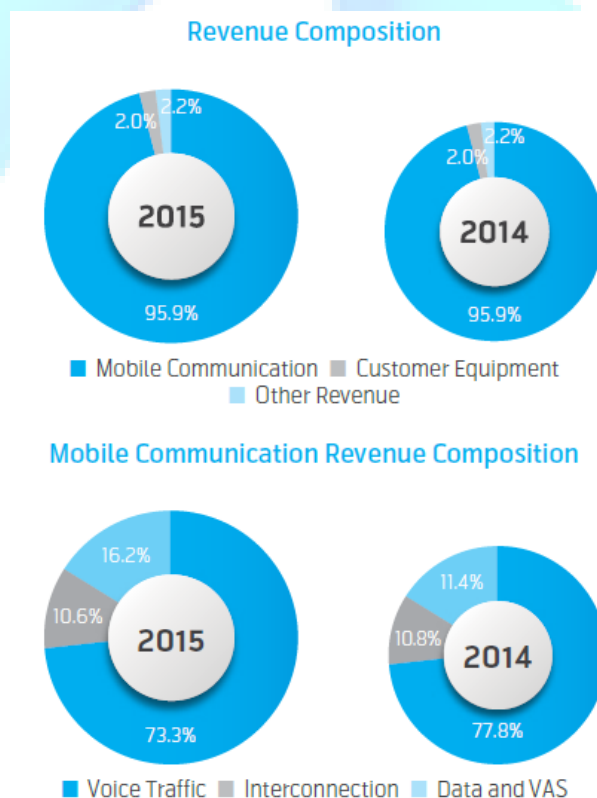




Figure 8: Revenue Composition

In addition, Grameenphone sold over 850 thousand of smart phones and internet enabled handsets, which also had a positive impact on new mobile internet user addition and significant growth in data usage. With the continued momentum in data business, VAS revenue also increased in 2015, mainly from content services. Voice revenue experienced 3.9% decline in 2015 despite 10.0% growth in subscription base. Intense price competition throughout the year characterized by the 1 Paisa/sec and voice bundle offers impacted voice revenue growth in 2015 while usage per subscription remained stable compared to previous year. Grameenphone observed stable interconnection revenue in 2015 compared to last year which was resulted from increase in incoming minutes from international operators, partly counter balanced by decrease in that form local operators. Growth in other revenues came from telecom infrastructure sharing and mobile financial services (Auditors Report & audited Financial Statement, 2015).

Data & VAS Revenue Contribution

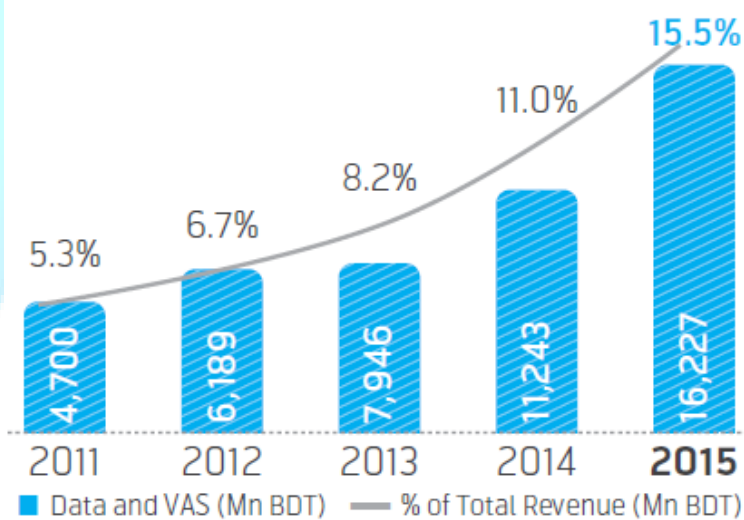


Figure 9: Data & VAS Revenue Contribution

Cost and Margin Review

In 2015, Grameenphone's total cost base increased by 3.1% to BDT 67.8 billion previously 65.8 billion in 2014. The main reason is due to higher depreciation percentage amortization because of higher investment and higher traffic related expenses, partly offset by reduction in operation and maintenance and lower subscriber acquisition cost. Similarly, in previous years



Grameenphone continued its focus on operational efficiency in 2015, which resulted in saving of BDT 2.1 billion. SIM tax reduction along with simplified market spending also had a positive impact on the operating expenses. On an underlying basis, operating expenses excluding depreciation and amortization, increased by 1.4% in 2015 compared to 2014. Consequently, the combined effect of revenue growth and efficient opex management initiatives throughout the year, Grameenphone managed to secure 2.8% growth in EBITDA over the previous year to BDT 56.0 billion along with healthy EBITDA margin at 53.4% that was 53.0% in 2014 (Neogy, 2013).

