

Internship Report on

Accounts and Financial Activities of Corona Group

Submitted to:

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Letter of Transmittal

September 17, 2016

Dr. Salehuddin Ahmed

Professor

BRAC Business School

BRAC University

Subject: Submission of Report on "Accounts and Financial Activities of Corona Group".

Dear Sir,

It is my pleasure to submit my report that contains; "Accounts and Financial Activities of Corona Group". I consider myself very fortunate that I have had the opportunity to preparing the report under your guidance of Corona Group". Here is my overview of corona group.

The report has been prepared in accordance with the knowledge that I have gather during my study of the program. I have tried to make this report in a detailed information form and in precise. I hope that you will find out this report worth of my labor.

It will be my pleasure to clarify any matter regarding this report and thank you for allowing me the opportunity to undertake the task and for your cooperation.

Sincerely yours

Md. Diaun ul Islam

ID:13264010

Acknowledgement

This report, based on three months study, is the part of MBA program, which helps me to gather practical information, which is necessary for my future life. I would like to express my deep respect to my honorable academic supervisor Dr. Salehuddin Ahmed, Professor, BRAC Business School, BRAC University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this report.

During this period I have gone through the various departments of Corona Group and especially gathered knowledge about the Accounts & Finance department with their great cooperation. In preparing the report I receive active cooperation from the AGM of the departments, Accounts controllers, senior officers and staff of Corona Group. I am grateful to the Liberian of Corona Group who helped me by supplying many kinds of necessary information. This report suffers from many shortcomings although I have exerted my best effort while preparing this report. I seek excuse for the errors that might have occurred in spite of the best of my efforts.

Executive Summary

Corona Industries is one of the major business companies of Corona Group. Corona Group has six major businesses. Among them Corona Tractors is one major business. Based on the profit potentiality partial products are traded and partial are manufactured in their own manufacturing company. The main product portfolio consists of Corona Tractors, Corona LuK- oil, Corona Service, Corona Agro Foods are manufactured, Imported, and Inventories in Darikandi factory and sold under Corona Group brand. Tractors, LuK-Oil, Spare Parts are traded and imported products. The Spare Parts unit sells their products through their own retail outlet and through selected dealers. Dealers are considered as the Primary customers through whom CTL sells their products to the secondary customers who actually are the final customers. Spare Parts depends heavily on their dealers for the business. Therefore, they are much concerned about the dealer policy, process and overall operation. For dealership appointment CTL follows a systematic selection policy inviting them for application with required documents. Documents and all other issues are assessed through an assessment form in proper system. There are specific policies for commission, delivery and transportation etc. for the dealers. There are different incentives for dealers to encourage satisfactory business. CTL heavily depends on relationship building and makes the most of it for business. Dealers help CTL to reach remote places for business though it becomes difficult to minimize cost under different circumstances due to different issues related to the dealers. Dealers present several opportunities for CTL's business like switching customers in, campaigning etc. On the other hand their illegal activities may also cost CTL a great deal when dealers take advantages of unfair means to maximize their own profit and interest. CTL conducts the order and delivery process in a systematic way. Dealers can pay to Tel through cash, cheque, DD, pay order to fulfill the transaction. CTL enjoys dealer coverage in all districts of Bangladesh. CTL very much depends on push strategy with a little pulling activity. There are different promotional activities taken towards dealers. Article offer and cash discounts are the most popular trade promotions. Dealers sell their products to the ultimate users. For their own business purposes and profits dealers can also deal with other competing companies of CTL and products of those companies. CTL emphasizes much on Customer Service. There are two systems prevailing. One is customer service from Darikandi Narayongonj which is called Home Care and for remote places there are Inter-Service systems are available where appointed agents work for CTL. There are issues which CTL needs to show their concern. For example transparency in commission, dealer profit margin, management communications, transportation, pull strategy. These are some of the issues which affect dealer's satisfaction and Dealer's satisfaction is related to CTL's business success. So this is a critical issue to look at. Finally, Spare Parts business unit is a small though an important business for CTL and Spare Parts success depends a lot on their proper management and dealings with the dealers. A proper dealer management of dealers can bring about great success for Corona Tractors Business.

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CHAPTER- ONE

INTRODUCTION

1.1 Origin of the Report

This report, based on three months study, is the part of MBA program, which helps me to gather practical information, which is necessary for my future life. I would like to express my deep respect to my honorable academic supervisor Dr. Salehuddin Ahmed, Professor, BRAC Business School, BRAC University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this report.

1.2 Objectives of the Report

The specific objectives of the report are to know in details about the operation of Corona Group. The project has been directed by the following objectives:

- ❖ Exploring that how Corona Group. Control their total financial activities.
- ❖ Exploring that how Corona Group. Control their inventory management.
- ❖ Exploring the performance of Corona Group.
- ❖ Exploring the emergence of Corona Group and its contribution in the economy of Bangladesh.
- ❖ To apply the practical knowledge in this theoretical area
- ❖ To know about the various kinds of product and service provided by Corona Group.
- ❖ To know about the investment policies of Corona Group.
- ❖ To know the rules and regulations of Corona Group regarding the sector wise investment and modes of investment.
- ❖ To know about the investment processes of Corona Group.

- ❖ To analyze the performance regarding the investment activities of Corona Group using some important trend analysis such as – investments of Corona Group, Classified investments to total investments, provision against classified investments, investment deposit , capital adequacy etc.
- ❖ To compare the performance regarding investments of Corona Group with its Competitors.
- ❖ To find out the relationship between investment income and different investment modes through various types of analysis.
- ❖ Finally to identify the findings regarding the investment activities or other relevant things those are essential for the Companies and give some recommendations to overcome the problems those are found.

