



“Comparison in Zonal sales of Square Toiletries Limited”



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Date: 25th May, 2016

LETTER OF TRANSMITTAL

25th May, 2016

To,
Mr. Showvonick Datta
Lecturer
BRAC Business School
BRAC University

Subject: Submission of internship report on “Comparison in zonal sales of Square Toiletries Ltd”

Dear Sir,

I would like to enlighten you that I have completed this internship report on “Comparison in Zonal Sales of Square Toiletries Limited”. This Project has provided me with the opportunity to relate theories with the real life practical operation. Moreover, it has been a great experience to be a part of an organizational culture of an outstanding FMCG organization in the country.

In this regard, I have done my best to complete the report within the specified time and with the quality of your expectation. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue.

Sincerely Yours,

Md. Lahul Ahmed
ID- 11304081
BRAC Business School
BRAC University

ACKNOWLEDGEMENT

In the very beginning, I would like to express my gratitude to all those people who have helped me to be here today and this goes to my family, friends, Teachers, colleagues and almighty for giving me the strength to perform my responsibilities as an intern and complete the report within the predetermined time. Secondly, I am very grateful to my academic supervisor Mr. Showvonick Datta, Lecturer, BRAC Business School for his whole-hearted supervision during my organizational attachment period. I would also like to show my gratitude to Mr. Anjan Kumar Das, my organizational supervisor for his immense support. It would have been a very difficult task for me to prepare this report if it hadn't been for all these people for their guidance and Support.

My gratitude goes to entire OCSAR team, of BRAC University for arranging Internship Program that facilitates assimilation of theoretical knowledge with real life situation.

Lastly, I would like to extent my gratitude to Mr. Habib Elahi, Executive- Management Information System, Mr. Mahbub Alam, Executive- Management Information System, Mr. Sajib Hossain, Executive- Management Information System, and many other invisible hands that have helped me to perform my task for the last three months. . In addition to that, I would also like to express my gratitude to my Square Toiletries Ltd. fellows, seniors and colleagues who gave me good advice, suggestions, inspiration and support. I must mention the wonderful working environment and group commitment of this organization that has enabled me to deal with a lot of things.

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EXECUTIVE SUMMARY

Square Toiletries Ltd. is one of the largest and leading FMCG (First-moving consumer goods) company in Bangladesh with a turnover of USD 75 million. The company is marketing 20 Brands in different segments like health & hygiene, oral care, hair care, fabric care etc. Major Brands of the company are Jui, Chaka, Senora, Magic, Meril Protective Care & Meril Baby. Square is also exporting its finished products to 13 countries- UAE, Germany, UK, Australia, Malaysia etc. Financial muscle has been displaced by quality and depth of management and speed of execution as the final arbiter in the FMCG Company by Square Toiletries Ltd. And I had the opportunity to work with the Management Information System (MIS) department of the Internal Audit division team as an intern for three months. The report is the reflection of that three months learning and hard work. The report has been started with the basic overview of Square Toiletries Ltd. its departments and has moved to the main topic of Internal Audit procedures and sales incentives to its Sales Representatives. However, I have focused mostly on the internal audit procedures and tried to shed light on every aspect of its components. Since the entire process is confidential therefore, I am unable to provide specific information which would further make the project interesting. Lastly, the report concludes with few of the recommendation that I thought can make the process more efficient and ends with references of some of the sources that have supported me in finishing these report.

Chapter- 1

The Organization

Introduction:

In today's world academic education is not adequate to enable a student to compete with confidence and reach his/her goal without having experience with the outside world. In order to have an idea and gain experiences, we, the students of BRAC Business School, BRAC University have to undertake three month internship program at any organization.

As a part of my BBA Program, the three month internship program gave me the opportunity to have a practical knowledge on internal auditing procedure. The assignment was how an internal audit team performs internal audit and also to gain a knowledge and practical experience on how audit work is performed in different departments within an organization.

To face much more complex and challenging business world in the challenging business areas, practical knowledge is essential to expand our theoretical base. To gather this practical knowledge, we were forwarded different organization after completing BBA Program. As I have an intention to build my career in Accounts department, I was forwarded to Square Toiletries Limited (STL), a prominent FMCG company in Bangladesh.

