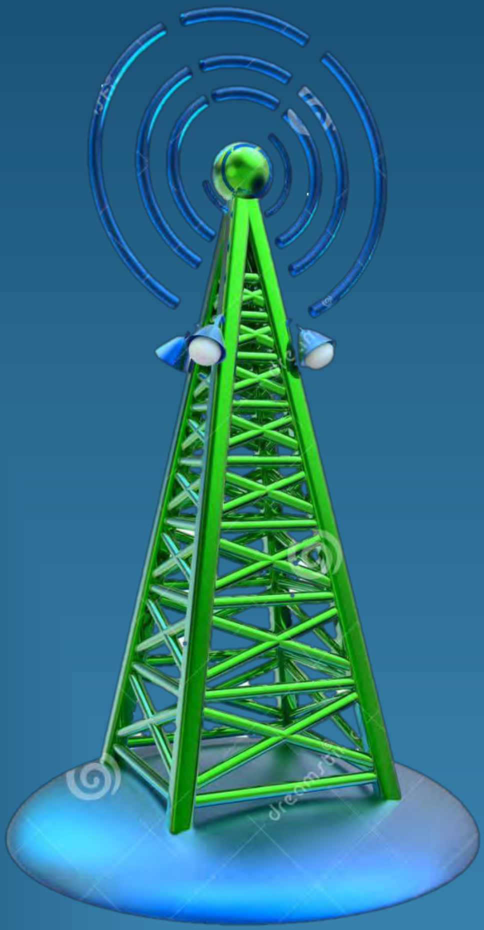


Reconciliation and valuation of property, plant & equipment

Reconciliation and valuation of property, plant & equipment of the passive assets bought by Edotco Bangladesh Co Ltd from Robi Axiata Ltd

Edotco Bangladesh Co Ltd bought passive infrastructure assets from Robi Axiata Ltd at 1 March 2015 at their carrying amount in accordance with Robi FAR. With a view to getting a true transaction value of these assets it requires reconciliation between physical verification report and Robi FAR; and finally a valuation report for newly found assets.

An Internship Report on

Reconciliation and valuation of property, plant & equipment

Submitted To:

Mr. Arif Ghani

Lecturer

BRAC Business School

BRAC University

Submitted By:

Abu Sayeed Bhuiyan Robin

ID: 13164160

BRAC Business School

BRAC University

Date of Submission: February 12, 2016

February 12, 2016

Mr. Arif Ghani

Lecturer

BRAC Business School,

BRAC University

Subject: Submission of Internship Report

Dear Sir,

It gives me enormous pleasure to submit the internship report **on "Reconciliation and Valuation of Property, Plant & Equipment"** as per instruction. I expect this report to be informative as well as comprehensive.

While conducting the report, I have gathered lots of knowledge about telecommunication system and many unknown facts, problems and prospects of telecommunication industries. This internship program and preparation of report has given me the opportunity to acquaint myself with a clear view the operations of finance department on Edotco Bangladesh Co Ltd. I believe that the experience I acquired from this study will facilitate me a lot in my future career life.

It has also to be mentioned that without your expert advice and cooperation it would not have been possible to complete this report. I shall be pleased to answer any sort of query you may have regarding this report.

Sincerely yours,

……………………………………….

Abu Sayeed Bhuiyan Robin

ID: 13164160

Acknowledgement

At first I desire to express my deepest sense of gratitude of almighty Allah.

I have completed my internship at Edotco Bangladesh Co Ltd. I worked here as a Finance Assistant in Fixed Asset Department. My internship report won't be possible without contribution of few people.

With profound regard I gratefully acknowledge my respected University Advisor Mr. Arif Ghani, Lecturer, BBS of BRAC University for his constant assistance and knowledgeable guidelines to carrying out the internship and preparation of the report. Without his enthusiastic guidance and critical comments during the entire phase of the writing, it would not be possible for me to prepare this.

I would like to tender my heartiest gratitude to Md. Delwar Hossain (Manager, Financial Reporting & Fixed Asset Mgt.), Mohammad Rezaul Karim (Specialist) and Prima Roy (Finance Assistant). They helped me with the very best opportunity as much as possible. Without their sincere cooperation the completion of internship would be nightmare.

Next I want to express special thanks to all the employees of Edotco Bangladesh Co Ltd., Gulshan 1; Head Office.

I am very grateful and privileged to few people, who helped me in many ways. They are: Md. Sabbir Rahman Bhuiyan (FA), Md. Muntashir Chowdhury (FA), Tajrin Jahan (FA) and many more.

To conclude, I must mention the astonishing working environment as well as group dedication of this organization that has allowed me to deal with a lot of things.

Executive Summary

This report has been prepared with a view to giving a reasonably reliable amount of value of property, plant and equipment of passive assets sold by Robi Axiata Ltd to edotco Bangladesh Co Ltd. Transaction has already been taken place between the two companies; agreement has been signed on 29 July 2015 giving effect from 1 March 2015. The initial transaction has been taken place based on carrying amount of Robi FAR. The main objective of this report is to show the revised carrying amount of Robi FAR based on physical verification data for each individual passive assets of towers. Revision of carrying amount has been required since there are some assets exists in Robi FAR but does not physically exists; and vice versa.

Our initial effort was concentrated to develop a reconciliation report between Robi FAR and physical verification data which identified which assets of Robi FAR exactly matches with physical verification report; which assets of Robi FAR partially matches with physical verification report; and which assets of Robi FAR does not match with physical verification report. On the other hand, some passive assets have been physically found but for those assets no record exists in Robi FAR, so called “newly found assets”.

For those assets existed both in Robi FAR and in physical verification report, carrying amount at 1 March 2015 has been taken from Robi FAR; for newly found assets, depreciated replacement cost approach has been applied. This approach requires data for three variables: costs of a new asset, useful life of a new assetand original capitalization date. Since the newly found assets do not exist in Robi FAR, judgment has been applied to get a reasonable capitalization date.

Edotco FAR has been developed based on physical verification data provided by vendors. Initially it includes edotco asset ID, site code/location, name of assets, brand, asset class etc.

