



Inspiring Excellence

Internship Report on
Streamlining of Fixed Assets of Avery Dennison

Prepared For

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Intelligent World.™

Letter of Transmittal

1st April, 2018

Adiba Naoshin

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Subject: Submission of Internship Report

Dear Miss,

I would like to take the opportunity to thank you for your guidance and support you have provided me during the course of this report. Without your help the report would not have been possible to complete. With deep gratitude, I would like to acknowledge the help provided by Mr. Atiar Rahman, Manager (Finance), Avery Dennison Bangladesh for providing utmost supervision during my period of internship in the organization.

To prepare this report I have collected what I believe to be the most relevant information to make my report as systematic and consistent as possible. I have focused my best effort to accomplish the purposes of the report and hope that my attempt will serve the purpose. The practical knowledge and understanding assembled during my report preparation will immensely help in my future professional life.

I would really be grateful if you educate me with your thoughts and views regarding the report.

Also, if you wish to query about an aspect of my report, I would gladly answer your queries.

Thank you again for your support and patience.

Yours Sincerely,

MD. Ahsan Noor Abir

ID: 13204104

BRAC Business School

BRAC University

Letter of Endorsement

This is to certify that MD. Ahsan Noor Abir, ID: 13204104, BBA Program, BRAC Business School, BRAC University has done this report on “Streamlining of Fixed Assets of Avery Dennison” for the purpose of completing BBA internship program. I accept this report as a final internship report.

I wish every success and prosperity of his career and life.

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Adiba Naoshin

Lecturer

BRAC Business School

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Acknowledgements

I would like to express my attentive gratefulness to each one of the individuals who have been associated with the preparation of this internship report. I wish to put on records, my profound appreciation for the help and supervision in every aspect, Avery Dennison authorities, my personnel, and companions.

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At last, and above all, I would like to concede the guidance of Ms. Adiba Naoshin, Lecturer, BRAC Business School, BRAC University, for her expert guidance and help in setting up this report.

Executive Summary

Avery Dennison Bangladesh is the leading company in the industry of garments packaging and labeling and it is serving a gigantic range of clients for a long time. This organization isn't just giving its finest service to the local yet additionally is a perceived brand globally. Behind being a constructive organization the representatives of the association have been playing a key part and the organization additionally standards its people the most. By working in the Finance Department I have run over the entire fixed asset administration framework, labeling prerequisites of the Finance branch of Avery Dennison Bangladesh.

The title of the report is "Streamlining of Fixed Assets in Avery Dennison Bangladesh". The report is for the most part based on secondary information. In the general report I have attempted to base essentially on how Avery Dennison Bangladesh directs and drives undertakings concerning its fixed assets.

This report is a detailed data's of all the specified subjects and contains a preliminary discussion about Avery Dennison. Avery Dennison is the market pioneer in the packaging and labeling division in Bangladesh. It contains all about the vision, mission, destinations, items and administrations. The Fixed Assets Management beginning from the Fixed Asset identification to the Lease procedure is portrayed in an intricate way.

All in all, I have attempted my best to give a few proposals from my discovering that I have picked up from my everyday activity at Avery Dennison.

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Introduction

Avery Dennison has been thriving as an overall pioneer by giving labeling and packaging materials and promoting solutions for the retail and clothing industry for a significant time. It has business action in excess of 75 countries around the world and continues developing its impression in creating markets. In Bangladesh, a potential nation in worldwide economy, Paxar is working as a subsidiary of Avery Dennison Corporation under the name of Paxar Bangladesh Limited. It has consistently turned out on being one of the fundamental producer of this particular industry in South East Asia. Avery Dennison Corporation finishes the obtaining of Paxar Corporation in 2007 which is one of the best MNCs of USA and working in more 50 nations around the globe.

Avery Dennison Corporation (NYSE: AVY) is a FORTUNE 500 Company with sales of \$6.3 billion from its proceeding with tasks in 2014. It was built up in 1935 by Mr. Beam Stanton Avery. Avery Dennison is prestigious for its labeling and branding materials and arrangements everywhere throughout the world. The head-office is located in Glendale, California. After the acquisition of Paxar, Avery Dennison now has more than 30,000 employees in more than 50 nations around the world. Avery Dennison Corporation create, makes and develops pressure sensitive labeling materials, packaging materials, display graphics, retail graphic, embellishments, an assortment of tickets, labels, marks, radio frequency identification(RFID)

Avery Dennison Bangladesh is working with their buyers by including an incentive for them, making client's brand image, fabricating customer's brands, discovering new ideas, making new items, dealing with their information and dispersing their merchandise throughout supply chain. They design and manufacture tickets, tags and labels and provide the technology, including the printers and software controlling systems. Their pressure-sensitive adhesive labels, tags and packaging materials enrich shelf-appeal of readymade garments, beauty products, food items, beverages and health products; at the same time provides consumers with vital information. The customers of Avery Dennison Bangladesh are the world's major RBOs (Retailers & Brand Owners), branded apparel companies and industrial markets.

History

Avery Dennison Corporation has a long and thriving history of growth. The Paxar story began with the launch of Meyer Tag and Label Company by two brothers Louie and Jack Meyer in New York City in 1918; though the company started some of its activities back in late 1800 A.D. The founding father of Paxar Corporation, Mr. Leon Hershaft was a young immigrant from Europe who worked at Meyer Tag and Label as a pressman. When the company grew gradually and became a reputed company, then Mr. Hershaft was appointed as a general manager. In 1940, his brother also joined the company. Later in 1940's, when Meyer brothers split, Mr. Leon Hershaft and Fred Hershaft bought the company from Jack Meyer and in 1951 moved their main factory from Brooklyn, NY to Sayre in order to avoid labor problems in the City. The Hershaft brothers invited other members to be a part of the company.

From 1986 to 2006, Mr. Hershaft's oldest son, Mr. Arthur Hershaft served as Paxar's Chairman of the Board. In 1969, it became a publicly held company and changed its name to Packaging Systems Corporation. The manufacturing activities continued to grow further in later years. In 1971, Paxar introduced its first patented printing system called "FASCO"; the coated fabrics and colorfast inks that chemically cross-linked with the fabric; a label manufacturer could produce 5 million labels a day on an offset paper with this new technology. Paxar soon became the dominant printed fabric label manufacturer in United States.