This study gave me an opportunity to observe and perform real world knowledge about the internal audit procedure, which is followed by the internal audit team of STL. In the internship period I could relate the theoretical knowledge of auditing to practical exposure.

Origin of the Study:

This internship report is generated under the supervision of **Mr. Showvonic Datta**, Lecturer, BRAC Business School, BRAC University. This report is required to fulfillment of BBA (Bachelor of Business Administration) program. The topic of this report was "**Sales in Zonal area**".

To prepare this report I have selected and got opportunity to work as an intern in the reputed and well-known leading FMCG Company of Bangladesh "Square Toiletries Limited". The primary goal of the internship was to provide an opportunity to transform theoretical knowledge to practical experience. I have tried my level best to make the report an excellent one by doing correct justice to the topic.

History:

Overview of SQUARE:

SQUARE today symbolizes a name – a state of mind. But its journey to the growth and prosperity has been no bed of roses. From the inception in 1958, it has today burgeoned into one of the top line conglomerates in Bangladesh. Square Pharmaceuticals Ltd., the flagship company, is holding the strong leadership position in the pharmaceutical industry of Bangladesh since 1985 and is now on its way to becoming a high performance global player.

SQUARE today is more than just an organization, it is an institute. In a career spanning across four and half decades it has pioneered the development of the local business in fields as diverse as Pharmaceuticals, Toiletries, Garments, Textile, Information Technology, Health Products, Food Products, Hospital, etc. With an average Annual turnover of over US\$ 200 million and a workforce of about 3500 the SQUARE Group is a true icon of the Bangladesh business sector.

Corporate History:

Square group is not just successful company; it is a symbol of achievement. The journey of the company has been tough but it managed to sail through and have made it to the list of top companies of Bangladesh. Square Pharmaceuticals, which is the flagship company of the conglomerate is the leader among the pharmaceuticals companies in Bangladesh and currently gaining popularity across the globe.

It was a partnership effort of four young and enterprising men whose determination and passion saw it through the turmoil's of the incipient period. By its four year SQUARE turned into a profit making organization. Today SQUARE Group is becoming a leading local corporate conglomerate in Bangladesh.

Square group has consistently been at the top position since 1958 and has worked hard to achieve all the success which has come its way so far. The company has turned into a public limited company in the year 1991. The total turnover of the company was more than \$163 million in the year 2010 with a steady year on year growth of 16.72%.

Chronology since inception:

- 1958:** Debut of SQUARE Pharma as a Partnership Firm.
- 1964:** Converted into a Private Limited Company.
- 1974:** Technical Collaboration with Janssen Pharmaceuticals, Belgium, a subsidiary of Johnson and Johnson International, USA.
- 1982:** Licensing Agreement signed with F. Hoffman-La Roche & Co Ltd., Switzerland.
- 1985:** Achieved market-leadership in the pharmaceutical market of Bangladesh among all national and multinational companies.
- 1987:** Pioneer in pharmaceutical export from Bangladesh.
- 1991:** Converted into a Public Limited Company
- 1994:** Initial Public Offering of shares of SQUARE Pharmaceuticals Ltd.
- 1995:** Chemical Division of SQUARE Pharmaceuticals Ltd. starts production of Active Pharmaceutical Ingredients (API).
- 1997:** Won the National Export trophy for exporting pharmaceuticals.
- 1998:** Agro-chemicals & Veterinary Products division of SQUARE Pharmaceuticals starts its operation.
- 2001:** US FDA/UK MCA standard new pharmaceutical factory goes into operation built under the supervision of Bovis Lend Lease, UK.
- 2004:** SQUARE enlisted as UNICEF's global supplier.
- 2005:** New State-of-the-Art SQUARE Cephalosporins Ltd. goes into operation; built under the supervision of TELSTAR S.A. of Spain as per US FDA/ UK MHRA requirements.
- 2007:** SQUARE Pharmaceuticals Ltd., Dhaka Unit gets the UK MHRA approval.
- 2009:** Starts manufacturing of insulin maintaining quality standards of US FDA & UK MHRA. Dedicated hormone & steroid products manufacturing facility complying with the current Good Manufacturing Practice (cGMP) of WHO, US FDA & UK MHRA starts operation.

