

Internship Report

On

**“The Activities of Accounts Department
of Virtual Knit Wear”**



BRAC University (BRACU)

BRAC Business School

Internship Report on

***“The Activities of Accounts Department of Virtual Knit
Wear”***

Supervised By

Faculty of Business Administration
BRAC University (BRACU)

Submitted By

Md. Kowser Mahmud
ID: 10104044

BRAC University (BRACU)

Date of Submission: 19-04-2018

LETTER OF TRANSMITTAL

January .., 201..

Mrs,Asphea Habib
Associate Professor
BRAC University
66, Mohakhali C/A,
Dhaka, Bangladesh.

Subject: Submission of the Internship Report.

Dear Sir,

First, I would like to thank you for approving this invaluable topic. The study has given me the opportunity to get a deeper insight and use my theoretical knowledge in practical knowledge. This is to inform you that I have successfully completed my summer internship at **Virtual Knit Wear**. Here I am working inAccounts department, as an Accounts officer. It has been a great pleasure to work under such a friendly and helpful supervisor who is the principal of this institute in a smooth, cordial environment. The study focuses upon various relevant Accounts and Administrations' factors. I have provided some key findings and analysis and suggested some implementable recommendations.

I would try my best and shall be obliged to provide you with any clarification regarding the report.

Thank you.

Sincerely,

Md. Kowser Mahmud
ID: 10104044
BRAC Business School
BRAC University (BRACU)

ACKNOWLEDGEMENT

All praise to the almighty, and the merciful. Without his blessing and endorsement this report would not have been accomplished. The successful completion of this report might never be possible in time without the help some person whose inspiration and suggestion made it happen.

First of all I want to thank my faculty advisor **Mrs.Aspheha Habib** who has provided me with suggestions for making this Final Internship Report and also provided me with the format for preparing this report. Then I also thank my all colleagues of the VKW for enhancing their support and time to complete my internship report. I also give special thanks to Mr. Jaman head of this department for compassionate help.

I was closely attached with them during my internship tenure. Without them this project would have been very difficult.

I also thank the contributions whose articles and publications helped me to enhance my knowledge and contributed significantly in preparing my paper. In preparing this report, I have taken many books that mentioned in the references. I acknowledge my indebtedness to all those authors and teachers for their work, which had great use to me.

DECLARATION

I hereby declare that this report entitled “**The Activities of Accounts Department of Vitual Knit Wear**” is my original workdone by me under the guidance of **Mrs. Asphea Habib** , Associate Professor, Faculty of Business Administration, in partial fulfillment of the requirements of degree of Bachelor of Business Administration at BRAC University (BRACU).

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Md. Kowsar mahmud

ID: 10104044

BRAC University (BRACU)

CERTIFICATE OF SUPERVISOR

The Internship Report entitled on “**The Activities of Accounts Department of Virtual Knit Wear**” has been submitted to the Office of Placement & Alumni, in partial fulfillment of the requirements for the degree of Bachelor of Business Administration, Major in Accounting and Faculty of Business Administration by Md. Kowsar Mahmud bearing ID No: 10104044, Semester: Spring-2010. The report has been accepted and may be presented to the Internship Defense Committee for evaluation. He has accomplished the report by himself under my direct supervision.

I wish her every success in her future endeavor.

Mrs. Asphea Habib

Associate Professor

BRAC Business School

BRAC University (BRACU)

EXECUTIVE SUMMERY

The Virtual Knit Wear is going to them established as a good brand institute in RMG sector. Now they have lots of opportunity by their sales because these types of organization's demand for RMG sector are increasing day by day. They should follow the Payment system resolve labor' issues, salary and compensations for employees, technicians, and staffs. And also they wants to attract, motivate, and retain the most qualified employees and match them to jobs for which they are best suited. They have excellent job environment for employees & also study environment for labors. They Want To Change perception in Professional RMG sector.