1.3 The Methodology of Report

Research Approach: The project has been basically a descriptive type of research.

Data Collection Instruments: The study has been primarily based upon information extracted from official documents. Interviews with the managers and officers of various departments were also being conducted. On the other hand, secondary sources (WEB Site) were used to collect data regarding the company and different kinds of papers, annual reports, etc are the major secondary sources.

1.4 Scope of the Report

The report covers the organizational structure, background, functions and the performance of the Corona Group. The scope of the study is just to acquaint with the operational scenario of Corona Group.

1.5 Limitations of the Report

There were some limitations of the study and therefore the report may lack some crucial data. Such as;

- ◆ The general activities of Finance department are so vast. So that's why they were not being able to give me enough time.
- ◆ Time of my internship program was very short. So it was not possible to collect more information within this short time.
- ◆ They did not provide me vast information because of their official obligations.
- ◆ All the information is not included in this report due to confidentiality of organization.

The project has encountered these limitations that may have hinder progress. But with constant effort, my goal was to minimize the negative efforts of these limitations.

CHAPTER- TWO

“A Brief of *CORONA GROUP*”

2.1 A Brief History of Corona Group:

Corona Group started with the establishment of Corona industries Ltd in 1982. Corona is one of the leading and fastest growing diversified business houses in Bangladesh. It employees over 237 people. Presently the group consists of the following individual companies:

Corona Industries Ltd.

Corona Oil and Lubricants Ltd.

Corona Tractors Ltd.

Corona Services Ltd.

Corona Agro Food Ind. Ltd.

Corona Holdings Ltd.

Corona Group.

Introduction:

The company started its' operation Since1982 by taking over Corona Industries as a product of Tractors in Bangladesh. Today, the company is one of the leading group of company in the country; marketing , Importing and distributing the products of Tractors , Oil and Lubricants , Service of spare parts , Agro Food and Holdings that ensure the customer satisfaction to provide the product quality and help the agricultural sector over all the countries . Corona Tractors Ltd. imported the renowned brand product of Tractors, Rotavetor, Power Tiller, Harvester from INDIA, ITALY, BELARUSH, and RUSSIA.

Introduction:

Corona Tractors is one of the oldest business units of the Corona Group. The overall contribution of this Tractors and Agri. Equipments is very much important from the diversified business perspective. The basic products that is Tractors and Agri. Equipments All these products fall under the categories of

1. Belarus 520, 2 wheel Drive, 4Stock, 4Cylinder and 62HP.
2. Swaraj-855 Tractor, 3-Cylinder, 55HP,Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:16.9-28 without canopy.
3. Swaraj-855 Tractor, 3-Cylinder, 55HP,Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:16.9-28 without canopy. (power Steering)
4. Swaraj-855 Tractor, 3-Cylinder, 55HP,Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:14.9-28 without canopy.
5. Swaraj-855 Tractor, 3-Cylinder, 55HP,Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:14.9-28 without canopy. (power Steering).
6. Swaraj-744 Tractor, 3-Cylinder, 48HP,Diesel Engine, Hydraulic System with Differential lock system, new sheet metal without canopy.
7. Swaraj-744 Tractor, 3-Cylinder, 48HP,Diesel Engine, Hydraulic System with Differential lock system, new sheet metal without canopy (Power Steering).
8. Swaraj-735 Tractor, 3-Cylinder, 39HP,Diesel Engine, Without Hydraulic System with new sheet metal without canopy.
9. Swaraj-834 Tractor, 3-Cylinder, 34HP,Diesel Engine, Without Hydraulic System and without canopy.
10. Swaraj-843 Tractor, 4-Cylinder, 42HP,Diesel Engine, Hydraulic System and without canopy.
11. Swaraj-724 Tractor, 2-Cylinder, 26.5HP,Diesel Engine, without Hydraulic System and without canopy.
12. Rotary Cultivator Model: ZS155E,ITALY(36 Blades).
13. Rotary Cultivator Model: ZS155E,(42 Blades).
14. Rotary Cultivator Model: ZS185E,(54 Blades).
15. Combine Harvester, Model-R-1, 450,45HP.
16. Combine Harvester, Model-R-1, 350 G,35 HP.
17. Power Tiller, GN 121, 12 HP.

2.2 Objectives of the Corona Group.

- To achieve and continue growth in sales
- To continuously develop human resources

Provide our Consumers with the Best Service & Shopping Experience in the Country. Provide our Consumers with Products of Latest Technology. Develop our Employees to achieve their real potential. Provide our Shareholders with steady Asset Growth and Return on investment above our Industry Norm. Grow our Revenue and Profits at a rate above the Industry Norm.

2.3 Mission

Our mission is to improve the quality of life by providing comforts and conveniences at affordable prices.

The mission statement emphasizes on the company's inclination towards fulfilling the need of the people, by offering them a novel set of quality products at a reasonable cost. Over the years, Corona Group has come up with a variety of goods and Company like Corona Luk Oil, Corona Industries, Corona Tractors, Corona Services, Corona Agro Food IND. & Corona Holdings etc. to meet the ever-changing needs of people.

A vision becomes tangible as a mission statement. This statement has some parts, those are listed below:

- ☐ Improve the life of people.
- ☐ Providing comfort and conveniences.
- ☐ Affordable price.

Last but not in the list,

- ☐ Providing service generation to generation.