The reconciliation, valuation and development of edotco FAR are one of the main parts of Site Audit & Asset Reconciliation Project (SAARP).

Table of Contents

Chapter 1: Introduction

1.1 Background

Robi Axiata Limited is a joint venture company between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, japan formerly known as Telekom Malaysia International (Bangladesh) which connected operations in Bangladesh in 1997 with the brand name AKTEL. On 28th March 2010, the service name was re-branded as Robi and the company came to be known as Robi Axiata Limited. Bangladesh has huge market potential thus telecommunication industry rose rapidly. Hence, Edotco a concern of Axiata comes up here with infrastructure solution to this challenging telecom industry. The main motive of Edotco is:

- Purchase all the passive assets from Robi
- 1st march, 2015 they purchase based upon fixed asset register
- Finally valuation and completion of SAARP project

1.2 Objectives

This report examines the physical verification of passive assets purchased from Robi, valuation of newly found asset and development of Edotco fixed asset register. To do these tasks fixed asset team used different type of methods.

The objectives are summarized below:

- To Reconcile physical verification reports with ROBI FAR;
- To develop edotco FAR based on physical verification report;
- To get valuation for newly found assets.

1.3 Methodology

Preparing an acceptable, meaningful and informative report requires some rules, techniques and methodologies. In order to prepare this report the collection of different types of data was very important. Use of different form of tables, graphs and data`s haves been used to made this report more acceptable, meaningful and informative.

After collecting the data from various sources, the data`s was first verified, then the data was scrutinized according to edotco fixed asset register. After going through this process this data`s has been used to prepare this report.

For making this report more effective, meaningful and informative basically two sources of data have been used. The two sources of data used in preparing this report is given below:

- **Primary Data:** The primary data that we have used in preparing this report have been collected from the vendor`s and operation team of edotco Bangladesh who work is related with site audit and fixed asset team.
- **Secondary Data:** The secondary data were collected from the fixed asset register of Robi and other supporting documents for the asset reconciliation and valuation.

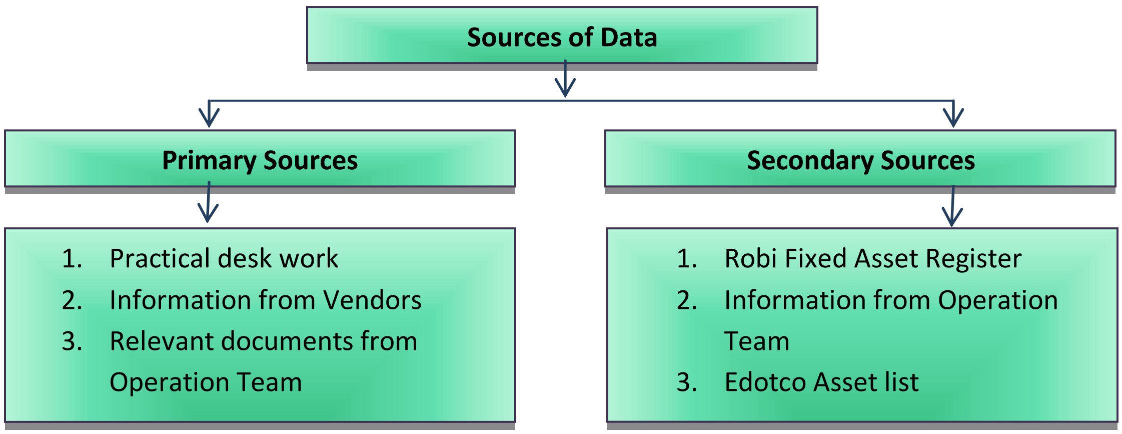


Exhibit - 1:3: Sources of Data

1.4 Limitations of the study

This is one of the big asset reconciliation and valuation projects of Edotco Bangladesh ltd. So working on this project was hard. The unavailability of the information continues addition of new information and decision by the higher authority. Limitations regarding preparing this report are given below:

- Since this type of valuation has done first time in this company that's why it was quite challenging gathering information regarding this matter.
- Reconciliation was one of the tough parts because of the huge amount of asset.
- Information was collected from the third party vendor so the information needs huge verification.
- Maintaining liaison with operation team and other staffs regarding this project.
- For Valuation finding the capitalization date and cost of new asset was one of the tough part.

Chapter 2: Theoretical Concepts of Valuation

2.1 Valuation of Assets

Valuation means put a value of an asset or a liability. According to Hendrickson, E.L., op. cit. 250, "The valuation of assets is the process of measuring financial attributes (past, present of future) of assets or aggregation of assets." Attribute refers to the traits or aspects of an element to be quantified or measured, such as historical cost, current cost etc.

Without a value of an asset or a liability, the financial position cannot be measured. A statement of financial position re a balance sheet should show the real position of the assets and the liabilities of an organization on a particular day. The information provided therein should be relevant and reliable.

One of the important objectives of valuation is to present information that will enable the investors, creditors and other users to predict the future cash flows the toe firm. The FASB Study Group on the objectives of Financial Statements was of the view that the objective of financial statements cannot be best served be the exclusive use of single valuation basis. To satisfy the information needs of the different categories of users the Study Group concluded that "Different valuation bases are preferable for different assets and liabilities" in a set of general purpose financial statements.

SFAC No. 5 explains that items currently reported in financial statements are measured by current attributes, depending on the nature of the item and the relevance and the reliability of the attributes measured. Five different attributes of assets and liabilities are used in present practice:

a) Historical Cost: Property, plant and equipment and most inventories are reported at their historical cost. Liabilities that involves obligation to provide goods or services to customers are generally reported at historical proceeds.

b) Current Cost: some inventories are reported at their current (replacement) cost, which is the amount of cash, or its equivalent, that would have to be paid if the same or an equivalent asset were acquired currently.

c) Current Market Value: Some investments in marketable securities are reported at their market value, which is the amount of cash, or its equivalent, that could be obtained by selling an asset orderly liquidation. Some liabilities that involve marketable commodities and securities, for example the obligations of writers of options or setters of common shares who do not own the underlying commodities or securities, are reported at current market value.

d) Net Realizable Value: Short – term receivables and some inventories are reported at their net realizable value, which is the non – discounted amount of cash, or its equivalent into which an asset is expected to be converted in due course of business direct costs, if any to make that conversion.

e) Present Value of Future Cash Flows: Long – term receivables are reported at their present value (Discounted at the implicit or historical rate), which is the present or discounted value of future cash inflows into which an asset is expected to be converted in due course of business less present value of cash outflows necessary to obtain those inflows. Long- term payables are similarly reported at their present value.