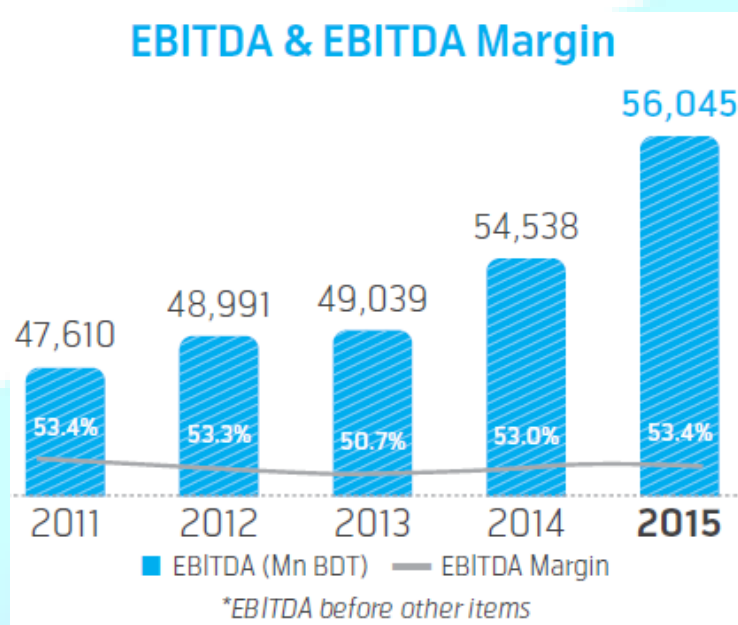


Figure 10: EBITDA & EBITDA Margin

Profit after Tax

Profit after Tax for 2015 stood at BDT 19.7 billion was previously 19.8 billion. Despite of 1.5 billion growth in EBITDA, profit after tax marginally decreased by 0.5% from last year due to higher depreciation and amortization resulted from higher investment during 2015 and higher income taxes resulted from one-off positive adjustments for prior years in 2014. Net profit margin for the 2015 stood at 18.8% decreased from 19.3% (Annual report, 2015)

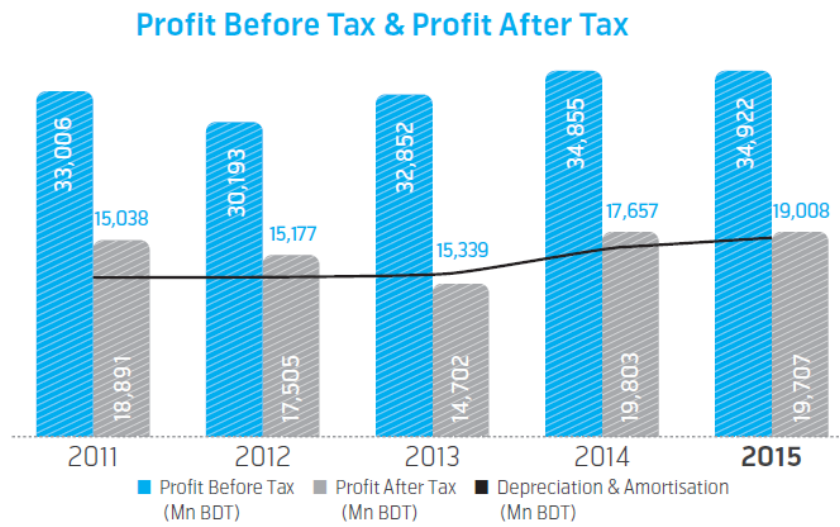


Figure 11: Profit before Tax & Profit after Tax

Capital Expenditure (Capex) and Network Updates

In 2015, Capex amounted to BDT 19.3 billion which was 15.2 billion in 2014 with capex to sales at 18.3%. Majority of the investment was for the expansion of 3G and 2G coverage along with capacity up –gradation to cater higher data and voice traffic and also for the enhancement of IS/IT infrastructure to ensure superior customer experience through better products and service offerings. Grameenphone rolled out more than 3000 3G sites along with more than 900 2G sites in 2015, increasing the 3G population coverage by 21.2 pp to 71.0% previously was 49.8%. With 10068 sites across the country, Grameenphone currently provides its telecommunication services across the country covering 99.4% of the total population of the country (5 Years Business Performance, 2016)