These entire conditions make Corona Group mission successful.

2.4 Vision

To be the most admired and respected familiar company in the country.

Corona Group has been successful in realizing this vision by creating a lasting brand name in every Agri. Equipment all over the Country among the world. Corona Group has continued to expand in the field of consumer durables by acquiring new companies producing related products.

It also describes aspiration for the future, without specifying the means necessary to achieve those desire ends. Corona Group has continued to expand in the field of consumer durable and also increasing social responsibility. It has created a lasting brand name in every Agri. hold all over the world.

2.5 Our Value

To treat our employees, recognizing them as assets of the company to honor and maintain high ethical standards.

1. **Consumers:** We live up to the expectations of a responsible Organization by contributing to the improvement in the Quality of life of our customers through outstanding product & services.
2. **Employees:** We respect each other as individual and encourage cross functional teamwork while providing Opportunities for career development.
3. **Dealers:** We provide a reasonable return to our Dealers while, safeguarding their investment.
4. **Suppliers:** We develop our suppliers to be partners in progress arid share our growth with them.
5. **Competitors:** We respect our competitors and recognize their contribution to mixed value.
6. **Community:** We conduct our business by conforming to the ethics of our country and share the social responsibility of the less fortunate.

2.6 Management Strategy

Corona Group consistently focuses on growth and risk minimization through product diversification and increasing the market share of existing products by responding to changing customer needs.

Strategy:

A Proper strategy is important to the success of a business. Strategy to sale the products are-

Push Strategy: Push strategy requires pushing the dealers to sale the products on their own responsibility. Sales of our products largely depend on the dealers. Dealers convince the customers to buy our products. In this case dealers take the responsibility to publicize the product to sale. They also do it to achieve their own sales target given by CTL.

Pull Strategy: Pull strategy requires creating a demand of the product in the mind of the customers by advertisements and other promotional activates.

2.7 SWOT Analysis:

This SWOT analysis is done to understand what the dealers present for CTL. That means what strength, weakness, opportunity, threat do the dealers possess in terms of CTL' business.

Strength:

- Reaching the product to remote places: it is really convenient to reach consumers of remote areas of the country through dealers.
- Flexibility: as per the requirement or the situation of the business in certain areas CTL can easily withdraw their businesses,
- No fixed assets cost: Dealer are not CTL fix assets. Therefore cost can be minimized of establishing fixed assets like CTL own retail outlet.
- Worlds most known brand company in global advanced product and distribution services.
- It has a manufacturing department where produced three types of product.
- 171 wholesale dealers over the Bangladesh.
- Employees feel more job security.
- Number of employees in 2011 is 237.
- Strong local presence
- Favorable brand image
- Comprehensive knowledge of the total market and client
- Good quality and top quality of products with solution
- Using advance high-tech technology

- Because of long term experience, customers reliability and loyalty
Efficient after sales service

Weakness:

- Great number of dealers may cause problems in cost minimization.
- Another problem is that with the increase in number of the dealers we will also have to increase the number of after sales service which is called Inter Service system. It may not be possible to give proper service in the remote areas. And as a result it may hamper the goodwill of the br
- They cannot complete their regular work within the month as like selling price or receivable.
- For the leakage of few employments in the credit department, each employee has taken more pressure. For that reasons it is possible to make mistake at the time of data inputting.
- Enterprise Resources Planning (ERP) is very important software for day to day business operation. But till now it is not running.
- Lack of brand awareness
- Higher tax on home appliances ness
- Lack of consistency in promotional activities
- Less competitive price; competitor sourcing product at cheaper price
- Less organized distribution
- Less compliance to market deman

Opportunity:

- Campaigning: It is easier to start a campaign from a dealer point. Many other times a dealer informs us about a local occasion in that place in which we can take business advantage of and operate a campaign from that point of dealer.
- Switching Customer In: With proper strategy we can motivate the dealers to convert consumers of other products into users of our products.
- Visibility: Dealers are a point to increase the visibility of our product by properly placing our product in the shelf of the dealers.

- It has a congenial environment facility for all of the jobholders performing their task with more efficiently.
- Always making a combination of flows of the information, goods and funds.
- Air-conditioned office rooms
- There is a brotherhood relationship from top to bottom, due to this one of the employees can easily feel lower risk free job situation than any other organization of the Bangladesh, for this reasons the employees also try to perform their responsibility with more accurately and intimately.
- The market position of the company is very good because its financial strength is good and growth rate also increasing up day by day.
- Exclusive Gratuity and Bonus Facility.
- There is a system of incentives for the sales executive based on fulfilling the target as a sales promotion and also for the credit executives based on the credit collecting of their credit limit.
- Product sales by credit system.

Threat:

- One of the threats from the dealer is that they sometimes do not use the warranty card in the systematic order.
- They do not fill up the warranty card at the time of sale and manipulate it to fill up later on which increases the chances of our increase in cos
- Other competitive worldwide company whose have similar product & services.
- Perception of future demand of the customer.
- Foreign currency fluctuation and devaluation of the local currency.
- Higher tax on Home Appliances
- Competitor sourcing product at a cheaper price.
- Investors are not interested to invest more in Bangladesh because of the unstable political condition of our country. As a result there would be less industrializing than expected. It will reduce the sale.
- Government is slow in decision due to inefficient administration.
- Impact on goodwill: dealers can spoil the reputation of CTL to gain personal interest.
-

2.8 Company Profile

 . **Registered & Corporate Office :**

“Kazi Tower” (3rd Floor)

86 inner Circular (VIPs) Road, Naya paltan,
Dhaka –1000.