The Institute receives income from several sources including the sales of socks, t-shirts, polo t-shirt and other fixed assets. They have to maintain a very strong relationship with the customers with their accounting system. They have managed the whole system very effectively. They are doing the business for a long time and the accounting system is very much good for the auditors, they have kept the accounts very specific. So the whole system is very much appreciable. While I was working there I have got the ideas about their whole accounting system and it is very much effective and organized.

It has been the policy since inception that VKL would always offer more to her customers than could be expected of her. Keeping that in mind VKL has established and fulfilled all the requirement of the world famous brands. As a result- meeting the extraordinary requirements of her customers has become a

Custom in this business house and a matter of pride for the nation. From the very beginning of its lay out planning it has kept its close observation on social compliance issues and hired a named multinational company to accomplish its social compliance issues, better and safe working environment, highest production capacity building, and techno research center etc.

Here is the list of some major buyers -

Wal Mart (Canada)
HRC
JJB Sportswear
Arsenal
Chelsea
Wolverhampton
Tottenham Hotspur
Carlsberg
Budwiser
HMV
Asroma
Varsity USA
Universal Studio (USA and Singapore)
Ema
Bacardi
Giant Tiger etc.

VIRTUAL KNIT Accounts Department



Collection of Source Documents



Preparation of Vouchers



Department wise Consolidate Financial Statements

Part-1

The Origin of the Report

Chapter-1

INTRODUCTION

1.1 Background:

Internship is the part of the graduate degree in business Accounts and Administration department of the BRAC University Bangladesh. Internship has merged the theoretical and practical knowledge which is important in our future life. For developing the practical knowledge I want to do internship. As our educational system predominantly text based, inclusion practical orientation program, as an academic component is an exception to the norm. As the parties; educational institution and the organization substantially benefit from such a program. The process establishes networking contracts, which may help student to get a job, which means students can train and prepare them for the job market. Internship experience gives professional experience which practical orientation provides positive development in professional arena. In such a state of the affairs I join in Virtual Knit Wear under the guidance of my supervisor Muhammad Kamruzzaman.. My experience involved with the overall accounts related work on (VIRTUAL KNIT).

1.2 Objective of the study:

Broad Objectives:

To understand the functional activities of how the Accounts department is conducted within the organization which change the work activities and success of the academic work and their achievement for the organization based on academic related programs.

Specific Objectives:

- To understand the function of Accounts department of VIRTUAL KNIT.
- This affiliation will help to get information from the activities of different Department.

- To know in which basis they evaluate their student's & official's performance.
- To know how they maintain the national university's professional curriculum rules in their institute.
- To focus on their admission and key activities.

1.3 Methodology:

Data source:

Data for this report has been extracted from primary sources as well as secondary sources.

Primary Data:

Primary Data will be collected Official records (files, rules & regulation).

Secondary Data:

Majority of the data will be collected from Annual Report, Informal discussions mainly with my supervisor, brochures, and VIRTUAL KNIT official web sites.

1.4 Limitations of the study:

- Data availability could be another big issue here because company might not want to disclose all the confidential information regarding their managerial strategies and plans.
- Data from different sources were quite inconsistent which created some problems in making the report.

Virtual Knit & Leisurewear Limited

Company Profile



Company Mission

Bring competitive advantage By way of Diversification of design & excellence towards quality.



Company Vision

Our Persistent Endeavour striving towards meeting customer's satisfaction

Company Data Summary

Name of Company: **Virtual Knit & Leisurewear Ltd.**

Name of Contact Person: Md. Rezaul Haque

Title: Managing Director

email: mrhrazu@virtualknitwear.com

Office Address: 6, North Gulshan C/A (1st Floor) Plaza Building, Gulshan Circle-2, Dhaka 1212, Bangladesh

Factory Address: Plot S.A. 07, 08 RS. 11, 12 ,13 (3rd Floor), Karamtola, Pubail, Gazipur Sadar, Gazipur, Bangladesh