Still now there are so many differences between IASB and FASB, for example, valuation of property, plant and equipment. FASB permits only Historical Cost Approach But IASB permits both the Historical and Current Cost Approach. Since ICAB is the member of IASB, for our local company, we have o follow the IASB.

2.2 Valuation Principles and IFRS Guidelines

Fixed Assets can be valued using the following two ways:

1. Historical Cost Approach, and
2. Current Cost Approach

1. Historical Cost Approach

The Historical Cost Approach is based on the assets purchase price and reconciles to the historical cost books of accounts. It is the easy to understand and conforms with statutory and tax requirements but it has the disadvantage of reflecting neither the effects of inflation nor the economic value of the assets, meaning their ability to generate future income streams. The Historical Cost Approach should not be followed for valuation of assets for the following reasons:

(a) Non- recovery of cost: Studies showed that properties were overstated to the extent of 40% to 60% in historical cost accounts with the result that dividends in reality were paid out of capital. It is called eating the tree not the fruits. Bothe a short provision of depreciation and incorrect matching of cost of inventories consumed means that the costs of carrying on the business have not been fully recovered.

(b) Problem of replacement: The business gradually more difficult to replace business assets because of non-recovery of costs. Under Historical Cost Account, the total amount of depreciation provision over the useful life of the asset does not represent the same amount of purchasing power as was originally invested in the asset. This deficiency in depreciation provision turns out to be financial problem in the replacement of assets.

(c) Financial strain of business: The Historical Cost Accounting treatment of inventories and depreciation creates a financial strain on the business and the firm beings to feel, in course of time, shortage of funds - both working and fixed. The shortage of working capital arises because of an inconsistent matching of cost of inventories consumed with sales.

(d) Problem of capital levy and capital distribution: We have already seen that the historical cost treatment of inventories consumed and depreciation on fixed assets leads to an overstatement of profits. The taxation of such overstated profits amounts to "capital levy" and the distribution of such profits to "distribution out of capital". This means "living on capital". Hence, there is further erosion of working capital and consequent financial strain on the business.

(e) Interpretive value of financial statements: The effect of inflation on the interpretative value of financial statement is quite crucial and it is very often put forward as an argument in favor of a deviation from the existing Historical Cost Accounting System. It is very difficult to make proper use of financial statement as a tool of managerial decision making, since such financial statements no longer provide a basis for appreciation of the true financial position and operating results of the firm, such financial statement tend to mislead shareholders and other users.

2. Current Cost Approach

The Current Cost Approach is reputed to be more complex that the Historical Cost Approach and in most cases it will not be readily reconcilable to the historical books of account. But by better reflecting the effects of inflation and providing a more accurate assessment of the economic values current costing approaches produce a fairer valuation of the assets.

The IFRS guideline regarding this approach is named below:

- IAS 16: Property, Plant and Equipment Para: 31
- IAS 16: Property, Plant and Equipment Para: 32
- IAS 16: Property, Plant and Equipment Para: 33

Gross Replacement Value

The Gross Replacement Value can be derived from 4 different valuation methodologies. They are:

1. *Indexed Historical Cost (IHC) Valuation:*

   The historical costs are indexed with a Consumer Price Index (CPI) or Wholesale Price Index (WPI) to het the current value. The application of the indexed historical cost valuation requires complete historical cost records. This valuation method contains distortions if assets with price changes of significant differences are indexed with the same index.

2. *Open Market Valuation:*

   This valuation method is based on the fact that the net replacement values can be represented be the prices paid on second hand markets. The open market approach is best suited for the valuation of assets having a significant number of buyers and sellers providing stable prices for the different age-groups of an asset.

3. *Modern Equivalent Asset (MEA) Valuation:*

   The Modern Equivalent Asset Valuation approach is focusing on those assets where a rapidly changing technology is rendering the existing asset no longer replaceable. (e.g. it is no longer manufactured). In this case, it is necessary to calculate the "Modern Equivalent Asset". The MEA is on the first or further subsequent generation, which has in many cases a different level of capacity or functionality than the existing asset. These are for example:

   - Mechanical or manual Exchanges Vs. Digital Exchanges
   - IP Network (NGN) Vs. Digital Network
   - PDH Vs. SDH transmission System

4. *Depreciated Replacement Cost Valuation:*

This valuation method is determining the (gross) replacement cost by using the present – day new price of an identical asset and depreciating it by taking into account its chronological age and its expected economic lifetime. This valuation concept is best suited for all assets which can be purchased on well developed new markets. It is the valuation concept most commonly applied in international asset valuations. An example is given below to show how the calculation of Net replacement Value takes place.

Example: Three years ago an entity acquired an item of highly specialized equipment which is used in a process for which the entity owns the patents. The entity has a policy of not licensing others to use its patents. The item of equipment originally cost TK. 300,000 and was estimated to have 15- year life with a nil residual value. The item currently has a carrying amount of TK. 240,000 that is TK. 300,000 costs, less TK. 60,000 accumulated depreciation.

The entity's policy is to carry all PPE at revalued amounts, revaluing on a regular three yearly cycles. There is no market – based evidence for the fair value of this equipment, although entity estimates its current scrap value as TK. 5,000.

The entity has obtained a quotation for a new version of this item. The quotation is for TK. 450.000 for an item with a useful life of 15 years, but entity estimates that the service potential, in terms of efficiency of processing of the item it owns is some 20% less than that of the new item.

What is the carrying amount (net replacement value) of the equipment after the revaluation?