Tel: 9333764, 9362527

Cell: s01711-898667

Fax: 880-2-9342973

E- mail: Corona Groupbd@yahoo.com

- **Corona Plant :**

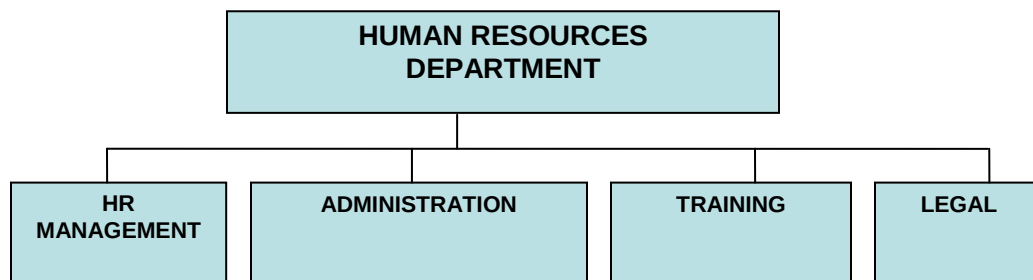
Darikandi, Sonargaon,
Narayangonj, Cell: 01711-898669.

CHAPTER THREE

ORGANIZATIONAL STRUCTURE

3.1 HUMAN RESOURCES DEPARTMENT

Creating a complement and healthy working environment, Corona Group values its Human Assets and committed to their growth and prosperity. The success of any business organization depends on the quality of its human resources i.e. their caliber and commitment. Corona Group is committed to ensure that the Company is capable of continued growth and profitability by satisfying customers' needs and to provide employees with high level of job satisfaction. Consequently, Company's personnel initiatives are designed to encourage open communication, creativity, innovation and initiative. Because the Company believes well trained and proactive employees with high level of job satisfaction will ultimately contribute to the increase in profitability of the Company.



Major functions of this department are:

- ❑ Recruiting, transferring, promoting and terminating of employee.
- ❑ Arranging training both in-house and outside.
- ❑ Personnel policy evaluation and implementation.
- ❑ Maintaining protocol, counseling and discipline of organization.
- ❑ Legal aspects.
- ❑ Recording employee's salary, leave administration and annual performance evaluation.
- ❑ Handling recruitment & selection, training & development, job review, Performance appraisal, employee relations, and disciplinary issues in

- Accordance with relevant policies, procedures and
- ☐ Formulating HR policies and procedures
- ☐ Implementation of Company HR policies and
- ☐ Reviewing HR policies and procedures and revising as per need of the Organization
- ☐ Ensuring the departmental policies is competitive within the Company
- ☐ HR planning and budgeting
- ☐ Handling employee disciplinary actions and or separations i.e. termination, Discharge, dismissals and voluntary separations
- ☐ Managing Performances and ensuring evaluation of all employees
- ☐ Handling grievances of employees
- ☐ Check & calculate Allowances for applicable cases to include in monthly Payroll.

3.2 MARKETING DEPARTMENT

Corona Group has a unique retail network. Its products are sold more than 230 outlets across the country. These are strategically located all over Bangladesh. Corona Group is the only company in the country with such an extensive retail network. As a retail company, marketing consumer durable products, Corona Group efforts have been focused on the **store-merchandising concept**.

This division is headed by the Marketing Director, who is reportable to the Managing Director (MD). Under him have three units:

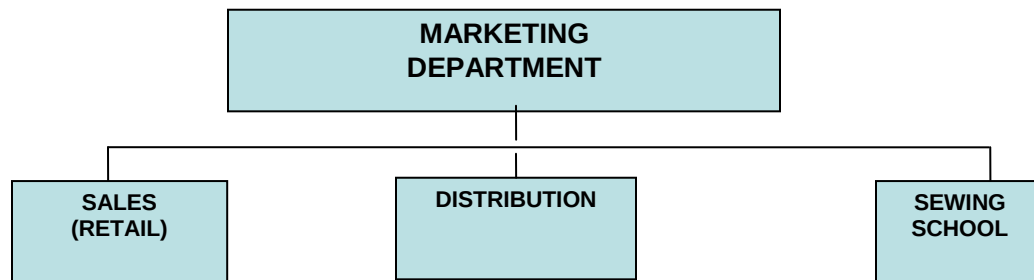
1. Sales
2. Distribution
3. Sewing School.

Marketing Director is assisted by Sales Managers. That is for Retail part. Also reported be Deputy Manager, who is assigned for Distribution part and Assistant Manager, who is assigned for Education part. All other employee works for this department and all time get connected. By this they report to their superior.

Market Segment:

Market segment is important for every business. Segmenting and targeting a segment is crucial for the success of the business. It reflects how well a business understands its market. Corona has targeted a mass market. But if we carefully see it is not actually mass market. It is the mass market in case of the suburban and rural areas. But in the

urban areas the target market is the low income middle middle and lower middle class people.



3.3 MARKETING SERVICES DEPARTMENT

The head of this department, the Marketing Services Director, has three sub-sections management team under him. They are:

1. Product Management.
2. Advertisement & Sales Promotion.
3. Service Center

Promotional activities are essential to every market now days. There are two types of promotional activities undertaken by the CTL.

Trade Promotion: CTL takes several trade promotional activities to boost up the dealers sales and their attitude to sale.

Cash Discount: dealers are given cash discount on the basis of-

Buy certain product: Cash discounts are arranged for dealers if they buy particular items.