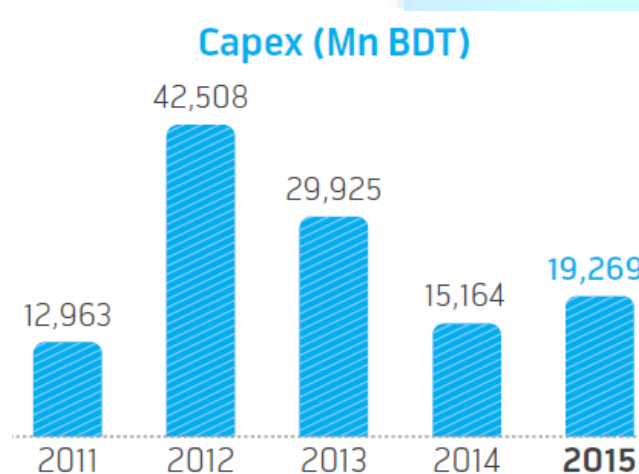


Figure 12: CAPEX



Balance Sheet

Total asset base increased to BDT 132.4 billion from 130.7 billion was because of higher CAPEX addition during 2015 partly offset by depreciation and amortization. Total liabilities increased during 2015 mainly due to increased pension obligations resulted from decline in discount rate and higher CAPEX payable, partly offset by payments to vendors and repayment of first installment of long-term loan from International Finance Corporation (IFC). Total equity decreased to BDT 30.6 billion and was 31.4 billion due to payment of final dividend for the year 2014 and interim dividend for the year 2015 along with other comprehensive loss against pension obligations, partly offset by BDT 19.7 billion net profit generated from operations during the year 2015 (Chadni, 2016)



Internship Program

Introduction

The internship report has been made for the completion of the BBA program under BRAC Business School, BRAC University. The report is based on three months long internship program in Grameenphone Ltd. While preparing this report practical information is used which is gathered more or less from day to day activities in the internship period. In the report main focusing aspects are the analysis of activities, performance and major business affairs of the company. Grameenphone appointed me as an intern in the Revenue Accounting Department of Financial Accounting and Reporting in Finance Division. The report includes a brief description on various functions and operations of the department. In the internship period, I have gone through with different issues and aspects of Revenue Accounting.

Purpose of the project

The purpose of the report can be classified into two categories:

- ✓ General Objective: The general objective for preparing this report is to fulfill the requirement of the course BUS400, Internship under the supervision Ms. Asphia Habib, Lecturer, BRAC Business School along with is to present my three-month internship experience in Grameenphone through a formal report.
- ✓ Specific Objective: The specific objectives of this report are written below:
 - To develop and present a brief idea about the operation and business involving “Revenue” segment of the organization
 - To get acquainted with the issues involving Revenue Management of the concerned financial institution and present them in this report
 - To identify the sources of risks, risk assessment and mitigation methods
 - To learn and understand the management of revenue portfolio which encompasses almost all kind of GP’s offered products and services
 - To get insight of the lending policies and strategies of the organization
 - To explain the financial performance of Grameenphone Ltd
 - To identify and determine the findings and problems of Grameenphone Ltd And to recommend remedy for major development of Grameenphone Ltd
 - Providing recommendations for improving the efficiency of the department



Limitations of the report:

In spite of trying best to prepare this report with maximum possible effort and dedication there still exist some limitations on this report. For example

- ✓ The prime limitation was time constraint. I have learned many things during my internship. However, it was not enough for me to learn and develop knowledge about all the activities and operations of the department. Thus, I was unable to conduct more in-depth, detail oriented analysis, and include that in my report.
- ✓ Every organization maintains its own discretion that is not revealed to external world. GP was no exception to this. My department did not disclose enough information for the sake of their confidentiality of the organization. In a few other cases, I was not allowed to share some sensitive and confidential information of my department due to business secrecy.

Methodology

To prepare such report it is need to involve in various sources to make the report relevant and knowledgeable. So try to assemble data and information from both primary and secondary sources.

Primary Source

I have used method of Face to face conversation with different staffs and employees of my department during my internship period in Grameenphone Ltd.

Secondary Source

For secondary source, I have used different report, company's website and annual report of the company to make my report valuable.



Finance Division

Structure of Finance

In recent times, management has brought a change in the organizational structure in view of need of time. Current structure of Finance is



Figure 13: Structure of Finance

Different Departmental Activities

The major task of the finance division is budgeting which is an important part of controlling. The organization chart of finance division is given below-

The Finance Division consists of 330 employees in its various departments. The Division encompasses all financial activities-both internal and external. Department of finance is an integral part of finance division. The main role of this department is defined in under.

- ✓ Attends to financial planning and control
- ✓ Budget and budgetary control
- ✓ Provide management information and development of system and method
- ✓ Ensure proper internal control over the company
- ✓ Analysis of financial statement for future action
- ✓ Information flow for inter-department and external using
- ✓ Co-ordination with external organization and internal department
- ✓ Responsible to lender, Telenor and Bangladesh Bank related to financing issues
- ✓ Liaison with foreign lenders, sponsors, bankers and regulators



Investment Control

- ✓ Evaluation new investment proposal as project or programs
- ✓ Prepare business case
- ✓ Advice management and investment committee Andre-rank the investment options

Financial Control

- ✓ Implementation of IFRS in preparing the financial statements
- ✓ Maintain and develop internal control structure aiming at the Sarbanes Oxley Act 2002 (Section 404)
- ✓ Check compliance of financial and procurement policies
- ✓ Compliance with tax related issues and Review policies and procedures in place and pass suggestion for continues improvement

Payroll and Taxation

This is very sensitive and important segment in finance department. This department complies The Companies Act and rules regulation of the Government. This is also working as legal advisory of tax, VAT and other external affairs. There is several sections based on work volume and criteria of the extended works. The main role of this department defines as below.