- Here Gross replacement value, G = TK. 450,000

Efficiency of asset, E = 80%

Life time passed, P = 3 years

Total estimated useful life = 15 years

Net replacement value = $(G \times E) - \{ (G \times E) \times \frac{P}{N} \}$

$= (\text{TK. } 450{,}000 \times 0.80) - \{ (\text{TK. } 450{,}000 \times 0.80) \times \frac{3}{15} \}$

$= \text{TK. } 288{,}000$

This is the new carrying amount of the equipment in the entity's books of account. The previous cost and accumulated depreciation should be written off and the differential figure will be transferred to Revaluation Reserve Account.

We have used this approach in valuation of specialized telephonic equipment whose market based evidence of fair value is not available i. e. power plant and environment equipment, transmission equipment, switching equipment, towers, exchanged equipments etc.

Cost or Other value

A number of non- current assets are generally valued at cost or some other approved value. Capital work in progress is not to be valued at anything other than the costs that normally make up an item of property, plant and equipment because assets under construction do not have a market value. Some buildings that cannot be sold can only be reliably measured at the rolled up cost of their construction.

Investments may be valued at their cost or current market value depending on whether they are sold for resale or held for long- term strategic reasons.

Intangible assets, such as license to operate telephone service, are usually valued at cost because active markets in such assets are generally rare and there is no alternative value at which to measure them.

The IFRS guideline regarding this approach is given below:

IAS 38: Intangible Assets Para: 81

"If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for this asset, the asset shall be carried at its cost less any accumulated amortization and impairment losses" (IFRS, 2012)

Inventories should always be valued conservatively, according to IAS 2 Inventories, which means at the lower of cost or net realizable value (NRV). Let us be clear about inventory valuation from the following example.

Example: X Ltd provides the following information about the standard cost of its inventories at 31 December, 2008.

Details	**Product A**	**Product B**	**Product C**
Manufacturing Cost	TK.120	TK.320	TK.235
Selling Price	180	360	270
Sales Commission	(18)	(36)	(40)
Other Selling Costs	(20)	(10)	(25)

Calculate the carrying amount of inventories at 31 December, 2008.

Calculations:

Details	Product A	Product B	Product C
Cost	TK. 120	TK. 320	TK. 235
NRV	142	314	205
Lower of and NRV	120	314	205

Total carrying amount (120 + 314 + 205) = 639

Guidelines Applied from IFRS

Functional and Presentation Currency (IAS: 21 and SIC- 30 Reporting Currency – Translation from Measurement Currency to presentation Currency)

The accounts are presented in Bangladeshi taka (Taka/BDT) which is both functional currency and presentation currency of the company. The figures of financial statements have been rounded off to the nearest taka.

Transactions in foreign currency are recorded in the books at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Bangladeshi taka at the rate of exchange prevailing at the balance sheet date.

Use of estimates and Judgments (IAS 8: According Policies, Changes in Accounting Estimates and Errors)

The preparation of accounts requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Provisions (IAS 37: Provisions, Contingent Liabilities and Contingent assets)

A provision is recognized in the balance sheet when edotco has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle present obligation at the balance sheet date. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

Related Party Disclosures (IAS 24)

At present edotco has 3 related parties (1) Bangla Cable Shilpa, (2) Telephone Shilpa Sangstha and (3) Teletalk. The disclosure has been made in original valuation report about these three related parties.

Events after the Balance sheet Date (IAS 10: Events after the Reporting Period)

Events after the balance sheet date that provide additional information about the company's position at the balance sheet date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes when material.

Income Taxes (IAS 12)

Income tax expense comprises current and deferred tax. But no provision has been provided for income tax as it is the first balance sheet as on 30 June 2008 of edotco.

Employee Benefits (IAS 19)

Edotco maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions approved by the Government.

Defined Contribution Plan (Provident Fund)

Defined contribution plan is a post-employment benefit plan. The recognized Government Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for its purpose. All permanent employees usually contribute 10% of their basic salary to the provident fund but it may vary based on his/her declaration subject to government rules and regulations in this regard.

Defined Benefit Plan (Pension)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and years of service. The recognized Employees' Pension Fund is considered as defined benefit plan as it meets the recognition criteria. Edotco obligation is to provide the agreed benefits to retired employees as per condition of the fund.

Short-Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Most of the events reported in the balance sheet are according to the IFRS guidelines. There are some cases where there is no specific guideline. Here professional judgment has been applied for example estimated useful life of different types of assets.

2.3 Methodology Approach to Asset Valuation

The general project's approach to the balance sheet definition also applies to the asset valuation approach and is defined in terms of 4 key components:

- Planning
- Methodology
- Management
- Reporting

The inter-relationship between these areas is presented by the following diagram.