Telephones: (Head Office) 88 (02) 9893261, 88 (02) 8856610, 88 (02) 8856612

Fax: 88(02) 9891816

Telephones: (Factory) 88 (02) 9815716-7; 88 (02) 9815759

Fax: 88(02) 9891816

Year of Establishment: 2011

Legal Status of the Company: Private Limited Company

Company Registration Number: C-95153/11 - 24 Aug 2011

Percentage Ownership Held in Bangladesh: 100%; **Percentage Ownership Held Overseas:** 0%

Floor Space: 13,000, Sft /Floor

Percentage Private Equity: 100%; **Percentage Government Equity:** 0%

Number of Machines for average styles: 50

Numbers of Management Staff: 10 **Other employees:** 50; **Total** 60

Compliance: Factory is 100% compliant to Health and Safety measures and maintaining local labour law.

Company Bank Account Details

Account Name: Virtual Knit & Leisure Wear Ltd.

Account Number: 00433010226

SWIFT NO: BALBDDHXXX

Bank Name: Bank Asia Limited

Branch Name: Gulshan

Membership in Business and Professional Associations:

Name of Chambers/Associations	Telephone	Fax
Bangladesh Garments Manufacturer & Export Association (BGMEA)	9552562	9550103
Metropolitan Chambers of Commerce & Industries (MCCI)	9560102-3	863213
Export Promotion Beuro of Bangladesh (EPB)	9550103	9552562

Company Profile

Emergence of the Company

Virtual Knitwear Limited (VKL) has stood up with the commitment of quality Knit fabric and garment manufacturer in the beginning of year 2006 Considering the growing demand of the global market and the opportunity of utilization of the local resources the Virtual Knitwear Limited was established with state of the art technology and its capacity building set up in Pubail, Gazipur, Bangladesh.

Never missing to realize the future challenges that lay ahead, VKLL always had put all her efforts and means to master the best practices in all her manufacturing units in order to achieve professional competence and reliability and to reach or keep ahead of buyer's expectations.

LIST OF MACHINERIES

FULL AUTO & COMPUTERIZED SOCKS KNITTING MACHINES

S/L NO.	MODEL NO	DESCRIPTION OF MACHINERY	QTY
1	KT 608 TM 156N 3.75"	(Plain and Terry) & Standard Spare Parts with Sinker Covers	45 NOS
2	KT 608 TM 108N 3.75"	(Plain and Terry) & Standard Spare Parts with Sinker Covers	5 NOS
3	KT 608 TM 200N 3.75"	With Standard Spare Parts	5 NOS
4	Computer System	Integrated Computer System	01 No.
5	AME-21P	Full Automatic Setting Machine	01 No.
6	KD505	Automatic Linking Machine with standard spare parts	02 Nos.

PRODUCT DIVERSIFICATION & PRODUCTION CAPACITY

We are in a position to produce different articles of socks and tights as Crew, Quarter, Trainer liner, Invisible, Sports etc in plain and terry version. A basic conception of production capacity of socks as below:

No.	Descriptions	Capacity/Month
1	Mens or Ladies socks	275000 pairs
2	Baby socks	46000 pairs
3	Kids/Girls/Boys Tights	40000 pcs

BRANDS AND SPECIALIZATION

No.		
1	Mainstream Products	Socks and Tights Mens /Ladies/Girls/Boys/Baby
2	Brands of Some of our Major Clients	Reitmans(Canada),H&M(Europe/Asia/USA),Orchestra(France), Legresource(USA),NEXT(UK) Hunter Apparel and Solution Ltd(UK),Universal Studios (Singapore) , Vizyon Textile Ltd(Turkey) Etc.