- ✓ Preparation of payroll statement and bank advice
- ✓ Preparation of salary perquisite and return submission and preparation accounts and financial statement for tax and audit
- ✓ Company's tax return and ensure assessment
- ✓ Ensure tax deduction and issuing certificate individuals and ensure treasury deposits for tax, VAT and deduction at source
- ✓ Supervising and arrange VAT register and reconciliation statement
- ✓ VAT return and revenue statement preparation and preparation VAT report periodically and annually
- ✓ Price declaration for service offering and ensure approval
- ✓ Supervision Provident fund and ensure investment of fund and supervising welfare fund and ensure internal using
- ✓ Ensure work permit and foreign loan registration
- ✓ Internal audit co-ordination and external audit finalization and Quarterly report to NBR (National Board of Revenue) regarding connection and handsets



- ✓ Return and relevant document submission to join Stock Registrar and co-ordination and corresponding with external organization and internal department

Including the above activities special tasks, which are assigned by other department/management on emergency basis also, performed by this department.

Reporting & Accounting & System Administration

- ✓ Financial reporting to Management, Telenor, OCM and Board
- ✓ Financial and management accounting- actual and budget
- ✓ Budgeting(preparation/implementation/monitoring

Assets and Insurance

- ✓ Asset addition and Capitalization WIP
- ✓ Land and land advance and Insurance for fire and business interruption

International Settlement & Insurance

- ✓ Letter of Credit for all imports, leasing, insurance and contracts
- ✓ International roaming and receivables, payables and invoicing
- ✓ All foreign payment, employee foreign travel and training payments and advice

Treasury

- ✓ Fund management and Cash rolling forecast
- ✓ Local payments, Employee gratuity and provident fund
- ✓ Bank reconciliations

Revenue Accounting

- ✓ Collection of prepaid, post-paid and international roaming bill from subscribers
- ✓ Recognition of prepaid, post paid revenue and revenue from all subleases
- ✓ Reconciliation of all collections
- ✓ Handset payment management
- ✓ Banking arrangement for collection
- ✓ Costing of inventories and invoicing to subleases and collection
- ✓ Participation in revenue assurance activities (Nishat, 2015)

Financial reporting

GP has strong financial reporting procedures. Financial statements are prepared in accordance with International/Bangladesh Financial reporting Standards (IFRS/BFRS), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable financial legislations.



The financial data are captured from the financial reports generated from Oracle ERP (Enterprise Resource Planning) system. These financial statements once prepared are reviewed initially by CFO and CEO and then by the Audit Committee on a regular basis. Upon submission to the Group in the form of Management Accounts, Group Accounting and Group Finance review these financial statements. At every quarter, external auditors review the quarterly financial statements prepared in accordance with local financial reporting policies and Company procedures. The annual audit is conducted by the external auditors, who are appointed by the Board of Directors followed by the statutory reporting of financial statements. GP also maintains regular reporting to its group Company Telenor which consolidates all its subsidiaries financial information in its consolidated financial statements (Nishat, 2015)

Revenue recognition, measurement and presentation

Revenues are recognized when goods are delivered or services rendered to the extent that it is probable that the economic benefits from the transactions will flow to the Company and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. These taxes are regarded as collected on behalf of the authorities. Revenues primarily comprise sale of services like subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for leased lines and leased networks. Moreover, customer equipment is primarily mobile devices/phones and data card (Chadni, 2016)

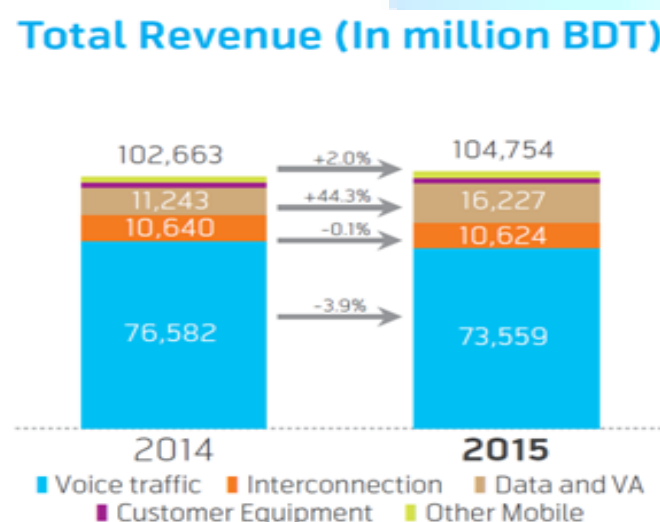


Figure 14: Total Revenue



Subscription and traffic fees

Revenues from subscription fees are recognized over the subscription period while revenues from voice and non-voice services are recognized upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards expire or are forfeited.