Global Reach and further expansion

With a change in strategic decision in 1987, Paxar started the era of acquisitions. To grow the company's tag and label business, the carded visual packaging division was sold and resources were re-allocated. This landmark facilitated Paxar to its first European operations in England, Germany and Italy. Paxar continued to acquire new businesses over the next 17 years and other branches were established in Europe, Asia, Africa, the Middle Latin America and North America. Paxar brought invention and designed new product and later they introduced woven labels, bar code products, graphic tags, soft apparel labeling, heat transfers and other items. It bought two woven label company in New York and North Carolina also a big operation in Hong Kong which led them to be the major woven label producer in not only in America but also in Far East.

In 1988, it became the largest printed fabric label company in the world and formed PAXAR after purchasing Rospatch of Lenoir Inc., North Carolina (its largest competitor in the printed label business). Paxar acquired the National Tag Co. of Vandalia, Ohio in 1991. In the meantime, Paxar utilized all the opportunities of NAFTA. Gradually it expanded its businesses and made acquisition in European countries and became MNC through setting up Paxar Poland, Paxar Benelux, Paxar Turkey, Paxar France, a sales office in Athens & Greece, as well as buying a coated fabric company in Italy from early 1994 till late 1998. In the following years, Paxar acquired/formed companies in Columbia, Mexico, Brazil, Honduras, Canada and Dominican Republic. Among the South East Asian Countries Bangladesh is greatly emerging country in global economy, and by this time it has become the proud beneficiary of Paxar Bangladesh.

[Acquisition of PAXAR Corporation \(2007\)](#)

Avery Dennison Corporation finished its acquisition of Paxar Corporation following the endorsement of the exchange by Paxar's investors at its Annual Meeting on June 14, 2007. President and CEO of Avery Dennison, Dean Scarborough said "This acquisition will reinforce a dynamic and vital structure of our business". Avery Dennison declared an exemplary consent to obtain Paxar for \$30.50 per share on March 22, 2007, in a cash transaction esteemed at around \$1.34 billion. The purchasing of Paxar has been financed through the commercial paper.

The Company is committed in keeping up a solid investment grade and to restore its financial ratio proportions to target levels. The acquisition of Paxar was a land checking venture, since; it extended the nearness of Avery Dennison Corporation worldwide in the developing retail and brand distinguishing market.

Presently, Avery Dennison is delivering finest items and administrations for the clients and giving the administration within legitimate time. This acquisition also facilitated them to catch the new segments of the markets including retailers serving local customers in emerging markets such as China and India. With the acquisition of Paxar, Avery Dennison's Retail Information

Services (RIS) business was expected to represent about 24 percent of Avery Dennison's revenues which was more than 12 percent of the amount before the combination.

Paxar Bangladesh Ltd is the freshest field of Paxar family. The manufacturing plant of the organization is located in Dhaka Export Processing Zone (BEPZ, Savar Factory) and the corporate office is located in 3/F Uday Tower, 57 Gulshan Avenue, Dhaka 1212. In general there are approximately 1500 representatives and 500 employees in this association.



History of Avery Dennison Corporation

In 1935, the Avery Dennison story begins with a loan of only \$100, a few spare parts and with one very bright idea. The founding father of Avery Dennison is Mr. Ray Stanton Avery who was a struggling clerk in Los-Angeles. He invented a more helpful way for shops and stores to price their products and later became the pioneer of the labeling industry. With some simple materials Mr. Avery created and patented the first self-adhesive, die-cut labeling machine. In 1990, Avery International merged with Dennison Manufacturing and became Avery Dennison.

Expansion, Acquisition, Growth & Becoming the Fortune 500 Company

During World War II (1945), new industrial uses for self-adhesive labels expand significantly triggering the Company's rapid growth. Later, Avery Adhesive established its first license holder in England and formed a new customer base in abroad. Following this, the Company created a new self-adhesive base materials business, Fasson, and constructed the first base materials plant in Painesville, Ohio. The opening of new manufacturing facilities introduced new

technologically superior adhesives. By the end of its second decade, Avery Adhesives obtained sales of \$5 million.

In 1955, Avery Dennison established its first overseas subsidiary in the Netherlands. Through the sale of 250,000 shares of common stock, Avery Adhesives went public and issued its first cash dividend in 1964. By the end of third decade, its' sales reached \$40 million having 15 plants in the United States and overseas. In 1974, Avery Products was widely recognized because of its presence on the Fortune list of the 500 largest U.S. industrial corporations and continued to grow with annual sales at \$300 million.

“Avery” merging with “Dennison” (1990)

The company reinforced its market positions and prolonged its product lines through further procurements. Avery Dennison moved the headquarter to a new Corporate Center in Pasadena, California, since, sales move toward \$1 billion. In 1990, the Company took a major tactical decision and merged with Dennison Company to become Avery Dennison which made the organization stronger securing global leadership position in labeling and packaging materials, office products, adhesives and label converting technology.

Global Leadership since 1995

Avery Dennison got the global leadership in 1995 by rapidly expanding consumer markets in developing economies in Europe, Asia Pacifica and Latin America. Adoption of new technology accelerated its opportunities to a great extent. Avery Dennison made further acquisition of Jackshaft GmbH, RVL Packaging and L&E Packaging in the year 2002.

In 2007, Avery Dennison retained sales of \$6.3 billion and ranked 382 on the 2007 Fortune 500 list of the largest U.S. corporations. Combined with Paxar, Avery Dennison now employs more than 30,000 people around the world. Today, they manufacture and distribute labeling and packaging materials in over 50 countries. In just over 75 years, it has grown from one bright idea into a global corporation which has set new standards for quality and innovation in materials science.

Mission

- **Best Quality of Products and Services:** Avery Dennison's state-of-the-art labeling & packaging technology delivers the imagination of customers to look at the brands with

fresh eyes, and unite form, function and messaging. Their product labels portfolio offers a vast range of functional options, from eye-catching finishes, including embossing, to holograms. Avery Dennison provide good quality products within the shortest lead times.