SWOT Analysis

STRENGTHS

- Strong Commitment in overall Management
- No discrimination
- Well Coordination in Export Countries
- Professionally experienced Management in strategic level and high skills in Operational level
- Using State Of the Art Machineries
- High skilled merchandizing and Quality staff
- Strong tie with buyers
- Compliant Factory

WEAKNESSES

- Communication language to different buyers except English

OPPORTUNITIIES

- Big Marketing Scope in International Market
- Government Tax Relaxation and Supports on Exports
- Import Duties Relaxation on Raw Materials
- Present Govt. initiative to improve the Garments Industry

THREATS

- So many other companies in the same field.





Chapter-1

Introduction

1.1 Background:

Internship is the part of the graduate degree in business Accounts and Administration department of the BRAC University Bangladesh. Internship has merged the theoretical and practical knowledge which is important in our future life. For developing the practical knowledge I want to do internship. As our educational system predominantly text based, inclusion practical orientation program, as an academic component is an exception to the norm. As the parties; educational institution and the organization substantially benefit from such a program. The process establishes networking contracts, which may help student to get a job, which means students can train and prepare them for the job market. Internship experience gives professional experience which practical orientation provides positive development in professional arena. In such a state of the affairs I join in Virtual Knit Wear under the guidance of my supervisor Muhammad Kamruz zaman. My experience involved with the overall accounts related work on (VIRTUAL KNIT)

1.2 Objectives of the study :

Broad objectives:

The main objective is to understand the functions and working process of the account department which express the profit and success of the organization or loss.

Specific objectives:

- Know about the function of accounts department of virtual knit wear.
- Getting information about different department account activities.
- Based on what qualification they are evaluating their employees and their performance
- To Know How all the account responsibilities are allocated among the employees in account department.
- To know about the salary, compensation and bonus system of employees, labors.

- To know about the procedures which are being followed to keep the account detail.
- To know about the efficient level of account department at the time of auditing.

1.3 methodology:

Data source:

Data for this report has been collected from primary sources and secondary sources.

Primary Data:

Primary data has been collected from official records (files, rules and regulations)

Secondary Data:

Majority of the data is collected from the annual report, informal discussions mainly with my supervisor, brochures, and Virtual knit official web site.

1.4 Limitations of the study :

- Every company has confidential matter and information so data availability was big issue. I have to collect data regarding the organization policy and managerial strategies.
- Data from different sources were inconsistent which created some problems in making the report. Enough data was not provided in the official website of the company.

Chapter -2

Activities of Accounts Department

2.1 Introduction:

Virtual Knit Wear has income source from various sides like selling of socks, t-shirt, polo shirt and selling of other assets. They are having cost by spending for business activities ,employees salary ,raw materials, maintenance of machineries ,utility cost etc. Stakeholders like BGMEA, customers, suppliers and different regulatory body are well satisfied by the efficient accounts department and their work. Standard procedures and rules are followed to record transactions and making reports .

2.2 objectives :

1. strictly maintain the requirement of Bangladesh accounting standard.
2. confirm a systematic accounting record keeping system in all sections of the institute.
3. Guide the financial persons and help them by describing fulfill accountability requirement which describes the systems and procedures .
4. Establish a right guideline to use fun effectively.
5. provide accurate financial report to the user of the financial statement .
6. Help to establish a proper management system by providing accurate financial information.

2.3 Overview of Accounting System:

2.3.1 Summary of significant Accounting Policies :

Virtual Knit follows the modified accrual basis of accounting incase of income and expenditure items .virtual knit maintain the historical cost convention to prepare its financial statements.

2.3.2 Chart of Accounting Function :



2.3.3. Financial statements preparation:

All the department has separate accounting book for keeping record with separate entity. Account department collect accounting information from those separate accounting book and arrange them to make reports, financial statement, records etc. the account department maintains records for investment and management purpose. All kind of cash balance, profit, spending and business transaction records are held in accounts department and incase of demand for information from any other department and final audit support account department gives the core support.

2.3.6 Accounts receivable :

Account receivable occurs after service has been provided. Accounts receivables are when they are due .