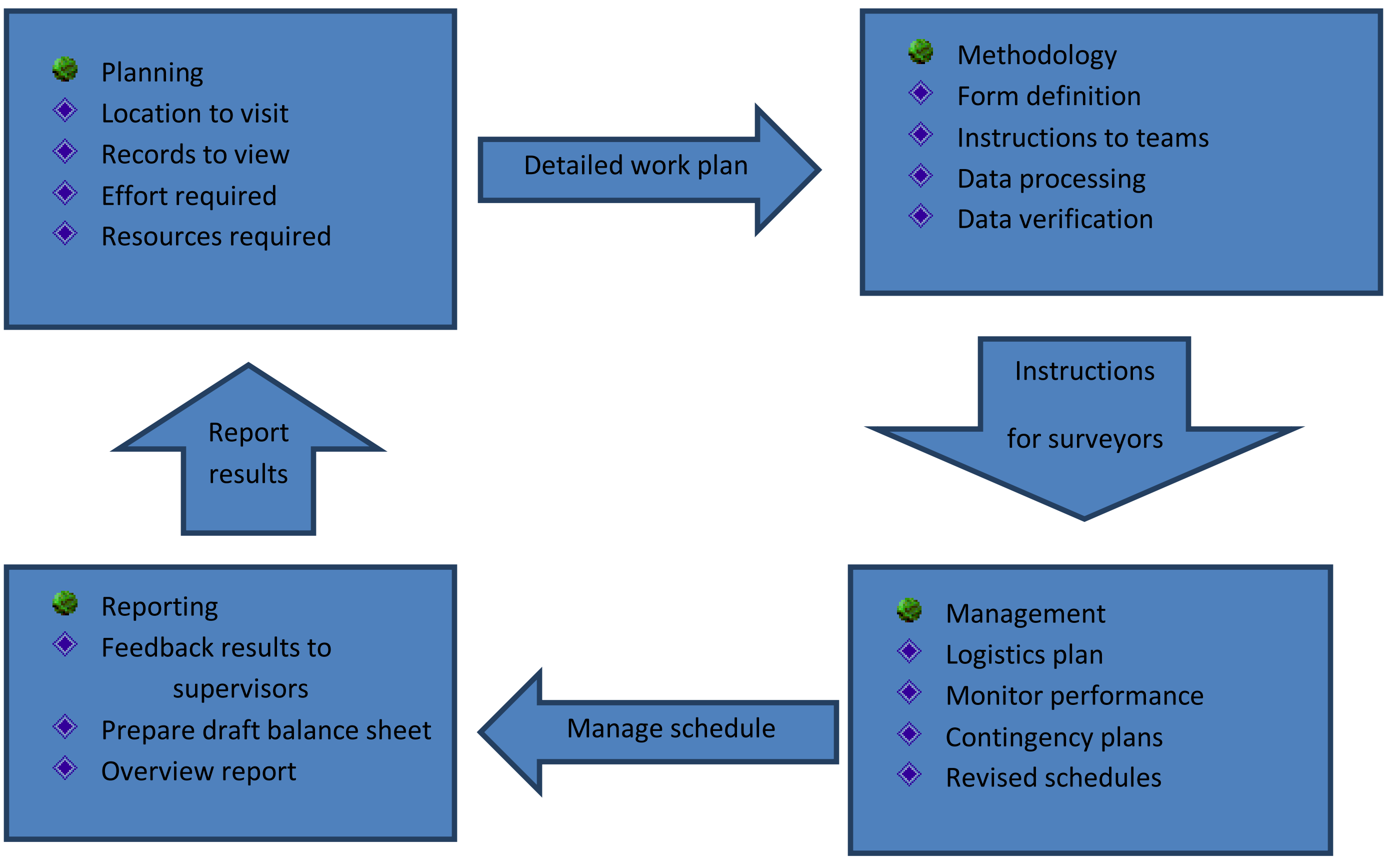


Exhibit - 2.3: The Relationship among Planning, Methodology, Reporting & Management

Chapter 3: Profile of edotco Bangladesh Ltd.

3.1 Organization overview

Edotco Bangladesh Co. Ltd was established in June 2013 as a subsidiary of edotco Group with the objective to provide communications infrastructure services to customers and in their bid to be the one stop centre for telecommunication sites and bandwidth services in Bangladesh.

As the first regional tower services provider in Asia, edotco is steadfast in expanding possibilities via cost-efficient telecommunications infrastructure by enabling competitive access for the industry and connectivity for communities. With a regional portfolio that includes over 16,000 towers across their home markets of Malaysia, Sri Lanka, Bangladesh, Cambodia and Myanmar; and 12,000 km of fiber in Pakistan, edotco strives to deliver outstanding performance in telecommunications infrastructure services and solutions. Their services are ably supported by state-of-the-art real time monitoring service, echo.

The people at edotco are critical to them in achieving their goals. They prepare them for the future by developing the right skills and talent to ensure they deliver the right experience to their customers.

3.2 Nature of Business

With a footprint of over 7,500 sites nationwide, edotco Bangladesh product offerings include a complete range of site portfolios from Ground Based Sites, Rooftop Towers, In-Building Solutions (IBS), Cellular-on-Wheel (COW), Custom Built sites and solar energy.

3.3 Service of Business

Edotco Bangladesh Co. Ltd provides solar system at the agreed 'cost per KW' format with different hybrid modality.

Service specifications:

- Telecom site hybrid solar solution, including grid and AC DG sets
- Telecom site hybrid solar solution, including battery bank and solar
- Telecom site hybrid renewable solution, including solar, DG generator set power
- Telecom site solar solution, including 100% solar with backup batteries
- Telecom site hybrid solar solution, including solar DC diesel generators KW slab; fit to install in urban areas on building roof tops

- Dedicated 24/7 support and monthly performance report

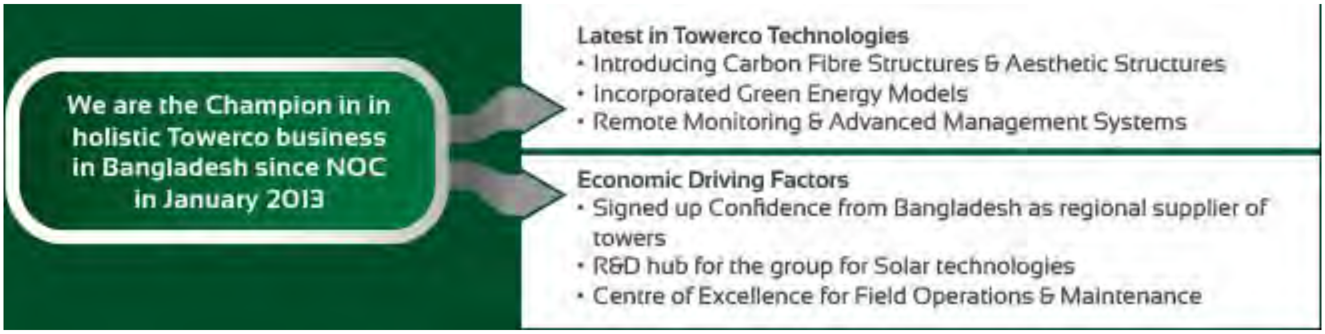


Exhibit - 3.3: Service Specifications

3.4 Finance Department

Finance is the heart of any business functions because they are responsible for budgeting. Finance division of edotco Limited is accountable for financing into different proposals, business partnering, as well as new product development. Finance controls financial accounting, creating salary sheets for employees, maintaining compliances and so on. Corporate Finance, Fixed Asset, Financial Accounting and Management Reporting, Financial Compliance, Insurance and Process, Supply Chain Management, Revenue Assurance and Fraud Management, Planning, Business Partnering, Media Buying, Transformation Office and Company Secretary are the departments of Finance division.