- **Further Business Growth:** Avery Dennison is continuously working towards attaining further development of the industry and it greatly emphasizes on its organizational goals. They share and discuss consumer insights and emerging trends in order to create home and personal care label clarifications that can accomplish true product variation.
- **Customer Satisfaction:** Avery Dennison always maintain a good bonding with their customers. Large RBOs and other customers are equally important to them and they are working closely with third parties and brand owners. Their customers are loyal and always think about Avery Dennison first whenever they need to order.
- **Working Station for Employees:** Avery Dennison is committed to ensure best kind of working environment for its employees. The rewards and benefits provided to them are very special than other organization.
- **Stakeholders:** Avery Dennison gives significance importance to their stakeholders. Avery Dennison provides the highest possible return to their investors and dividend amount always shows a lucrative figure.

Vision

At Avery Dennison, their businesses are incorporated by the shared vision of making brands more inspiring and the world more intelligent. Throughout the world, they focus on making products more engaging, brands more compelling, inventories more creative, information more valuable and our surroundings more understandable. Avery Dennison profoundly put emphasis on making more lucrative brand, expanding brand esteem, making items more attractive, more productive inventories and eye catching tags. From apparel branding to food and beverage packaging, building graphics and traffic safety signs Avery Dennison play a powerful part in the human life all over the world. Avery Dennison Bangladesh is working to be recognized as the fastest growing organization and to be most profitable unit in Avery Dennison worldwide by generating outstanding revenues in the upcoming years. Avery Dennison Bangladesh will set their high standard by providing excellent product quality, ensuring business ethics, complying the rules & regulations imposed by Bangladesh Export Processing Zone Authority (BEPZA) and also by ensuring better working environment in Bangladesh.

Product Offerings

Avery Dennison delivers a broad range of products and services. Avery Dennison has so many activities such as designing, manufacturing and distributing a wide variety of tags and labels, bar-coded labels, RFID tags, tickets etc. Avery Dennison at the forefront of helping customers utilizes RFID technology. Avery Dennison has core competencies that range from graphic design to coating, weaving, and design of mechanical and electronic printers, systems integration and creation of software. Avery Dennison is a part of the garments industry manufacturing the five types of label which are:

- **Woven:**

Avery Dennison Bangladesh Ltd produces woven label. Woven department produces woven labels for which the raw material which is needed is called yarns. Yarn is used to weave as Warp ends (horizontal yarn) and Weft ends (vertical yarn). The leather patch which we usually see behind the Jeans pant, jackets etc. are called woven. There are various types of woven label:

1. Satin Label
2. Damask Label
3. Taffeta Label



- **Flexo:**

Avery Dennison gets orders of huge quantities of Stickers & Tags on a daily basis from different parts of the world. In the Flexo section stickers and T/T tickets are being produced on a large scale. A board paper or broad 250mm sticker paper is used to print on Flexo machine. The items are:

1. Blank Transit Label (TRL)
2. Blank Unit Price Label (UPC Blank)
3. Hanging Promotional Labels (HPL)
4. Hanger Label
5. Hook Label



- **Litho:**

Avery Dennison Bangladesh Ltd prepares millions of Tickets and Tags in the Litho printing section. This is called offset printing. Different types of offset papers are used for printing Tickets and Tags.

1. Tickets
2. Price Tickets
3. Tags
4. Promotional Tickets
5. Swing Tickets
6. Inside Card
7. Book Label



- **Thermal:**

Avery Dennison Bangladesh used this printing technology only for semi-finished goods. By using the thermal technology, bar code is printed in the colored part of a label through flexography. The ways these bar codes are being printed are called thermal technology.

By using Thermal Technology Avery Dennison produces the following items:

1. Unique Price Labels (UPC)
2. Tags
3. Transit Labels (TRL)
4. Box End Labels (BEL)



- **RFID:**

Radio frequency identification (RFID) tags have brought tremendous opportunities for manufacturers, retailers and suppliers to improve the track records of their inventory and to facilitate proper customer service. RFID technology uses microchips to wirelessly transmit product serial numbers to a scanner without the need of human intervention. Avery Dennison Bangladesh (Avery Dennison) is a global leader in RFID. These track-and-trace technologies ensures the track record for the movement of inventory, ensures proper management of goods throughout the stages of entire supply chains and also prevent any losses of goods items.



- **Rotary:**

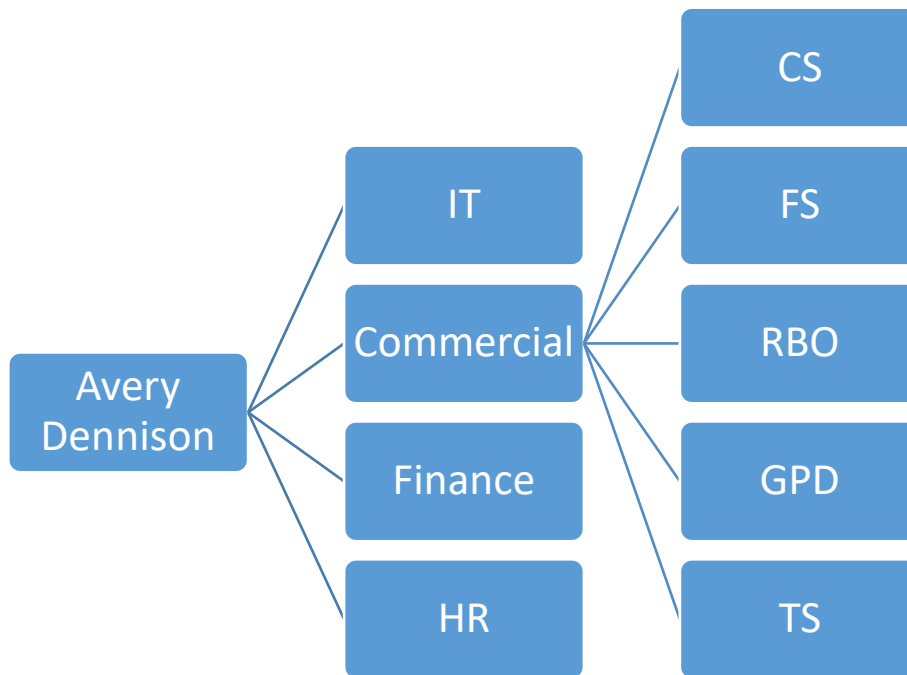
Using Rotary Printing System, Fabric Labels are printed and the main technologies which are used in Rotary are mainly Hot Stamp technology & Wet ink technology. Different types of label are being printed using Rotary technologies which include:

1. Care Label
2. Main Label
3. Fabric Label



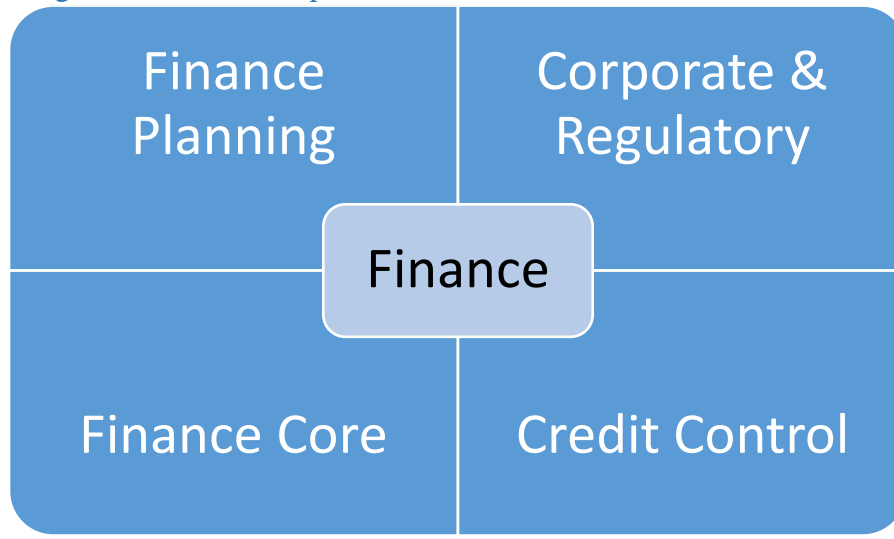
Synopsis of the Department

Avery Dennison has different activities around the world however in Bangladesh this company basically operates on the foundation of RBIS (Retail Branding Information Solution). All the departments here work based on RBIS. There are several divisions among which the activities of Avery Dennison are divided. The organization follows a horizontal hierarchy for the ease of decision making process and minimization of complexity. Currently the functional departments of Avery Dennison are Commercial, HR & Administration, Finance and IT. The Commercial Division is consisted of five more departments such as Customer Service (CS), Factory Sales (FS), RBO Sales, Global Product Development (GPD) and Technical Sales (TS). For a better overview a summarized organogram is given below:



Core Finance

Diagram of Finance Department



Tax & VAT:

Avery Dennison BD started managing and controlling company's tax strategy according to NBR rules and regulations (Income Tax ordinance 1984) and the Vat imposed by AD is as per Vat Act 1991. This tax strategy is being a plan for us to achieve its tax objectives.

Avery Dennison Bangladesh is enlisted under Bangladesh and documents a yearly tax return to National Board of Revenue (NBR). Annual Company tax return provided by us incorporates data with respect to organization's income, expense, net benefit before assessment, resources and liabilities. It is likewise used to determine tax liability, Tax deducted at source and so on. Avery Dennison needs to pay least tax @0.6% charge on their gross receipt, if their normal tax liability fall less than minimum tax. An organization can get advantage of reduced taxes from numerous points of view. Various types of lessened tax breaks are given underneath and a considerable lot of them are likewise useful for Avery Dennison.

- Offset taxable loss and carry forward up to six years.

- Given depreciation allowances.
- Tax exemption given on newly established “industrial undertakings”
- Tax exemption given on income of “tourist industry”
- Tax exemption given on newly established “physical infrastructure facility”
- Tax exemption given to those company, if those manufacturing company set up their plant in the area under “Bangladesh Export processing zone Association” (BEPZA).
- If any Company converts it as a public limited company by transferring 20% of its paid up capital to stock exchange by Initial public offering (IPO), then those public company get 10% tax rebate for the year of IPO.
- Income of Company’s provident fund and gratuity income are exempted, if their provident Fund and gratuity fund are approved from NBR.
- Company get rebate on their approved Corporate Social Responsibility (CSR) Activity.

Avery Dennison BD deducts TAX from their employee's compensation on a normal rate if their representatives have taxable salary and deposit the same in government exchequer through treasury challan. Avery Dennison demonstrates both TDS and pay sum into their Withholding tax return. Bangladesh government imposes Value Added TAX (VAT) as indirect tax on utilization of final customer. Avery Dennison has VAT enlistment under particular code. For the most part VAT rate is 15% on specific value of items and services. But there is also some diverse rate of VAT due to truncated base value. Avery Dennison makes payment for any VAT imposed products and service and deducts VAT at source (VDS) sum on specific items and services and deposits the same to the NBR through treasury challan. Avery Dennison also records VAT return counting all those VDS sum deposit in government exchequer.

Customs and Value added Tax

In exercise of the power conferred by section 19 / Customs Act, 1969 (IV of 1969) and section 14 (1) under Value Added Tax Act, 1991 (Act no. 22 of 1991) for public interest and in consultation with the National Board of Revenue under section 10 of the Bangladesh Export Processing Zones Authority Act, 1980 (XXXVI of 1980) and by postponing under notification no SRO 544- L / 84 / 888 / Cus dated 10 December, 1984, the government has exempted all import duties, Value Added Tax and supplementary tax under 7(e) and (f) of any Export Processing Zone.

EXEMPTION OF CUSTOMS DUTIES AND SALES TAX ON IMPORT OF MACHINERIES, EQUIPMENT AND RAW MATERIALS

All the equipment used in Avery Dennison are certified by the Chairman of the Export Processing Zones Authority established under section 3 of the Bangladesh Export Processing Zones Authority Act, 1980; these include the instruments, apparatus, spares and capital machineries, even the testing and quality control equipment and parts.

The importer also reaches an agreement after the clearance of the goods, that, the imported equipment or machineries will only be used and installed for the purpose of the production and in the manufacturing process of Avery Dennison. They can only be sold with a written approval from the National Board of Revenue in any manner of consumption outside the mentioned export zone. If no written agreement is provided, then the following act cannot take place.

Procurement to Payment (p2p)

This is the process of getting raw materials in order to manufacture the products. It consists of the transactions of the flow of data which is sent to the supplier, along with the data which contains fulfillment of the original order and the payment of the product or service. Avery Dennison Bangladesh uses Oracle for their p2p process. These steps are usually involved in the typical procure to pay cycle:

- Identification of Requirement
- Authorization of Purchase Request
- Final Approval of Purchase Request
- Procurement
- Identification of Suppliers
- Inquiries
- Receipt of the Quotation
- Negotiation
- Selection of the Vendor
- Purchase Order Acknowledgement
- Advance Shipment Notice
- Goods Receipt
- Invoice Recording
- 3 Way Match
- Payment to Supplier

If an employee working in different departments wishes to purchase something, then they have to submit a letter of approval to the manager.