Connection Fees

Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognize over the period of the customer relationship and is based on past history of churn.

Customer equipment

Revenues from sales of customer equipment are normally recognized when the equipment including the related significant risks and rewards of ownership is transferred to the buyer and the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Discounts

Discounts are often provided in the form of cash discounts or free products and services delivered by the Company or by external parties. Discounts are recognized on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognized as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognized as expenses.

Multiple element arrangements

When the company delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable components if the delivered item has value to the customers on a standalone basis and there is objective and reliable evidence of the fair value of undelivered items. The consideration is allocated between the elements based on their relative fair values and recognition of the revenue allocated to the delivered item is limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria.

Interest and dividend

Interest income is accrued on a time proportion basis that reflects an effective yield on the financial asset. Dividend income from an investment is recognized when the Company's



rights to receive payment is established that declared by the Annual General Meeting of the investee or otherwise.

Presentation

The determination of whether the company is acting as a principal or as an agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services and setting prices and the underlying financial risks and rewards. Where the Company acts as a principal, the revenues are recognized on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts with any related expenses charged as operating costs. Where the Company acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent. Revenues from roaming are recognized gross in line with generally accepted accounting principles within the telecommunications industry. License fees payable to Bangladesh Telecommunication Regulatory Commission (BTRC) that are calculated based on revenue share arrangement are not offset against the revenues. Instead, they are recognized as operating costs because the Company is considered the primary obligor (Financial Report, 2016)

Revenue sharing, spectrum charges and license fees

Grameenphone shares 5.5% of its revenue as “revenue sharing” and 1.0% of its revenue as contribution to social obligation fund with BTRC as per licensing conditions. Licensing conditions also require Grameenphone to pay annual license fee and annual spectrum fee and charges.



Experience gained from Revenue Accounting Team

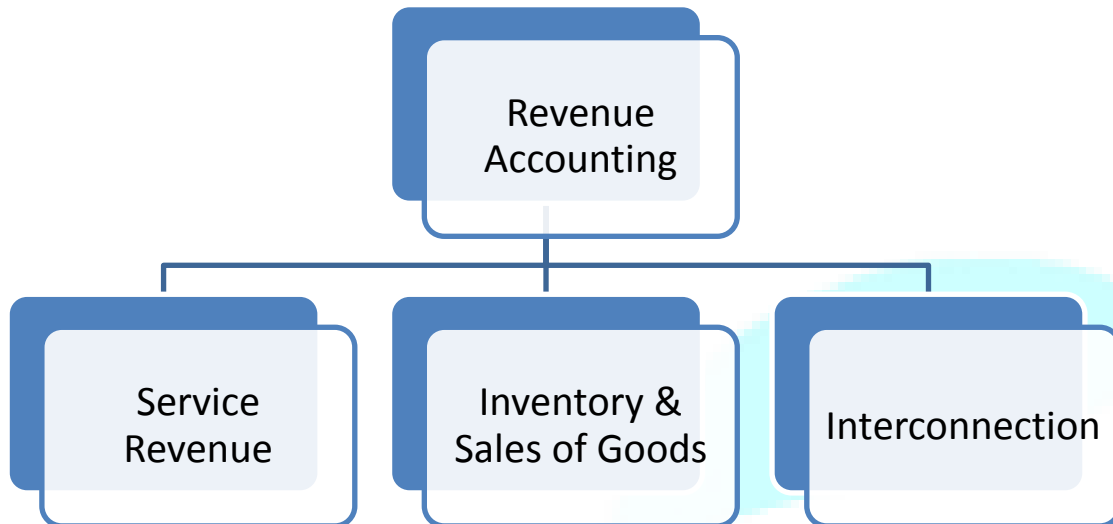


Figure 15: Revenue Department activities

- ✓ **Service Revenue:** It is the revenue earned from own subscribers (prepaid and postpaid) by providing mobile telecommunication service including interconnection revenue from other operations.
- ✓ **Other Commercial Revenue:** It includes roaming inbound, misc, mobile revenue and non-mobile revenue(device, fixed broadband etc)
- ✓ **Other Revenue:** It covers revenue from wholesale business(site sharing, FON), financial services (commission from m-money, bills pay etc) and GPIT business
- ✓ **Fixed fees & others Revenue:** It has includes subscription(data package, VAS, content etc), connection, SIM replacement and customer support(itemized bill, migration fee etc)