4: Reconciliation and Valuation of Property, Plant & Equipment Project Analysis

4.1 Reconciliation Process:

Reconciliation is an accounting process used to compare two sets of records to ensure the figures are in agreement and are accurate. Reconciliation is the key process used to determine whether the money leaving an account matches the amount spent, ensuring the two values are balanced at the end of the recording period.

The Fixed Asset Reconciliation report shows a summary of book value, credits and debits to fixed asset accounts, and accumulated depreciation, helping to quickly reconcile the balance sheet and the fixed asset register.

Our main duty was to reconcile the fixed assets of the company those were newly bought from Robi. The very first part of the reconciliation process is to collect the information from the operation team. After collecting data from operation team we need to process the data according to our instruction in a given format. Firstly we have done the reconciliation on physical verification report to Robi Fixed asset register (FAR). By doing this we got information about the current fixed asset situation of the respective sites under the SAARP project. After doing the first part we started the second part. In this part we have done Robi Fixed Asset register to physical verification.

These two above mention parts of our project helped us to sort our asset in five criteria:

- Exists in Robi-FAR in the same location &Robi-tag found (Perfectly OK)
- Exists in Robi-FAR in the same location but no Robi-tag found
- Exists in Robi-FAR in different location &Robi-tag found
- Does not eixst in Robi-FAR (No tag, no such asset in the same location)
- No physical existence in no site

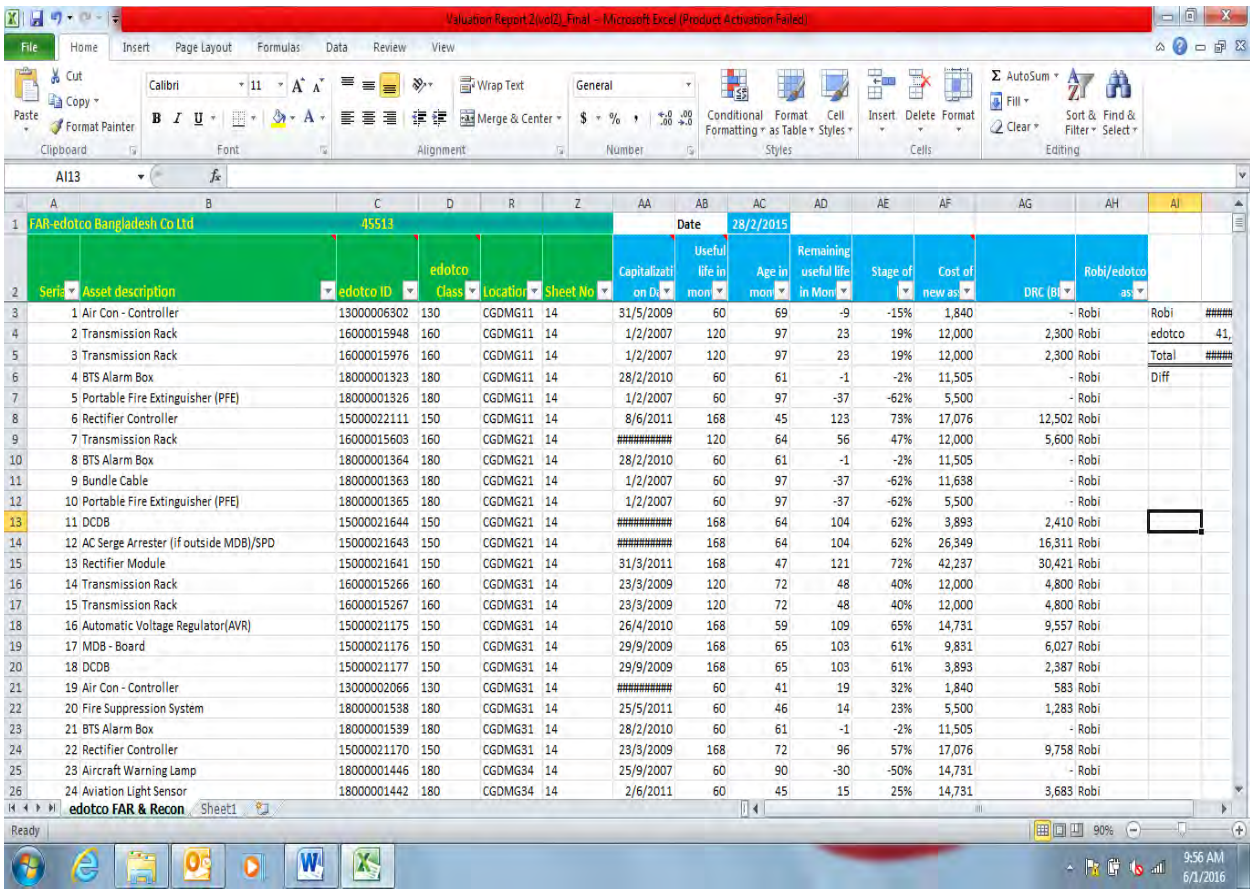
Based on these five criteria we had to take decisions and put status on every asset. The decisions are:

- No action need to be taken
- Robi-tag should be included
- Robi-FAR should be corrected

4.2 Valuation Process:

After completing the reconciliation part we have started our valuation. The valuation was done on the basis of major two criteria. The first criteria was to find the value of newly found asset and the second criteria was to find the value of those asset which exists in ROBI FAR but physically dose not exists.