Identification of the requirement

Avery Dennison uses offset paper, litho paper, and other different kinds of paper, semi-finished stickers, rotary fabric, and special kinds of ink, molds, and other semi-finished raw materials for the labeling and packaging process.

The person in charge of the supply chain inspects and analyses that the inventory meets the required criteria. Avery Dennison instigates the amount, the volume of the materials based on the quality demanded by customer of the product after the labeling and packaging process.

Authorization of Purchase Request

The Supply chain manager then makes a purchase request to the finance manager. The purchase request is either approved or denied based on factors such as the type of request, the cost, the product, and allowable budget. If the request is above the approval limit the particular approver is authorized to approve, it will be sent to the next most senior employee for revision (or approval).

Final Approval of Purchase Request

The inventory manager receives the request, after the finance budget and control authority authorizes the request. The open purchase orders are reviewed for identification for similar orders from other companies. The purchase request will be available to the procurement department after the approval of the inventory controller.

Procurement

Any existing contacts will be identified that may exist with the suppliers by Avery Dennison. If there is such a scenario, a call off will be generated and sent to the supplier. If no similar contracts exist, AD will identify potential suppliers, verify them and will finally make a purchase contract with them. The majority of the AD suppliers are foreigners, because the materials come from India, Sri Lanka and China and the finished labels are shipped to Bangladesh.

- **Identification of Suppliers:** AD global speaks with the requester of the products, search on the Internet, use referrals, search databases, etc. to identify potential suppliers of the requested material.

- **Enquiries:** Once the suppliers are identified, Avery Dennison sends the request for quotation/proposal.

Receipt of the quote

At this point, the supplier will send the quotes back to AD. The finance department then will then send the quotes back to the department for a technical evaluation. Once reviewed, AD sends the changes and requests back to the supplier. Finally, the supplier sends the commercial quote to the buyer.

Negotiation

Short-listed suppliers are invited for negotiations. During the negotiation period, AD and suppliers can negotiate various issues that will help maximize their businesses position. Some of the key negotiation topics include:

- Reduction in the prices of the materials
- Year-over-year reduction in prices
- Quantity price discounts
- Delivery terms and conditions
- Year-over-year improvement in quality
- Initial quality
- Freight charges
- Payment terms

Once a supplier is determined, AD Bangladesh team needs not to worry about negotiation part indeed. Also, The Bangladesh finance team really doesn't participate in negotiation part as their suppliers are from foreign country. So, AD finance team of the country suppliers belong to performs this negotiation and finalization of suppliers.

Selection of the vendor

After negotiations with all the selected vendors, one supplier is awarded the contract, according to the selection criteria. The contract is then awarded and the vendor will be sent the purchase order.

Purchase Order Acknowledgement

After receiving the purchase order, the supplier will send kind of acknowledgement to Avery Dennison through email communication for their records. AD uses software named Oracle, and, suppliers can download purchase orders and acknowledge the PO through mail.

Advance Shipment Note

The supplier can send an advance shipment note to AD too. This note normally contains the ship date, the transporter's name, the tracking number, and the number of packages, the weight of the packages, the receiving location address, the PO number and a description of goods.

Receipt of the Goods

When the goods are received at the warehouse of the buying organization, AD provides a GRN. After receiving the materials, AD receiver checks the delivery note, PO number etc. and acknowledges the receipt of the material. Quantity and quality are checked and any unfit items are rejected and sent back to the supplier.

Invoice Recording

Accounts payable team (which includes Miss Shabnam Jahan and Mr. Manos Kumar Sarkar) then process the invoice and enter it into Oracle system.

3-way match

It is one of the most important and observant task of accounts payable team. The accounts payable department receives the purchase order, invoice, and delivery documents such as packing slips. Then, the team verifies these three types of documents to ensure 'no error', 'no fraud' and 'consistency among them.'

Payment to Supplier

After the supplier account is credited, the payment is released to the supplier. Local invoice payment is made through checks. Foreign payment is performed through T-T bills.

Managing these processes seems critical. Nonetheless, the process is being done over and over throughout the year. So, it has become a normal procedure for the efficient finance accounts payable team. Also, the smart technology and software, record system has made the p2p process a lot easier.

As an Intern I used to work in the Finance core unit under the finance department. Basically the department has four wings. One is Finance also known as Finance core, Finance planning, Corporate & Regulatory affairs and Credit Control.

The Finance team member of Avery Dennison Bangladesh is thirty. Among them Tusher Bhowmik is the Finance director of Bangladesh. He is the Head of Finance in Bangladesh. In the Finance core of Avery Dennison, there are eight people including me. The members are Atiar Rahman, who is the manager of finance core dept. Khairul Bashar and Faisal kabir are the assistant Managers of the team. Ahsan Aziz and Mazharul haque is the senior executive of the team Shabnam Jahan and Manash Sarker are the executive of the finance team. Lastly I have been working in the position of Intern as a helping hand of this team.

Financial Budgeting

Evaluating and coordinating expenses to revenue is critical for Avery Dennison to decide if they have enough money to subsidize activities, extend the business and generate income. Without a financial plan or an arrangement, a business risks spending more cash than it is taking in, along these lines, AD is proactive for this situation.

Preceding purchasing any material, providing spending to the authorities, for any sort of propel installment, AD initiates a standard strategy and build a spreadsheet to appraise what add up to dollar sum and level of your income should be allocated toward raw materials and different expenses. This money related planning goes with making spending plan and reaching any providers AD works with before it proceeds on.

Credit Control

Credit control is the system used by a business to make sure that it gives credit only to customers who are able to pay, and that customers pay on time. Credit control is part of the financial

controls that are employed by businesses particularly in manufacturing to ensure that once sales are made they are released as cash or liquid resources.