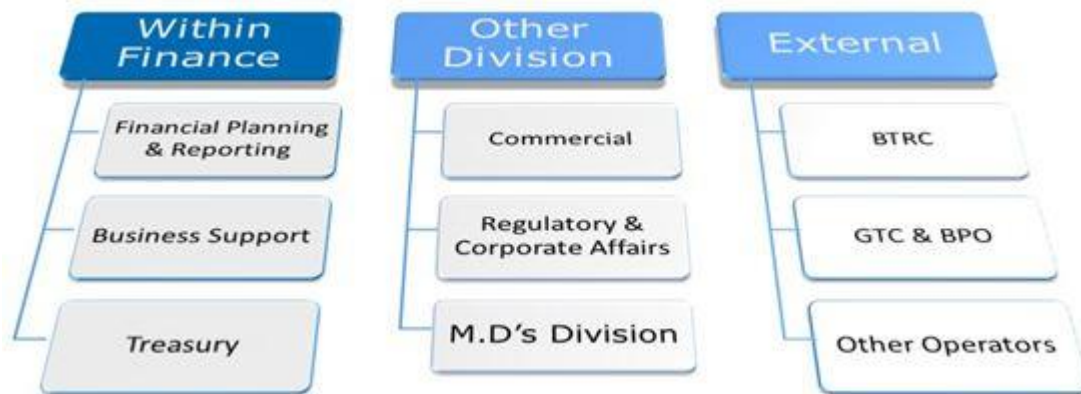


Figure 16: Different Divisions



Figure 17: Major role of the team



Figure 18: Revenue accounting brief activities

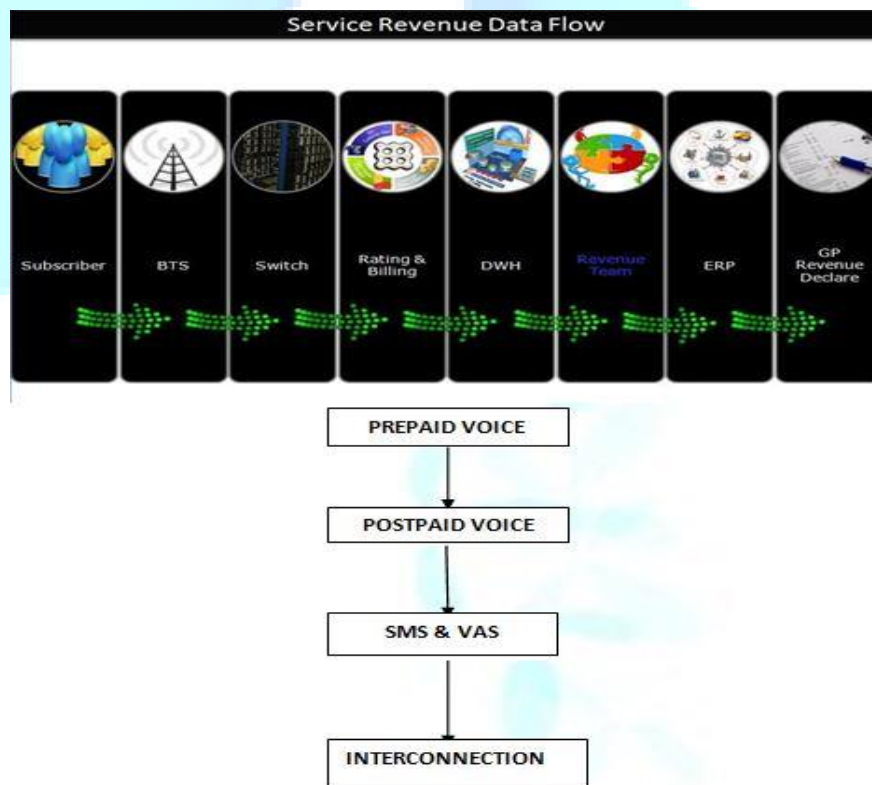


Figure 19: Service Revenue

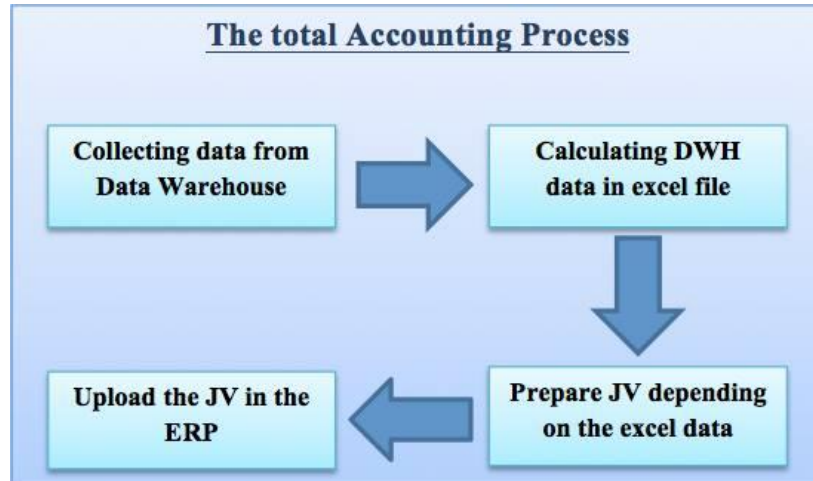


Figure 20: The Accounting Process

Internship program is an entrance for fresh graduates in the job market. This is a great opportunity for interns to adapt themselves with corporate cultures. After that, it enables to learn various things and gain in hand experience. Under this development aspect, opportunities have come to gather different type of experience in three-month long internship period. It has helped me to develop myself in various ways. The first thing should be mention is that punctuality and professionalism is learned very easily in the company. These two things are highly valuable in job field, followed by multitasking. In corporate world often an employee has to engage in multiple tasks simultaneously. I observed that how my team tackle the situations. I become skilled at prioritizing tasks according to their deadline and importance is very important in such pressure situations successfully. Moreover, the internship broaden my view that asking for help from the colleagues is not actually a matter of disgrace rather it gives a signal to others that I have the willingness to learn and work perfectly. As a result I come to know how to self motivate under a stressful situation. Without any doubt this self motivation thing matters a lot in the corporate world. The reason is in the corporate world stressful situations appear on a regular basis and people handle the situations in a professional manner. In my internship period I have developed some skills by my own initiative and support of my teammates.

- ✓ **Practical knowledge of Telecom industry:** Before doing internship in GP, I had a little knowledge about telecom industry and their operations. But internship in Grameenphone Ltd gives a vast knowledge of telecom industry.
- ✓ **Communication skills:** In internship period, I had to communicate both verbally and



electronically with many people from different teams and departments on a regular basis. Therefore, it has enhanced my communication skills to a great extent.

- ✓ **Team skills:** Learning team skill is a great thing that I have absorbed. I had to work with my team to learn about different aspects. I also noticed how they manage to work in month closing. The co-operation between them is the main reason of the success of the company.
- ✓ **Work under pressure:** Sometimes there was a situation to do the assignments given by different team members where I had to show my ability to work under pressure with efficiency.
- ✓ **Corporate Culture:** GP is a best place to learn corporate culture. I got the opportunity to work with a bunch of qualified and experienced people and know the pros and cons of a corporate culture. Surely, this will help me in my future life.