Certain quantity: A minimum of certain quantity buy may also benefit them with a cash discount.

Article Offer

Foreign trip: Satisfactory business may result in gaining a foreign trip free of cost and borne by CTL.

Product: Product gifts are also in practice for satisfactory business deals.

Consumer promotion: CTL also undertakes some Consumer promotion activities to attract end users.

Scratch card: Every transaction will have a scratch card given to the consumer. And random prizes, discounts are given upon scratching the card.

Cash Discount: Cash discount on special promotion offers are also given to attract consumer

Advertisement:

The advertisement issue is a controversial issue for CTL Agro. Equipment of product. Very little advertisement activities are taken by CTL products. CTL does the advertising through –

T.V

Radio.

Newspaper.

These advertise to create consumer pull are really very poor not in terms of quality but in terms of frequency. A special consideration and emphasize can be given to be more strong in the market. Advertisement really makes differences in today's competitive market.

Customers:

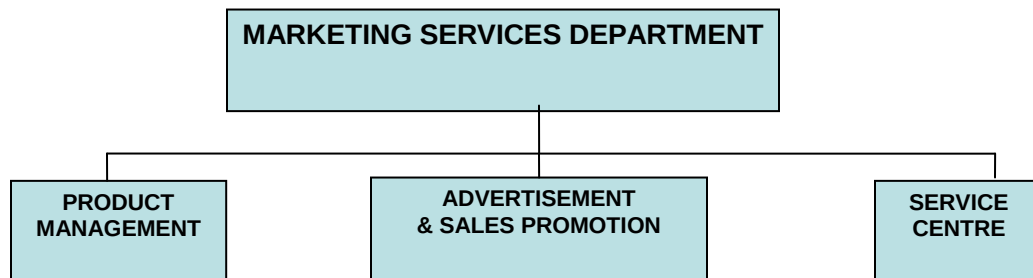
T & A distribution has two customers to deal with. The primary customers are the dealers. The secondary and the final customers are the consumers. So CTL has to deal separately with the two customers. Two different actions plans are required for the two different customers though they are somewhat related to each other. But still CTL takes special focus on each one of them.

Customer Service:

Customer Service is very Crucial to Brand Image for any Business. CTL arranges the customer service in a systematic way. The end users are given a warranty card along with the product they buy. So in case of any problem or defect in the product the end users are supposed present the warranty card to get the service of the warranty period. Dealers relate themselves with the customer service in two different ways.

CTL Customer Service in Darikandi: Dealers send any complaint products to the Darikandi Home Care Service near Narayangonj Town.

Inter-Service in Different Regions: To make it cost effective and give the consumer best possible service in minimum time CTL has some authorized agent in different regions for customer service. So dealers sent the complaints product to the Inter-Service for repairing them

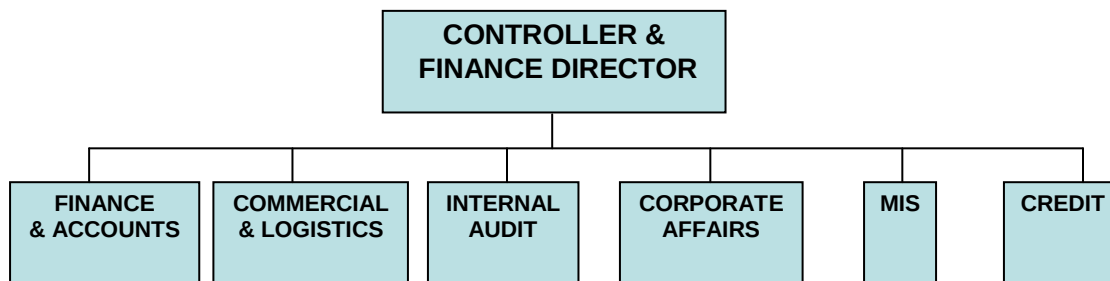


The first section is Product Management, which is headed by the Business Development Manager, second is Advertisement & Sales Promotion, which is headed by Advertisement & Sales Promotion Manager, while the last section Service Centre is headed by Manager. All these managers are under Marketing Services Director. And Marketing Services Director reports directly to Chief Operating Officer.

3.4 FINANCE DEPARTMENT

This division is responsible for ensuring optimum and most efficient uses of the company's resources through various controlling and monitoring activities. It is headed by the Controller & Finance Director, and consists of the Audit, Corporate Affairs, Credit, Commercial, MIS and Accounts. However, the last four units are reportable to the Chief Accounts Manager, who is himself reportable to the Controller. There have a lot of activities of individual department.

The following is the organization chart of the department:



1. Finance & Accounts:

In the finance & accounts department they are responsible for control cash flows operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

Accounts division creates and maintains records of company transactions for both internal and external audiences.

The Accounts unit may be considered a department by itself, for it has the following functional units - **Sales Accounts, Costing & Inventory, Payables, Cash Management, and General Ledger.**

The company accounts represent the financial statements. The investment in associate companies was accounted under the cost method. The carrying value of associate company investments is shown at cost and only dividend income received from associate companies is recognized as income.