2.3.7Employee gratuity and redundancy fund :

A gratuity and redundancy fund is made on the basis of two months basic salary for each completed years of service for each permanent employee.at the time of retirement gratuity is disbursed .redundancy disbursements are made at the time of cessation of service from virtual knit wear on ground of redundancy.

2.3.8.Cash and cash equivalents :

The statement of cash flows comprise cash and bank balances ,unpledged fixed deposits, against which bank overdrafts in case of any deduction at that time cash and cash equivalents are needed .

2.3.9 Bill –voucher preservation:

All kind of documents like vouchers, bills, files , or registers are destroyed after five years except any legal and regulatory documents like deeds, agreements ,books and records related to income tax ,vat, or any other legal documents which might be needed in future . A committee is responsible for the effect of disposal and a list of document is preserved of all the destroyed documents.

2.4 Sections of department

2.4.1 Accounts department:

Head of accountant is responsible for all the work of account department under whom all the accounts department employee works according to his supervision. Head of accounts works in co-ordination with chairmen, treasure and managing directors. For better service and smooth operation the account department is divided in to different units with different responsibilities as followings:

1. General accounts
2. Treasury unit
3. Labor affairs unit
4. General accounting unit
5. Budget and MIS unit.

2.4.2 Functions of different units:

General accounting unit:

General accounting unit performs the following functions :

- All bank accounts of Virtual knit are controlled by general accounting unit .
- Maintains the computerized accounting packages effectively.
- General accounting unit prepares all vouchers including journal vouchers for internal transaction .
- Prepare bank reconciliation statement.
- Coordinate annual external audit and internal auditors.
- Internal department transactions are reconciled .
- Makes department wise financial statements at the end of every month and maintains hard copies in file.
- Monthly basis internal consolidated financial statements are maintained.
- Maintain registers , books and documents required for transparent functioning of accounts section.

Treasury unit :**Activities of treasury unit are :**

- Withdrawing of cash from banks.
- Depositing cash and cheque in bank.
- Giving Payment of all kind of bills those are authorized general accounting unit.
- Receiving of cash by sales , various fees..
- Give utility bills like gas , electricity , water , telephone, internet which are authorized by general accounting section .
- Giving payment to staff in case of salary , bonus , resignation, termination , retirement etc.
- Preserving paid vouchers.

Labor affairs unit:**Service of labor affairs unit are:**

- Preserving copies of all vouchers of labor's tiffin cost
- Giving report of all payment clearance of the labor.
- Giving report of annual labor bonus cost, safety cost and health service cost .

Functions of payroll unit :**Activities of payroll unit are:**

- Prepare and check salary register.
- Using the payroll software
- Receiving of copy of collection slip from bank.
- Inputting all required information in the payroll software.
- Informing banks to transfer net salary to individual staff.
- Collecting information from HR and other department on salary and bonus, leave availed without pay deductions etc . Required for payroll preparation.
- Keeping information about customer's payments, suppliers dues etc.
- Always keep contact with head office and other departments for updating information .

Budget and MIS unit:

Responsibilities of budget and MIS unit are:

- Contact with each departmental head and prepare budget for each department.
- According to the advice of external and internal auditors implement their recommendations.
- Monitoring the implementation of the budget and consulting about the variances with the budget holders.

2.5.1 Cash book:

Virtual knitting follows a computerized cash book recording system for all kind of cash and bank transactions. Various department are recognized through a coding system. This computerized cash book system is much more informative in case of providing information at the end of the day about cash and bank balance .this system also provide information about daily transactions and balance of each bank account .

Three type of transactions are kept in the cashbook:

- Payment
- Receipts
- Transfers

By using this system the out puts that can be taken are :

- Bank transactions list
- Cash transactions list
- Bank register
- Cash register

All kind of transfer entries ,receipts, payments are recorded in cashbook.

2.5.2Cheque register:

Chequeregister section enters the name of payee, amount , cheque number and date of cheque. The register has a column for recipient's name and signature .cheque register is printed with all information of cheque issued in a particular period.