In Grameenphone my supervisor in Revenue Accounting team always, guide me in my internship period. They had done the icebreaking session, which helps me a lot to work with the team. All of my work are done under their guidance and support so that I can work with ease and comfort. From beginning to end of the period, I got endless support and guidance. Moreover, I got laptop and separate email address for easy communication with department personnel. Most important is the fact that I have learned several number of Excel functions, different expertise, shortcuts from my team in the time pace. Fortunately, my whole team was very friendly, supportive, cooperative and cordial. Form the very first day they consider me as a part of the team. The best part is that my team was very lively at the same time professional. They shared various aspects of their works with me because of my keen interest. They advised me to ask work related questions and seek help form them without any hesitation. So, whenever there was less work pressure I used to ask work related questions to them about their regular tasks. Their cooperation has enabled me to gather a lot of practical experience from my internship. They always use to criticize me, which help me a lot to improve my work. They always serve my query related to telecom industry and the concern company.



Responsibilities performed by intern in Revenue accounting department

After joining Grameenphone, I realized that my supervisor had time constraints to instruct me about every detail of my daily task. On the other hand, he expected me to do my task accurately and effectively. My department mainly focused on Service Revenue, Inventory and sale of goods and Interconnection part of GP. The total Accounting process of Interconnection was collecting data from warehouse than calculating DWH data in the excel file. After that prepare JV depending on the excel data and finally to upload the JV in the ERP system.

The daily activity of mine included the collection of all the “Payable Invoice” mail. The invoices are of two types (ISD and Local). I had to divide both the ISD and Local invoices, scan them, mail it to my supervisor, keep them in different files after indexing and put their arrival dates on the envelop. Besides an Excel file was provided to keep the records. I gave entry whenever the invoices arrive. The main work assigned is to work on the interconnection part of the Revenue Accounting. Interconnection means the connectivity between GP and other ANS operators/ IGW through ICX (direct also in case of domestic) for both way transmissions of domestic and international calls. I with easily do this task in limited time. Interconnection has two types of invoices. When any call from GP went to other operator that specific operator charged and amount to GP. This invoice was called “Invoice Payable”. By Contrast, when other operators entered into GP’s network, GP also charged them an amount of fees. These invoices are called “Invoice Receivable”. Both of the Payable and Receivable invoices were ISD and Domestic.

There are other two other excel file handed to me named “Dispute Checking File”. However, they did not disclose the full information to me about the “Dispute Issue”. According to my tea, the issue is very sensitive and confidential so it cannot be shared fully. I have told to give input of all the current balances of received invoice payable for the month. Inside the excel files there was in built formulas to calculate the dispute. It was instructed that ICX dispute tolerance rate is 0.5% and in case of mobile operator dispute, the tolerance rate is 1%. If any violation occurs to this dispute, for example, dispute percentages increases or decreases than problem will occur and meeting is arranged with the concern the company to solve the issue. There is a time limit to raise dispute. After crossing the time, involve companies can refuse to pay against dispute.