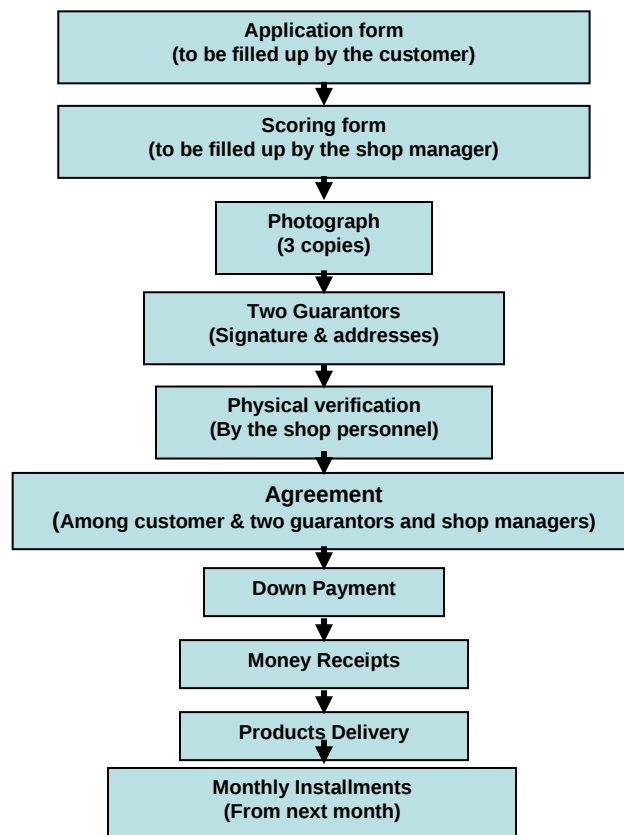
Credit department:

In the credit department they are responsible for control hire purchase operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

What is hire purchase?

Hire purchase is a form of credit. The customer agrees to buy goods and to pay for those goods in installments. The customer has the right to possess and uses the goods from the time the contract is made. Seller has security interest in the goods until all amounts owing by the customer are paid.

How a hire purchase accounting is opened:



Credit scoring:

A customer must meet before granting credit approval i.e. credit scoring form. The criteria are likely to include:

- ✓ The buyers previous credit history
- ✓ Their ability to pay
- ✓ Their current income

- ✓ Residence status
- ✓ Profession & length of profession
- ✓ Age family size
- ✓ Guarantors
- ✓ Whether they have any other outstanding debt payable at the present time.

Customer should fill up the credit scoring form first then it has to be verified by the shop management.

Guarantors:

For credit approval we require two guarantors. A person acting as a guarantor must sign a guarantee agreement in writing. A guarantor is not just providing a credit reference for the purchaser. They shall be held liable for the debt if the customer defaults on the agreement.

Hire purchase contract

A hire purchase contract must be in writing, be signed by the customer, the guarantors and the retailer, and disclose:

- A description of the goods
- The name and address of the hirers & guarantors
- Financial details of the contract
- The number of installments
- The amount of each installment
- When, where, and to whom each installment is to be paid.

Defaulters for above 6 months - The process will start from 5th Steps.

Black List – The customer who have failed to pay minimum 6 installments are listed as bad customers. The list has to be updated quarterly. Shop Manager will be able to assess the Black Listed customers when he makes a new sale.

Legal Recourse – From now on we will go for legal actions against the defaulters. It will be a message to the bad customers that no one can be escaped without making payment. But HP documentations have to be needed complete & authentic.

Commercial & logistics:

In the commercial & logistics department they are responsible for control all import transactions and opening of L/C operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

1. Requisition for order
2. Purchase of product
3. L/C Opening
4. Select L/C opening Bank
5. Insurance
6. Vat
7. Warehouse

Requisition for order

This department confirms how many and what types of product or equipment does the company need or wants to purchase.

Purchase

After getting confirmation, the purchase department involved to buy product. And they try to follow up its related work.

L / C Opening

To get confirmation of purchase, then the company goes to open L/C for foreign purchase. In that case they need requisition for that confirmation that, how much product has in their hand. After getting requisition they starting their work.

Select L / C opening Bank

First they select in which Bank (must be negotiated), they would like to open L/C. Then collect L/C form from that Bank, fillup the form, attached insurance cover note and submit to the Bank.

Insurance

There are several insurance companies, which should be maintained in order to protect and purchase product and assets of the company. At present the following insurance coverage is in place in the company:-

1. Sonar Bangla Insurance Co. Ltd.
2. Provati Insurance Ltd.
3. Cristal Insurance Ltd.
4. Eastland Insurance Co. Ltd.

The finance and accounts department should maintain the respective file of the policy and ensure regular premium payment and charge the same in general ledger as expenses.

Vat

Vat is one of the major indirect taxes in Bangladesh. It is paid on the value that an individual or an organization adds to goods and services at each stage of their production and distribution. The tax eventually gets passed on to the consumers. Vat is payable to the government on the service revenue.

Warehouse

Inventory Procurement & Management

- Based on annual sales plan and regular forecasts.
- Product-wise inventory available as required
- Identification of idle stock & transfer to other locations.
-

Monthly Stock Building Plan

- Objective is to move the products through a system on regular basis.

Product Delivery

Implementation in phases-

- Consolidation of product mix for a single/multiple destination.
- Consolidation of product mix required for a month –single/multiple destinations.

Internal Audit department:

In the internal audit department they are responsible for control to reduce variance of income and cost operation. They are responsible for Keeping close watch on irregularities (if any) & taking prompt actions. Coordination with all locations to identify phased out /defective/ obsolete products, spare parts & prompt disposal. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

REGULAR AUDIT AT-

- 🕒 Sales Agents
- 🕒 Corporate Office
- 🕒 Warehouses
- 🕒 Services Centre
- 🕒 Manufacturing Unit

Corporate Affairs:

In the corporate affairs department they are responsible for control all company related secretarial matters operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

- Company Legal Issues
- Statutory Accounts & Dividends
- Corporate Tax & Other Taxes
- Fixed Assets Management
- Treasury Functions
- Board Meeting Issues

3.5 MIS Department

Management Information System (MIS) section presents ERP (Enterprise Resources Planning) for less time consume. ERP is a new division which deals with computerized financial data transaction within the organization. And shortly MIS will bring online record transaction.