2012: SQUARE Pharmaceuticals Ltd., Dhaka Unit and SQUARE Cephalosporins Ltd. get the Therapeutic Goods Administration (TGA) of Australia approval.

2015: PAI (Pre-Approval Inspection) by US FDA was successful for Dhaka Site’s solid dosage unit.

WHO approved Square’s GMP.

Associate companies and SQUARE concerns:

As part of vast diversification, square has the following associated companies:

- ❖ Sheltech (Pvt.) Limited.
- ❖ Pioneer Insurance Co. Ltd.
- ❖ Mutual Trust Bank Ltd.
- ❖ National Housing Finance and Investments Ltd.

Major Brands of STL:

The products of Square Toiletries limited are divided into two sections. These are:

1. Health and Hygiene Products.
2. Toiletries Products.

The products under these two sections are given below;

Health and Hygiene Products	
1. Senora	<ul style="list-style-type: none"> ➤ Senora Confidence Ultra ➤ Senora Confidence ➤ Senora Eco Belt ➤ Senora Eco Panty
2. Super Mom	<ul style="list-style-type: none"> ➤ Baby Diaper

Toiletries Products	
1. Meril	<ul style="list-style-type: none"> ➤ Meril Splash Beauty Soap ➤ Meril Baby Gel Toothpaste ➤ Meril Baby Lotion ➤ Meril Baby Powder ➤ Meril Baby Olive Oil ➤ Meril Shampoo ➤ Meril Chapstick ➤ Meril Gift Pack ➤ Meril Glycerin ➤ Meril Olive Oil ➤ Meril Petroleum Jelly ➤ Meril New Fresh Gel Toothpaste ➤ Meril Lip gel ➤ Meril Conditioning Nail Polish Remover ➤ Meril Revive Winter Moisturizing Lotion ➤ Meril Select Plus Shampoo
2. Chaka	<ul style="list-style-type: none"> ➤ Chaka Ball Soap ➤ Chaka Laundry Soap ➤ Chaka Washing Powder
3. Chamak	<ul style="list-style-type: none"> ➤ Chamak Fabric Whitener
4. Jui	<ul style="list-style-type: none"> ➤ Jui Pure Coconut Oil ➤ Jui Hair Care Oil
5. Kool	<ul style="list-style-type: none"> ➤ Kool After Shave Lotion ➤ Kool After Shave Gel ➤ Kool Deodorant Body Spray ➤ Kool Shaving Foam ➤ Kool Deo Talc Powder
6. Revive	<ul style="list-style-type: none"> ➤ Revive Body Spray ➤ Revive Perfect Fairness Talcum Powder
7. Madina	<ul style="list-style-type: none"> ➤ Madina Attar
8. Magic	<ul style="list-style-type: none"> ➤ Magic Tooth Powder

9. Saaf	➤ Saaf Dishwashing Liquid
10. Shakti	➤ Shakti Liquid Toilet Cleaner
11. Sepnil	➤ Sepnil Hand Sanitizer ➤ Sepnil Handwash
12. Spring	➤ Spring Air Freshener
13. White Plus	➤ White Plus Toothpaste
14. Xpel	➤ Xpel Aerosol
15. Zerocal	➤ Zerocal Sachet ➤ Zerocal Jar