All the selling process is done at AD credit control department through credit. At this point the following process may be followed:-

1. A new customer gets registered at the first place following all the rules and regulations of Avery Dennison Bangladesh.
2. The credit control responsible officials set up the customer by ensuring that the customer wish to buy from ADBD.
3. The customer service representative sets the quantities, material and the price over which the buyer is going to purchase the products.
4. Then, customer places order through Customer service team. Then, a commercial contract is made upon purchase request.
5. Credit control prepares LC/ sales contract. The agreement is called 'Blanket sales agreement'
3. Risk managers evaluate if the credit fits in with the current risk portfolio
4. Credit Collection period (usually in Days) is considered both as a stand-alone and as a component of the working capital cycle in particular ensuring that it does not exceed the Payables Period (usually in Days too).
5. After Risk Manager and Finance Director is satisfied that the extension of credit will not result in loss of principal. Credit is extended.

Financial Planning

The Financial Planning activity of Avery Dennison Bangladesh involves the following tasks:

- Assess the business condition, industry cycle analysis
- Identify the sorts of assets expected to accomplish these objectives
- Quantify the measure of asset (labor, equipment, materials)
- Calculate the aggregate cost of each type of asset
- Summarize the expenses to make a financial plan
- Identify any dangers and issues with the budget allocated
- Having a strong correspondence with other nation AD planning official to make the organizations financial objectives coordinated.

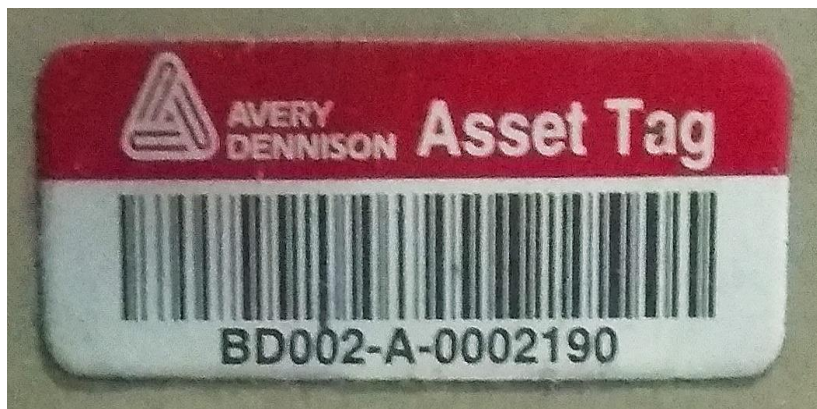
Literature Review

Some studies I have done in perception of Avery Dennison global finance functions. However, all the country's general policy, function of finance department is somewhat alike. For instance, Griffin claims that corporate finance forms the backbone of a corporation (Griffin, 2 He also states that vendors and creditors require payment correctly and on time to keep things running smoothly and, also, must stay liquid with the right amount of cash on hand, finance must maintain payment plans that keep everything on track. That is what I have tried to observe in my company to compare the financial function with global functional activities. Smith says that where there are cash needs beyond the day to day working capital, the finance department is responsible for suggesting and sourcing longer term financing. (J.A Smith, 2014). Payne illustrates that company performance is essential to global and national performance – economically, generally and environmentally. If in turn such routine is considerably inclined, for good or ill, by the role of the CFO and the finance function it is necessary we deepen our understanding of what works, how and in what state of affairs (Payne, 2009).

Job Description

The task I was entitled to was to assist the senior executive A.B.M Ahsan Aziz and locate the assets of the company (containing asset category and tag number among other information) and to authenticate this data with the existing Fixed Asset Register (FAR) of Avery Dennison Bangladesh. A databank which is known as the “Fixed Asset Register” contains various details of the company’s fixed assets. This databank helps Avery Dennison have a beneficial understanding about their fixed assets, classify them and compare in time series for usage in financial statements and financial analysis (comparing FAR of January 18 with FAR of February 18).

Initially I was appointed to locate the assets which does not have the tags which is supposed to there. In that case my immediate supervisor helps me to identify the untagged fixed Asset location. At first, we moved forward step by step at a constructive manner since it’s a big factory and city office. We targeted floor by floor for data gathering purpose. At the very first day in the factory, my supervisor guided me through all the dept. and gave me a tour of the factory. The floors are divided into different units. The ground floor is dedicated for Offset printing and woven labels. The 1st floor is for PFL, HTL, The 2nd floor is for RFID and Thermal. The data’s were supposed to be entered in a file so I was given a laptop which I had to carry all over the factory. An example of Bar code is given bellow:



A Fixed Asset Register (FAR) file was given to me which contained all the IT & Machinery information with asset tag number, location, user and department. I was assigned to locate the machine according to the FAR and crosscheck them whether they are in their designated

location and any of the equipment is missing then I must make a list of the missing assets and inform it to my supervisor at the end of the day.

This a sample of the file which I used to use to enter my collected data.

SL	Model	Asset type	Category Type	Serial Number	Asset Tag	Username	Department	Location
138	Zaffco Forthman	Cutting Machine	Machinery	HD845CW2M	BD002- A000052 1	P23	PFL	Ground Floor

The details to be provided in a FAR generally depends on the following factors:

- Greater control and security is required for costly equipment.
- Customized reports on fixed assets required by management.
- Disclosure norms / regulatory compliance as per statutory laws applicable to the entity.
- Extent of owned, and assets taken on lease / hire purchase.
- Requirements of insurance company.
- Since fixed assets are located at numerous locations, greater details needs to be given. In the case of a construction company, the assets are located at different work sites. These work sites may be in different cities / countries / continents.
- Maintenance costs. Some fixed assets require regular servicing to keep them running in an efficient and satisfactory manner. It would be necessary to keep a tab on the maintenance costs, dates of servicing etc. during a stated period. (Streamlining of Fixed assets, 2018)

Project

Summary:

Avery Dennison Bangladesh performs its Fixed Asset Management by adopting highly advanced accounting principles and standards such as IAS (International Accounting Standards) and by maintaining a world class approach to various fixed asset related

accounting activities such as capitalization, depreciation, impairment, disposal and last but not least, by maintaining an updated Fixed Asset Register (FAR).

Objective of the Project

Every research has its specific objectives which must be fulfilled in order to attain success for the project. The primary and secondary objective of this report is to provide an overview of my experience and learning as an intern at Avery Dennison Bangladesh so that the theoretical learning can be related with the real life business situation. This report aims to achieve the following specific objectives.

1. To gain a proper understanding about the fixed assets of a multinational company like Avery Dennison.
2. To describe the various aspects of fixed asset management of Avery Dennison Bangladesh
3. To identify how Avery Dennison performs operating procedures regarding its fixed assets.