Enterprise Resource Planning software systems (ERP) encompass a wide range of software products supporting day-to-day business operations and decision making. ERP serves many industries and numerous functional areas in an integrated fashion attempting to automate operations from supply chain management, inventory control, manufacturing scheduling and production, sales support, customer relationship management, financial and cost accounting, human resources and almost all other data-oriented management process. ERP systems have become increasingly prevalent over the last 10 years throughout the world. By the year 2000, ERP systems have been implemented in over 60% of multi-national firms.

3.6 Distribution Department

Corona Group has a unique retail network. Their products are sold through their own chain store numbering 90 and exclusive sales agents numbering 50, strategically located all over Bangladesh. Corona Group is the only company in the country with such an extensive retail network of its own. As a retail company, marketing consumer durable products, their efforts have been focused on the store-merchandising concept. They have successfully given a different perspective to all their retail stores keeping in mind what makes a good purchasing experience.

3.7 Warehouses

There are eight warehouses in Corona Group. These are located in-

1. Dhaka
2. Dinajpur
3. Comilla
4. Rajshahi
5. Jessore
6. Rangpur
7. Mymensing
8. Kishoregonj

CHAPTER FOUR

(POLICY GUIDELINE FOR FINANCE AND ACCOUNTS)

4.1 Introduction

This manual is prepared as a guideline for the operating activities of finance & accounts department of the company. This will lay the foundation for a system of internal accounting controls. Examples of the key documentation are included in this manual to achieve the objectives of the department. This manual is intended to be used only as an aid and should not be considered a replacement for management involvement.

4.2 Cash receipts

Cash receipts through company's money receipts. In corporate finance and accounts department each deposit must be entered into a collection register manually. After the entry the receipts are handed over to the concerned revenue section for posting to match against revenue. Collection register will generate cash collection report.

4.3 Cash disbursement

Cash disbursement should be controlled strictly as this is a liquid asset. Basic control of cash disbursement should be as follows:

1. Management will approve payment vouchers.
2. All payments especially vendor payment must be made through cheque.
3. The signatories of the cheque will be top management and top level staff is authorized.
4. No cheque should be prepared without the approval of payment vouchers.

Cash is generally disbursed for the major categories of accounts payable, recurring expenses, payroll, impress cash. The procedures of cash disbursements are presented below:

4.4 Account payable

1. An authorized individual, who indicated approval by initialing the invoice, should approve invoices for payment in writing after review.
2. Checks maybe generated manually.
3. Supporting documents referred to as voucher to as voucher are attached to the cheque for signing. The documents usually contain as:-
 - Purchase order
 - Receiving report
 - Invoice
4. Money receipt should be received when payment is made.
5. Source tax should be deducted, if applicable, form the payment.

4.5 Recurring expenses

Recurring expenses are of different types. They may be one time in a month, occasionally and regular. The monthly ones are utilities bills and examples of regular type are conveyance, entertainment, etc. expenses in connection with business travel, training, promotional etc are occasional expenses in nature.

(i) Monthly

Monthly expenses should be paid on the basis of invoice/ bill submitted by the authority concerned. Payment in this regard should be ensured to the designated deposit centers within the stipulated time in order to avoid disruption of services.

(ii) Occasional

Occasional expenses are incurred for specific purposes in this regard are as follows:

- ✓ Expense report should be completed on a timely basis
- ✓ Receipts for expensed should be attached to the expenses report prior to the expense report.
- ✓ Date, time and business purpose should be stated.
- ✓ The staff should sign and dated the expense report prior to its submission to finance and accounts department.
- ✓ Before disbursement or adjustment of advance made against him/her, the expenses report should be approved by the authority.

4.6 Payroll

The salary of the staff should be paid on the basis of the employment agreement with the company.

4.7 Imp rest cash

Imp rest cash fund is a revolving fund maintained at a constant amount to cover the small cash expenditures such as conveyance, entertainment, minor office supplies etc.

At all times the general ledger imp rest fund account balance in the name of respective should be the amount of cash that was originally advanced.

The following procedures are helpful in maintaining the imp rest cash fund account:

1. To establish the imp rest fund account, make a fund available to the in charge for an amount sufficient to cover small expenditures for a designated period of time.
2. The in charge is required to provide expenditure vouchers to corporate office immediately after the close of designated period of time.
3. The concerned section of finance and accounts department should process the vouchers and send to the proper authority for approval.
4. Discrepancy detected at the examination of vouchers.

5. The amount in the vouchers as found and approved should be made available to the concerned after posting to the concerned account.

4.8 Advances

There may require some unavoidable advance such as:

Advance to vendor for specific product.

Advance to employee on humanitarian ground

Whatever the nature of advance this should be made available to the beneficiary after proper approval from the top management of the company. The department should take necessary steps to realize the advance as per understanding.

4.9 Prepayments & security deposits

Prepayments required for rental office should be made available as per agreement on approval by the management. The department of finance and accounts should adjust the prepayments as per agreement. No lapse in this regard will be allowed. In addition, there require some security deposits for securing business telephone, customs etc. these should be made through cheque subject to the approval from the management. The corporate finance and accounts department will be responsible to bring back the same at the end of the stipulated period. In addition, the transactions should be accounted for properly.