Organogram of Square Toiletries Ltd

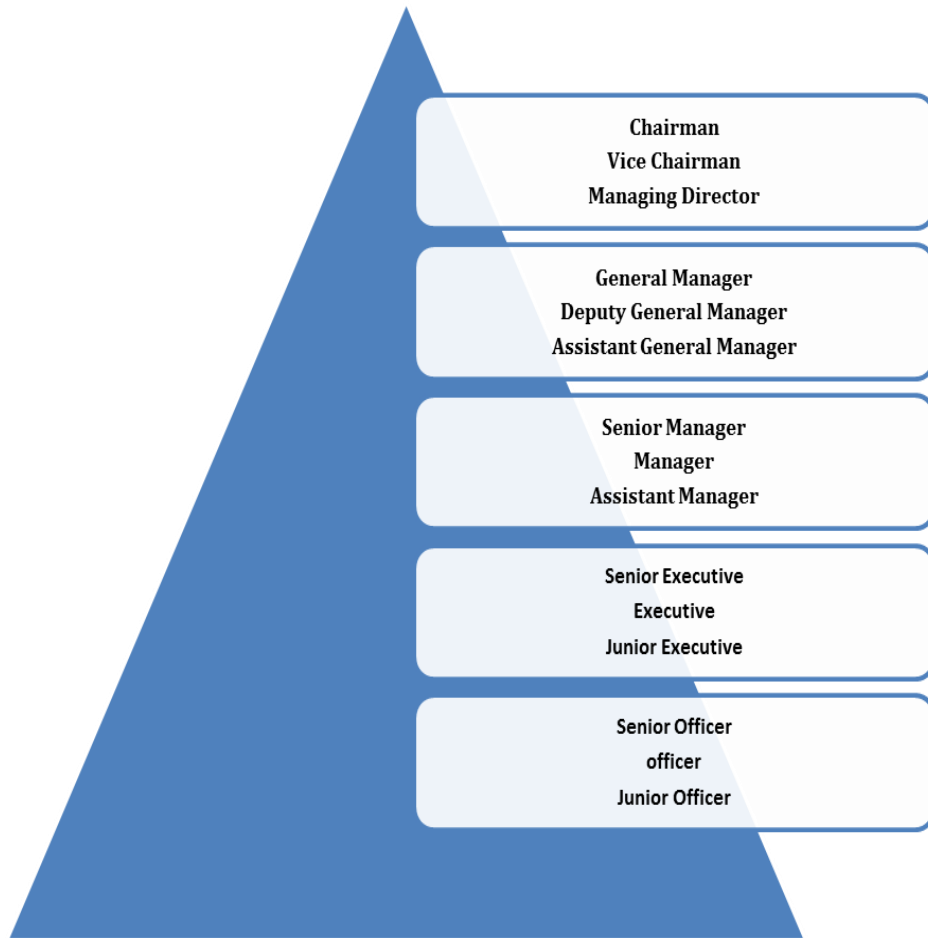


Chart: Organogram of STL

Vision, Mission and Quality Policy:

Vision

We attempt to understand the unique needs of the consumer and translate that needs into products which satisfies them in the form of quality products, high level of service and affordable price range in a unique way.

Mission

To treasure consumer understanding as one of our most valued assets and thereby exerting every effort to understand consumers' dynamic requirements to enable us in offering maximum satisfaction.

To offer consumer products at affordable price by strictly maintaining uncompromising stance with quality. With continuous R&D and innovation we strive to make our products complying with international quality standards.

To maintain a congenial working environment to build and develop the core asset of STL –its people As well as to pursue for high level of employee motivation and satisfaction.

To sincerely uphold the responsibility towards the government and society with utmost ethical standards as well as make every effort for a social order devoid of malpractices, anti-environmental behaviors, unethical and corruptive dealings.

Quality Policy

Dedicated to make every effort to understand consumer needs to provide maximum satisfaction and to achieve market leadership.

Strive to continuously upgrade manufacturing technology and to maintain optimum level of quality measures in conformity with the international standard – ISO 9001: 2008.

Committed to achieve quality objective through continuous employee training and maintaining congenial working environment.

Chapter- 2

Job Responsibilities during Internship at Square Toiletries Limited

Description of the job:

The Accounts & Finance Department of Square Toiletries Limited is divided into five sections.

These are:

1. Financial Accounting
2. Cost Accounting
3. Managerial Accounting
4. Financial Management
5. Auditing

The responsibilities of these departments are to maintain and control each and every perspective related to accounts and finance. The main responsibilities of Accounts & Finance

Department are as follow:

- ❖ To keep a detailed report of daily sales.
- ❖ To maintain daily cashbook.
- ❖ To manage the expenses.
- ❖ To do all kind of payments including salaries.
- ❖ To keep journals of every transaction.
- ❖ To keep control over the inventories.
- ❖ To prepare financial statements.
- ❖ To do the forecast about the future Sales and Expenses.
- ❖ To do the other accounts related work.
- ❖ To audit the transactions of Square Group.