2.5.3 General ledger:

All cash and non-cash transactions are recorded in the general ledger. The cash transactions are automatically transferred to general ledger book and non-transactions are separately entered in journal vouchers.

Salary is one of the major expense of virtual knit .details are explained in payroll. pay roll slip explains employees salary .there are three copies of a pay slip staff copy, account copy and HR copy .

3.6.5 Advance ledgers:

Often virtual knit has to give advance to its suppliers and staff to produce goods and services. This transactions are recorded in advance ledger, which are subsidiary ledgers.at present advance ledgers are manually maintained .there are two kind of advance ledger

1. Advance to staff against expense
2. Advance to 3rd party against expenses.

2.6.7 Voucher forms:

Voucher forms are one of the vital document which needed to be recorded as a prove of transactions.

Elements of a voucher are:

- Name of the organization
- Date
- Number of voucher
- Department
- Bill or cash memo
- Nature of voucher
- Signature of organization
- Amount in word and figure
- Recipient's signature
- Brief narration of transaction

There are four kinds of vouchers:

Debit voucher:

All kind of cash and bank payment are recorded in debit voucher

Credit voucher:

Cash and bank receipts are recorded in credit voucher .this is also called receipt voucher.

Transfer voucher :

To maintain often happens that cash has to be transfer from one bank to another and those transactions are also recorded in the books of account through transfer voucher. Other transaction like cash or cheque deposit, withdrawal, bank statement, deposit slip important documents are nicely kept for supporting document.

3.6.8 Journal voucher:

Provident fund, income tax, deduction from salary expenses, depreciation from fixed assets are recorded in the books of account through journal voucher.

3.6.9 Money receipt:

There are 3 kinds of money receipts :

1. Customer copy
2. Voucher copy
3. Filing copy

Money receipt is used as a prove of cash or cheque.

3.6.10 Fixed asset register:

Fixed asset ledger software is used to keep detail information of fixed assets, voucher number, date ,price, disposal details, depreciation , location etc. Information's about asset ledger summary and asset details are available here.

Findings:

I have found out many important things from my studies. I have found out the accounting system and I have watched the whole system very closely with my eyes and gathered so much experience with it. The system was quite good. I have found that, working in the accounting system is very much helpful. They system for any kind of RMG is also very much challenging. The whole things just got bigger and organized when I have experienced all the things together. I learned how a buying house is taking the order from the buyer and delivering the product .How a buying house is keeping their daily accounts and calculating revenue. The internal management of a buying house, how they are communicating with the factory and maintaining orders.

Chapter-3

Recommendation & Conclusion

3.1 Recommendation:

Virtual Knit Wear already has a good brand name in the industry. So I do not have much to recommend. Some recommendations are:

- They focus need more experienced because it may create crisis for their business growth.
- Orientation should be performed effectively specially for the new employee.
- They have to focus on Payment System of labor.
- Accounts department play an effective role for developing their strategic plan.
- They need perform more promotional activities.

3.2 Conclusion:

The Virtual Knit Wear is going to them established as a good brand institute in RMG sector. Now they have lots of opportunity by their quality of products because these types of organization's demand for RMG sector are increasing day by day. They should follow the Payment system resolve labor' issues, salary and compensations for employees, technicians, and staffs. And also they wants to attract, motivate, and retain the most qualified employees and match them to jobs for which they are best suited. They have excellent job environment for employees & also study environment for students. They Want To Change perception in Professional garments sector. The accounts department is also very much important. They have made a great advanced step in the sector of accounting system in the RMG. The whole system is very much organized. They are doing very good and they deserve appreciation for the job. It was a new experience for me working in an office environment. I had the opportunity to learn about so many things. It's a competitive world where everyone is trying and working hard to prove himself as the best employee . In an office employees are working to make the company profitable and for being recognized by the CEO.

Chapter-4

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