For the finding the values of newly found assets we have followed the DRC (Depreciated retail cost) method. In this method we need some information's like Capitalization date of the asset, Cost of the asset and the useful life of the assets. We build up a format for this valuation process. The format is given below:



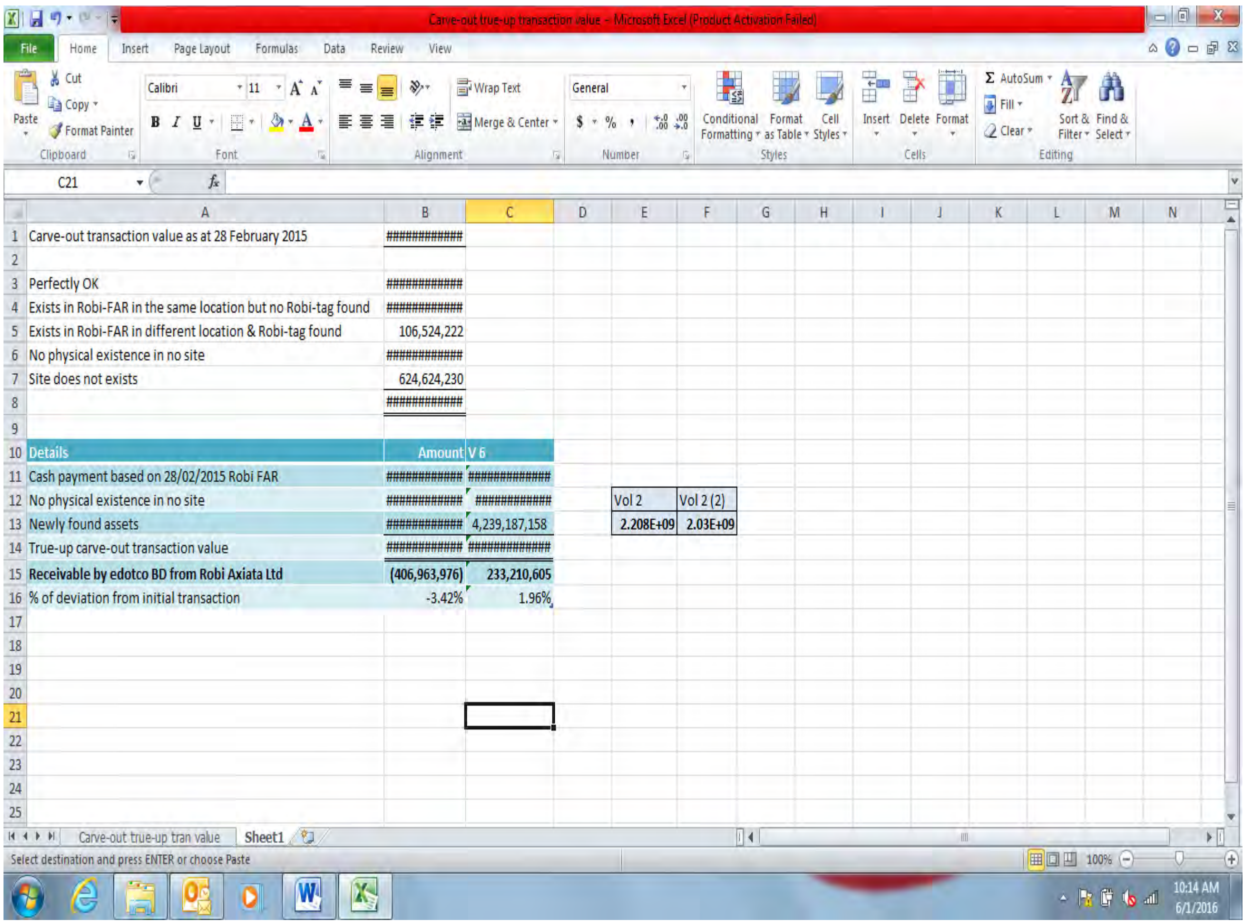
FAR-edotco Bangladesh Co Ltd		45513					Date	28/2/2015							
Seria	Asset description	edotco ID	edotco Class	Location	Sheet No	Capitalizati on Da	Useful life in mon	Age in mon	Remaining useful life in Mon	Stage of	Cost of new as	DRC (B	Robi/edotco as		
1	Air Con - Controller	13000006302	130	CGDMG11	14	31/5/2009	60	69	-9	-15%	1,840	-	Robi	Robi	#####
2	Transmission Rack	16000015948	160	CGDMG11	14	1/2/2007	120	97	23	19%	12,000	2,300	Robi	edotco	41,
3	Transmission Rack	16000015976	160	CGDMG11	14	1/2/2007	120	97	23	19%	12,000	2,300	Robi	Total	#####
4	BTS Alarm Box	18000001323	180	CGDMG11	14	28/2/2010	60	61	-1	-2%	11,505	-	Robi	Diff	
5	Portable Fire Extinguisher (PFE)	18000001326	180	CGDMG11	14	1/2/2007	60	97	-37	-62%	5,500	-	Robi		
6	Rectifier Controller	15000022111	150	CGDMG11	14	8/6/2011	168	45	123	73%	17,076	12,502	Robi		
7	Transmission Rack	16000015603	160	CGDMG21	14	##########	120	64	56	47%	12,000	5,600	Robi		
8	BTS Alarm Box	18000001364	180	CGDMG21	14	28/2/2010	60	61	-1	-2%	11,505	-	Robi		
9	Bundle Cable	18000001363	180	CGDMG21	14	1/2/2007	60	97	-37	-62%	11,638	-	Robi		
10	Portable Fire Extinguisher (PFE)	18000001365	180	CGDMG21	14	1/2/2007	60	97	-37	-62%	5,500	-	Robi		
11	DCDB	15000021644	150	CGDMG21	14	##########	168	64	104	62%	3,893	2,410	Robi		
12	AC Serge Arrester (if outside MDB)/SPD	15000021643	150	CGDMG21	14	##########	168	64	104	62%	26,349	16,311	Robi		
13	Rectifier Module	15000021641	150	CGDMG21	14	31/3/2011	168	47	121	72%	42,237	30,421	Robi		
14	Transmission Rack	16000015266	160	CGDMG31	14	23/3/2009	120	72	48	40%	12,000	4,800	Robi		
15	Transmission Rack	16000015267	160	CGDMG31	14	23/3/2009	120	72	48	40%	12,000	4,800	Robi		
16	Automatic Voltage Regulator(AVR)	15000021175	150	CGDMG31	14	26/4/2010	168	59	109	65%	14,731	9,557	Robi		
17	MDB - Board	15000021176	150	CGDMG31	14	29/9/2009	168	65	103	61%	9,831	6,027	Robi		
18	DCDB	15000021177	150	CGDMG31	14	29/9/2009	168	65	103	61%	3,893	2,387	Robi		
19	Air Con - Controller	13000002066	130	CGDMG31	14	##########	60	41	19	32%	1,840	583	Robi		
20	Fire Suppression System	18000001538	180	CGDMG31	14	25/5/2011	60	46	14	23%	5,500	1,283	Robi		
21	BTS Alarm Box	18000001539	180	CGDMG31	14	28/2/2010	60	61	-1	-2%	11,505	-	Robi		
22	Rectifier Controller	15000021170	150	CGDMG31	14	23/3/2009	168	72	96	57%	17,076	9,758	Robi		
23	Aircraft Warning Lamp	18000001446	180	CGDMG34	14	25/9/2007	60	90	-30	-50%	14,731	-	Robi		
24	Aviation Light Sensor	18000001442	180	CGDMG34	14	2/6/2011	60	45	15	25%	14,731	3,683	Robi		