Methodology

It is a qualitative research study. The methodology of this report is slightly different from conventional reports. I basically emphasize on the practical observations have had while working in the Finance department and seeing the colleagues work on their different roles and activities. All the information incorporated in this report has been collected both from the primary sources as well as from the secondary sources

- Primary Source
 1. Personal Observation.
 2. Informal conversations with the supervisor and executives.
 3. Practical work exposures from the different desks of the department.
- Secondary Source

Some data for this report have been extracted from secondary sources, since the descriptive nature of the study to prepare this report calls for existing facts and information compilation.

1. Websites
2. Relevant Papers
3. Published Documents

Limitations

The major limitation for this report was primarily the reluctance and strict adherence to confidentiality maintenance shown by the officials. Most of the relevant literature and study materials on the Avery Dennison are not updated and available, and no comprehensive in-depth study on the appeal industry could be found. Furthermore, some information was withheld to retain confidentiality of the companies. Exact verifications of some information could not be made owing to this.

Some limiting factors were there while conducting the research and preparing the report. These factors are as follows:

- No earlier official study is made on the Fixed Assets of Avery Dennison Bangladesh.
- The study was not done very successfully due to inexperience with accounting nitty-gritty as it takes professionally qualified individuals such as a CAs (Chartered Accountants) to fathom some of the concepts and applications.
- The limited scope of primary data.
- Unavailability of more practical and contemporary data.
- Internal information of Avery Dennison Bangladesh is mostly confidential & critical.

Fixed Asset Management

A tangible or intangible piece of property owned by a company or business organization for a longer period of time which is used in the production of its income and valued over 20000 and lasts more than one year at the same time depreciated with passage of life time is called fixed asset. Fixed asset provides benefits to business organization over than several years. As example, a business organization may use machinery, tools etc for many years. Fixed assets are differentiated in the company's balance sheet as intangible, tangible, or investments category. The asset that Avery Dennison registers in fixed asset register is given below:

- Building
- Auto Cars

- Other Motor Vehicles
- Building Improvement
- Desktop Computer
- Laptop Computer
- Printer & Scanner
- Network Cabling
- Software
- Machineries
- Office Furniture
- Warehouse Shelving

Among these assets all type of assets are called tangible assets and software is called intangible assets. Building and car type assets are called admin asset. Computer related assets are called IT assets. Machineries and office equipment re called Plant and Machineries assets. In Admin type assets there is approximately one hundred fifty items which is being register in fixed asset register. Under IT Assets around one thousand assets are registered in fixed asset register. Lastly around five hundred assets is registers under plant and equipment assets in fixed assets register.

Fixed Asset Identification

Every capitalized fixed asset is to be recorded in an automated fixed asset management system:

- Numbered tags are to be affixed to each individual capitalized item equal to or greater than \$5,000 and all capitalized computer equipment, in line with RBIS specific capitalization threshold of US \$ 5,000. In addition, for a single purchase of a group of similar Fixed Assets with a collective cost equal to or greater than \$5,000, each similar asset within the group should be separately capitalized and tagged if the individual asset cost is equal to or greater than \$5,000.
- Major pieces of equipment or other assets that meet the componentization criteria will require that key components be capitalized and tagged if collective cost of such equipment exceeds US \$ 100,000. Related installation costs should be appropriately allocated to the primary components. Components are pieces of equipment or machinery

that are likely to be transferred, retired, or upgraded during the life of the project or asset. Spare parts are not to be treated as components.

- Assets should be tagged as soon as possible but no later than 3 months of purchase or 12 months of a business acquisition.
- A single function unit or construction cost that does not meet the criteria for componentization (less than \$100,000) but for which the business unit would like to separately track the asset pieces must capitalize only one asset and record only one associated tag number, which will be affixed to the main element of the group within the fixed asset register.
- Maintenance of fixed asset records should be segregated from individuals responsible for control of the assets.

Physical Inventory

A physical inventory of all fixed assets, excluding computer equipment, should be performed at a minimum of once every five-year period with adjustment to records as required. Differences between the physical inventory and accounting records must be investigated, resolved and adjusted in the appropriate fixed asset system and associated general ledger system.

Disposing of Fixed Assets

Approval levels of the disposal of any capital asset. Disposal implies the physical removal of the asset from the property with a book or market value, whichever is higher. Cost less accumulated depreciation should be made in compliance with the signature authority limits of Authorization for Expenditure.

When a fixed asset is disposed of, a properly approved AFE must be submitted, the disposition must be recorded in the appropriate fixed asset system and the associated general ledger. Additional processes may be in place for service centers and them in -scope units.

The original capitalized cost of fully depreciated assets must remain in the appropriate fixed asset and accumulated depreciation general ledger accounts until such time the asset is no longer in use, has been retired and has been removed from the property. These assets must also remain in the appropriate fixed asset system as support for these accounts for tax reporting purposes.

Transfer of the Fixed Assets

Fixed asset sales/purchases between any units within the Company are considered transfers, and should be accounted for as follows.

- All movement of fixed assets is to be documented using the relevant Intercompany Transfer Forms and properly recorded in the appropriate fixed asset system and the associated general ledgers. Movement between geographic locations is particularly important for property and income tax purposes as well as risk management.
- In situations where responsibility and control for a fixed asset has shifted from one operating unit to another, the value “transferred” should be the net of the capitalized cost and the accumulated depreciation.
- Legal, tax and trade compliance considerations should also be taken into account when transferring assets.

Order for the forms of Disposing

- Asset Description and Serial Number: Include a complete description of the asset including the asset number (tag number). If there is to be a partial disposal /transfer, be sure the description is adequately documented.
- Reason for Disposition/Transfer: A brief description of the reason for asset disposal should be included in this section. The disposition status of the asset is also required in this section by the Tax Department. Examples of this would be sold, scrapped, transferred, or abandoned. All disposals will be considered voluntary unless otherwise stated. Any proceeds received on the sale of assets are due to be noted in this section, including the general ledger account to be credited.
- Transfers are to be approved and signed by both the receiving and sending divisions. All disposals with a net book value are to be approved by the appropriate divisional personnel in compliance with corporate policies.