4.10 Investment

Investment policies are too complex to fully discuss here, but controls for managing investments should include the following:

- The finance and accounts department is to implement the investment decision to the company.
- The present policy in this regard is to place fund in fixed deposit reserve with banks and in saving certificated issued by the government.
- The investment will be made when the board of directors takes decision.

- The interest earning in this regard will be accounted for on maturity of the investment.

4.11 General ledger

The general ledger (G/L) accumulated all accounting activities for an accounting period. The importance of the (G/L) systems become apparent in light of a double entry objective that:-

- (a) All transactions are properly accumulated, classified, summarized and recorded in the accounts and,
- (b) Financial transactions and reports accurately reflect the details of all operations. As evidenced by the objective, the activities of a (G/L) system are varied, ranging from the preparation of journal entries to the production of the final financial statements. The basic flow of events for a (G/L) system is simple, revolving mainly around the journal entry. Initially journal entries are prepared by summarizing the period's activity. Journal entries are then posted to the (G/L). Reports are generated from the (G/L), reviewed for accuracy and any variances are explained. Finally, financial statements are produced from the final general ledger. Because of the impact of the (G/L) system, the following key controls are imperative:-
 - Approval of all journal entries by a designated authority before posting.
 - Checking of validation sheet of journal entries to confirm the accuracy of the posting.
 - Review of month end financial statements by departmental heads.

4.12 Accounting Activities

As stated above, summarization of the month's activities is done via journal entry. The **different accounting activities** that give rise to journal entries are **as follows:-**

Cash activities

- ❖ **Cash receipts:** Cash payment is received through money receipt from different sources
 - o Cash sales
 - o Credit collection

All receipts either cash or cheque must be entered to the respective revenue centers individually. At the end of the month journal entries of accumulated figure is to be posted to the (G/L) accounts.

- ❖ **Disbursements:** Posting is required at the time of each payment individually to the respective head of accounts.

Operating activities

- ❖ **Accounts payable:** There are some recurring expenses identifies as accounts payable such as
 - o Direct cost-
 - o General cost- Salary, Rent etc.

This type of expenses is to be recorded on cash basis in the existing data base file. At the end of month this is to be treated as payment against account payable in the reporting software.

- ❖ **Account receivable:** Credit sales will be treated as accounts receivable and at month end journal entries receivable is to be posted to the (G/L) in order of revenue center.
- ❖ **Payroll:** Salary for the working month is to be paid and at the end of each month payable account for salary is to be posted and when paid payment is to be adjusted in reporting software.

- ❖ Depreciation: Depreciation is to be charged on-
 - o Fixed assets: Building, leasehold improvement, plant and machinery, motor vehicles, furniture equipment and tools as per journal entry to be posted in the reporting software.
- ❖ Prepaid/ Advanced: It is to be ensured at the time of posting of payment/ adjustment that prepaid/ advance account (such as prepaid office rent, operational advances) is properly accounted for.
- ❖ Additional entry: Any additional journal entry, if required must be supported by proper documentation

CHAPTER Five

CONCLUSION & RECOMMENDATIONS

5.1 CONCLUSION

The analysis of the firm's financial statements consists of mixture of steps and pieces that interrelate and affect each other. No one part of the analysis should be interpreted in isolation. Short term liquidity impacts profitability; profitability begins with sales, which relate to the liquidity of assets. The efficiency of asset management influences the cost and availability of credit, which shapes the capital structure. Every aspect of a firm's financial condition, performance, and outlook affects the share price. The last step of financial statement analysis is to integrate the separate pieces into a whole, leading to conclusions about the business enterprise. The specific conclusions drawn will be affected by the original objectives established at the initiation of the analytical process.

5.2 RECOMMENDATIONS

So there have some weaknesses that act as barriers for being better performance of Corona Group. If the company can reduced this kind of barriers, company can be successes. So they can take some action to recover those barriers that is:-

- ❖ Have to can increase sales
- ❖ Company must follow the chain of command
- ❖ To make effective salary structure
- ❖ Have to reduced short term loan
- ❖ Have to reduced new store expansion Because if it increase more in a year, the expenses of lease payment are increasing too.

The managerial performance of Corona Group is also very good but for more better in future they can take some action which is given below:

- Adaptation of more advance technology in their production process.
- Improvement of compensation structure for the staffs and employees.
- Uses of Modern updated software's in all departments for accomplishing the task which I think will make the work more effective and efficient. It will also save a lot of time and energy.
- Evaluation for the good performance of the employees by introducing award and incentives.
- Corona Group should try to perform some social responsibility like establishment of Hospital, providing medical facility to any rural areas for particular period of time etc.
- Corona Group should improve its existing distribution system.
- Delivery schedule should be modified, i.e., the number of weekly delivery should be increased according to the demand and expectations of the dealers.
- More surveys can be done in order to identify more deeply the causes of poor performance and other areas of flaws.
- Customers' database should be maintained using software that is more sophisticated so that existing road map/plan can easily be modified anytime.
- Modern and versatile software should be used to run the process of keeping records and invoices so that anytime a recheck can be possible.
- Crosschecking of every records and activities should be introduced and practiced.
- Beside distribution, Corona Group should concentrate on improving the other areas of operation as well.
- Brand equity in terms of market share should be the main focal now because distribution alone can do nothing if the customers ultimately do not demand the product

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