Exhibit – 4.2: The Format of Valuation Process

After finalizing the initial values of the newly found asset we need to made some adjustment like we have to adjust some additional asset which was included in the FAR after the site audit. The whole valuation process was based on the Fixed Asset Register of February 28, 2015 that's the reason of those adjustments.

After the valuation of newly found assets we have done the valuation of those assets which was present in ROBI FAR but physically we were unable to find the asset. For this we have followed a very simple policy. We have deducted the values of those assets which physically don't exist from the total value of our project. With this we also came up with some problems which we have solved by doing some adjustments. The adjustment was to deduct the values of those asset`s which was disposed. After doing that we came up with a value.

Next we have done the Carve-out true-up transaction value. The valuation result is given below:



	A	B	C	E	F
1	Carve-out transaction value as at 28 February 2015	############			
2					
3	Perfectly OK	############			
4	Exists in Robi-FAR in the same location but no Robi-tag found	############			
5	Exists in Robi-FAR in different location & Robi-tag found	106,524,222			
6	No physical existence in no site	############			
7	Site does not exists	624,624,230			
8		############			
9					
10	Details	Amount	V 6		
11	Cash payment based on 28/02/2015 Robi FAR	############	############		
12	No physical existence in no site	############	############	Vol 2	Vol 2 (2)
13	Newly found assets	############	4,239,187,158	2.208E+09	2.03E+09
14	True-up carve-out transaction value	############	############		
15	**Receivable by edotco BD from Robi Axiata Ltd**	**(406,963,976)**	**233,210,605**		
16	% of deviation from initial transaction	-3.42%	1.96%		

Exhibit – 4.2: Formation & Valuation of Total Transaction Value

The exact value is still reevaluating as well as the valuation process is still ongoing. Because of the amount we need to pay is showing deficit. We're working on it. The actual value of the property, plant & equipment will be exposed soon within this March 2016.

Chapter 5: Findings

While working and preparing the report I've found some major & minor contradiction that I've mentioned below:

- ✓ The project was started with few resources (man power).
- ✓ It was a project of huge assets those we had to reconcile but the guideline was not proper at first to do the job accordingly.
- ✓ There was some communication gap between the operation team and the fixed asset team.
- ✓ Providing appropriate data was delayed, in many cases even unavailable. Often inaccurate data was provided.
- ✓ There were a huge amount of duplicated sites in the reconciliation process through to independent recording of the same site by different team members.
- ✓ For many assets the exact purchasing date could neither be provided during the reconciliation process nor identified during the valuation process.
- ✓ No information relating to the purchase price, condition (scrap, poor, good, excellent) and date of purchase of assets was given.
- ✓ Due to late delivery of information the reconciliation and the valuation of assets were delayed.
- ✓ The FAR provided by Robi was incomplete. So the reconciliation and valuation were not done properly.
- ✓ At the time of valuation we had to put capitalization date of many assets by assumption as we could not find those asset purchase date at Robi FAR.
- ✓ The lack and inaccuracy of data provided by Robi has led to quality impairments in various components of the valuation process.
- ✓ Several inaccuracy and deficiencies of information were identified but could not be corrected due to late delivery.
- ✓ Due to lack of budget the project had to be finished within short period of time. In this very short time the reconciliation and valuation process could not take place in proper way. There was no enough time to cross check all the jobs done by the team.

Chapter 6: Recommendations

After considering the findings and conclusions of this study, we offer the following recommendation in an effort to improve the operations and success of the Site Audit & Asset Reconciliation Project (SAARP) Project.

- As it is a project of huge amount, the management should be more careful about it.
- All the properties should be ensured that those are registered with the company register.
- It is highly recommended to create a proper fixed asset register of the company as soon as possible.
- Considering the amounts involved in the project all the duties which are needed for normal operations need to be brought under the control of finance function and properly budgeted.
- The reconciliation of duplicate sites should be removed and only the actual number of sites should be reconciled.
- Both the operation team and the fixed asset team should be active to give and take information and help each other.
- Robi should be more active to provide information and should give their proper and full FAR.
- The reconciliation and valuation of assets should be cross checked.

Chapter 7: Conclusion

The last 3 months was quite intriguing to do my internship at Edotco Bangladesh Ltd. I found out about the nature of actually working in a professional environment.

Edotco Bangladesh Ltd. is an integrated telecommunications infrastructure services company providing end-to-end solutions in the tower services sector including co-locations, built-to-suit, energy, transmission and operations and maintenance (O&M). They aspire to become the leading company in the tower services industry and are committed to doing so in a responsible and sustainable manner for their customers, employees, communities and nations. Edotco Bangladesh Ltd. is the largest telecommunication infrastructure service company in the country and operating as a monopoly business as they don't have any competitors now. From the beginning in 2003, in Bangladesh we have only less than 500 consumers. Now at present in 2016 edotco celebrated for reaching 2000 customers. So to be on a leading position for a long run it has to provide a very fast and proper service. The new challenge for edotco is to reach 3000 consumer level within year 2007. The fixed assets those are bought from Robi should be maintained properly and the fixed assets register should be properly checked. Their services have to be unique to make their customers satisfied. If they can do so they will be succeeded to reach their goal.

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