- Information regarding asset history and adjustments to the appropriate fixed asset system should be addressed. This information will be completed by the Fixed Asset Accountant or Fixed Asset Management Departments.
- Disposal/Transfer Data: Upon completion an Asset Disposal form, obtain the appropriate approval and signatures. The form should be forwarded to the Fixed Asset Accountant or Fixed Asset Management Departments.

Fixed Asset Capitalization

Disposal/Transfer Data: Upon completion an Asset Disposal form, obtain the appropriate approval and signatures. The form should be forwarded to the Fixed Asset Accountant or Fixed Asset Management Departments.

- A single function unit:
 1. Less than \$2,000 should be expensed.
 2. Greater than \$5,000 should be capitalized.
- A single purchase of a group of similar fixed assets with a collective cost:
 1. Less than \$5,000 should be expensed.
 2. Greater than \$10,000 should be capitalized.
- Local management has the discretion to set specific capitalization thresholds within the limits noted above. In addition, anything in the mid-range can be capitalized at local management's discretion.
- It is also the responsibility of the unit's local management to ensure that proper records are maintained for all asset purchases immediately expensed for purposes of property tax reviews and audits. All units must apply this policy as allowed by local law.
- If an Operational Lease is converted to a Capital asset, a review needs to be done by the FAST Tax Department to determine the potential property tax impact. This tax impact needs to be included with Capitalization.
- Costs which are directly related to the design, fabrication, construction, installation of a capital asset and which are not specifically research and development costs, shall be included in the capitalized cost of a fixed asset. The following procedures apply:
 1. An estimate and description of all costs (including internal costs) to be capitalized must be included in the initial AFE (Authorization for expenditures) request.

2. Capitalized costs should be captured in a separate project cost center and adequately documented. Timely review (monthly or quarterly) of project costs shall be made to identify potential cost overruns and to exclude costs which may not warrant capitalization.

Capitalization of Internal Costs

- Preliminary engineering studies, surveys and designs for projects which are completed. Such costs for abandoned or otherwise discontinued projects should be expensed.
- Direct and supervisory labor costs associated with design, construction or installation of the asset. This may include the payroll costs of a supervising engineer and /or project administrator. It is absolutely essential that accurate time records be kept to ensure that only the time actually spent on the job is capitalized as part of the project cost. Labor cost can only be capitalized on projects in excess of \$100,000 and cannot exceed 10% of total internal and external project costs.
- Materials, including a reasonable amount of raw materials, and freight charges used in the design, construction or installation of the asset.

Capitalization of External Costs

- Preliminary engineering studies, consulting costs, surveys and designs for projects which are completed. Such costs for abandoned or otherwise discontinued projects should be expensed.

The following types of expenditures can be capitalized provided they meet the below requirements:

- Spare parts acquired within one year of the acquisition of the machinery or equipment they support, are to be capitalized along with that item. Spare parts acquired at any subsequent time, to replace certain of the original complement of spare parts, are to be expensed.
- Major expenditures to upgrade an asset in size or technology and /or extend the life of the asset by more than one year should be capitalized. If an expenditure/upgrade extends the useful life by more than one year of the existing asset, the net book value

of the original asset plus the incremental expenditure should be depreciated over the remaining extended life of the asset.

Costs that do not need to be capitalized

Repair and maintenance cost

Ordinary repair and routine maintenance costs should be expensed as incurred. When considering whether costs are ordinary repairs, consideration should be given to the nature of the cost, the frequency with which it occurs, and its impact on the asset. Maintenance activity are routine if, at the time the property is placed in service, it is reasonably expected that the maintenance activities will be performed more than once during the useful life of the asset.

Start up Cost

Start-Up costs are defined as costs incurred after the asset is available and ready for use, but prior to its operating at a commercial level. Initial test/trial runs, excess scrap and related costs incurred prior to the production of marketable goods cannot be capitalized without prior approval from the Corporate Controller in Glendale. In no case should the depreciable life of excess scrap exceed three years.

Research and Development cost

1. Testing to evaluate product or process alternatives.
2. Modifications of the design of an existing product.
3. Design of tools, jigs, molds and dies involving new technology.

Findings

- Knowing about the fixed asset management process of Avery Dennison Bangladesh by being a team member of the Finance department.
- Significance about the capitalization and the depreciation process.
- Knowing different estimation criteria for useful life of fixed asset.

- Diverse responsibility in Fixed Asset Management team in terms of keeping a proper database of the assets into the register book.

Recommendations

Avery Dennison uses modern technology and IT support. In case of Streaming of Fixed Assets, the organization is getting more and more systematic day by day as previously it was handled manually and now the total procedure is computerized. Although Avery Dennison uses efficient and programmed systems to manage the fixed assets and reduce the number of mistakes, but there are still some system that needs to be improved for the betterment of the company and make the system error free.

The recommendations are as follows

- The employees should be informed beforehand that a person will be visiting them for the collection of data's. This will reduce the wastage of time and work more efficiently.
- Assets such as Laptops, Printers and other hand held devices are easily movable. Thus it creates some problem to collect the specific information even if you visit the mentioned place. The company should be active on keeping a track of the employee's movements. The employees should also be responsible to inform the department whether they are shifting from one place to another. In this way it'll be easy for the register to be updated.
- Every department has their own category of machineries. The departments should take the responsibility and come forward and keep a list of all the fixed assets they have within their department. If a new asset is being introduced in a particular department the whole description of the asset should be noted as early as possible. This will surely minimize all the hassles of tracking the machines one by one.

Conclusion

Avery Dennison is one of the successful multinational companies of Bangladesh that has earned its success in short course of time. This is the leading organization in the Labeling and Packaging industry of the country that is serving millions of customers globally with its level best services. All the departments are doing well to reach their goal. The environment of working in Avery

Dennison is quite different compared to other organizations. The environment is very friendly and casual. So, there is no communication gap between the executives, managers and officers. There is also no communication gap between the departments. All are very cooperative to solve other problems. If they keep their current growth rate they will capture maximum portion of labeling market of our country.

Through this study I have been able to understand about the practical knowledge of Fixed asset management in big organizations and how the policies are followed in the company. This report has helped me to get a thorough idea about working professionally and this will help me to grow in my future endeavor. In brief it can be said that despite of having some difficulty of asset management, Avery Dennison is following one of the effective ways to manage their fixed assets and working on this report has also enabled to discover the actual scenario of the professional environment.

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