Grameenphone have to pay for the services they took from other operators. The operators send invoice to Grameenphone for payment. The invoices sent is referred to my supervisor and received by Revenue Accounting team. Then revenue team raises PR (Purchase Requisition) which has to be approved. After the approval, it sent to the “Sourcing Team” for a PO number. Then the “Sourcing Team” sends it back with a PO number. Then they input an IPC number into it, which stands for Interim Payment Certificate. After that an approval is needed from the Finance and Corporate Affairs. After the approval is given, it is being mailed to the payment team (Treasury) and then payment is being done to the operators individually. The whole process should be done within a specific time.

I was handed over a new excel file called “The Daily Activity Calendar Year 2016”. As we know in Bangladesh, there are six mobile operators, operating successfully inside the country, competing with each other. Therefore, Grameenphone keeps record of what other mobile operators offer every day. Then they also record in this excel file, what Grameenphone offers every day. They put each kind of daily offers of the other mobile operators including all the GP daily offers. After that, they do a comparison between them. The daily activity email is received from corporate affairs. They lists all the campaigns offered by all the operators including Grameenphone and explanation of their market activities. I have to update the file for each date and record and compare all the daily offers of all the five operators including Grameenphone’s offers.

I have done some core work for revenue team. A excel file is done by me named “ICX vs. IGW vs. GP Data 2016” In that file there are multiple sheets, I input in a sheet marked as “Input from IGW”. On that sheet, I give input data send by the IGW operators. The operator’s data is taken seriously and calculation is done based on it. The data is also collected from IT. If both data matches then payments is sanctioned. Another file of “ICX ISD” of individual companies is maintained where I give input from the output sheet of previous file and hardcopy amount.

Furthermore, I have learnt how GP make invoices for FON (Fiber Optic Network) and MFS (Mobile Financial Services). Invoices are made with forwarding letter and supporting, sent to each company for approval. After approval, the payment is made. Besides, FON and MFS other services are charged like Facility Sharing, VTS, Accenture, Go broadband etc. There is a big portion of revenue is collected from this part.



Recommendations

The department in which I have done my internship is comprised of highly experienced to young employees having experience form more than 10 years to 5 years. While working there I figured out some problems for which I have provided some recommendations.

- ✓ **Centralizing office facility:** The very significant problem in my department is lack of proper sitting arrangement. Because of this problem, sometimes miscommunication occurred. In addition, it became very difficult for me to keep track and update of the files since it was one of my job duties. However due to poor sitting arrangements, for the first two month I could not sit with my team. As a result, the work they were doing, the knowledge they were sharing, I was totally abandoned form that. This accommodation problem became a trouble for me. GP should take necessary steps as early as possible before taking any extra accommodation and put a closure look into this issue about this foremost important thing.
- ✓ **Improvement of Technology:** As like other companies, cloud drive is used by company. I was suffered a lot because of LAN connection. As communication with my team is done with using outlook, LAN connection was very important. It was a huge disturbance in my work.
- ✓ **Lack of Manpower:** In times of heavy inflow of revenue generation, invoices, their payables and receivables; especially at the time of closing the pressure rises drastically. It slows the delivery of service in due time. The team members have to do the office until 3 am-4 am in the morning and sometimes during weekends and holidays also. So, the department should think of increasing its size to avoid such situations.
- ✓ **Training:** I observed that in some instances they were reluctant to take business cases since they require more detailed and time-consuming analysis. Therefore, management should seriously consider these issues and take necessary steps to give them more training.



Conclusion

Being the largest Telecommunication Company of the country Grameenphone is setting remarkable footprints in the economic development of the country. The company's business is experiencing growth in every year. Among many factors, the increasing coverage and consumer client segment is highly contributing in this growth. Highly skilled, experienced and competent employees of the Revenue Accounting Department of Finance Division ensure quick and proper delivery of services. Due to this, the company is competing head to head with their competitors both local and multinational, in this segment. At the same time, this department is very strict in complying with the rules and regulations set by BTRC. Because of these factors, this finance division of GP is a very good place for a finance graduate to do their internship. One will get precious opportunity for real life issues dealt by a financial institution by doing internship here. Also this provides a very good networking opportunity. Therefore, I suggest fresh graduates to do internship in any department of Grameenphone Finance division.



Employees of Revenue Accounting Team

- ✓ Mohammad Atahar Ali, General Manager, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Minhazul Haque, Lead Specialist, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Ratul Ahmed, Specialist, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Rezwana Arifin Khan, Specialist, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ MD. Fuad Hasan, Senior Executive, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Dalia Afroz Dalu, Senior executive, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Mohammad Zihad Harun, Senior executive, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Rajib Kundu, Senior executive, Revenue Accounting, Financial Accounting and Reporting, Finance Division
- ✓ Sakia Afroz, Intern, Revenue Accounting, Financial Accounting and Reporting, Finance Division



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