Out of the five sections of Accounts & Finance Department, I was apportioned to the Auditing section as an Internal Audit Intern.

Job description of an Internal Audit Intern

- ❖ Assist in evaluating existing internal control documentation, testing current processes and providing recommendations.

- ❖ In addition, the Internal Audit Intern will assist the Internal Audit Executive in administrative duties, observations, and inquiries.
- ❖ Assess compliance with financial accounting and auditing standards, and company policies to ensure company assets are safeguarded.
- ❖ Examine and evaluate the adequacy and effectiveness of information systems and business controls.
- ❖ Provide advisory and consulting services to improve efficiency, effectiveness, and utilization of company assets.
- ❖ Assist in assuring audit practices conform to department and professional standards
- ❖ The Internal Audit Intern is expected to constructively work with departments to improve internal controls across the organization.
- ❖ Follow up to ensure that approved recommendations are implemented.

Internship activities undertaken and job responsibilities

As an intern of Square Toiletries Ltd. (STL), I had to do a number of activities within a period of three (3) months. But mostly I did the Audit based works as I was assigned under the audit team of the Accounts and Finance Department. There are approximately eighteen (18) sister concerns of Square Group and two (02) audit teams in Square Center. One is under Square Pharmaceuticals Ltd. where eleven (11) of the concerns are audited and another one is under Square Toiletries Ltd. where the rest seven (07) sister concerns are audited. But here in the Accounts and Finance Department of Square, everyone has to do tasks for different concerns of Square Group whenever they are assigned to. For example, I was appointed as an intern of Square Toiletries Ltd., but I had to audit retailer's sales incentives of Square Food and Beverage Ltd also. In this process I was able to understand how the other concerns of Square Group work.

The tasks that I have performed throughout my internship period in Square are,

1. Eid Dhamaka Instant Cash Discount Offer.
2. Jui, Chaka & Magic products Cash Discount Program.
3. Jitun Sheetjure winter gift program.

Details of work experience are given below:

Program Title: Eid Dhamaka Instant Cash Discount Offer
Square Foods & Beverage Limited

Background:

To ensure weighted order making from retailer and wholesaler end tempting them to additional investment toward upcoming Eid-ul-Azha we are proposing below Trade scheme under 2 (two) slab option.

Objectives:

- ❖ To increase cumulative sales in volume & value
- ❖ To create strong barriers and presence against competitors
- ❖ Motivate customer to increase investment apart from regular.

Program Duration: 15/08/2015 (Opening order) to 29/09/2015 (Last order)

Scheme details:

Attending slab option	Option value	Participation	Purchase modality	Instant cash discount % against slab	Projected total level sales (During program)	Projected sales against slab	Required budget for cash discount
1	3000-4999	open	In single invoice	1.25%	1086535673	608459977	7,405,750
2	5000-Above	open	In single invoice	1.50%		260768562	3,911,528
Total level sales projection (16th August to 30th September)						86928538	11,517,278
Mega Slab	50000-Above	4000	During Program	1.00%	10,000,000		2,000,000
Grand total sales & required Budget				1.54%	876,928,538		13,517,278

Trade letter	Qty	Cost per pcs	Total Cost
Description slab & program modality for retailer	100000	2.00	200000

Trade program cost will adjust from Sales Budget Head.

Control and adjustment Modality:

1. Sales representative will ensure spot cash discount against any of one slab in a single memo from proposed slab while making order one copy of invoice will give to retailer other copy to submit to distributors for ensuring deliveries.
2. While making order respective SR/SSR must fill the mention area like, Name of distributors point, Route name, Name of retailer / Wholesaler, Address, Mobile Number & Signature; Order receiving and delivery date, name of the SR/SSR, Signature & Mobile Number; Mention the slab option in value.
3. While delivered instant cash discount % to retailer all delivery man will get signature & cell number from retailer and send back to distributors for keep in file with seal & signature for adjustment purpose.
4. Respective ASS/SS/SSS will check and verify with seal & signature daily basis all entitle invoice under this program while visiting distributor’s point as well ASC-ZM also check current program status.
5. After closing this program ASS/SS/SSS will send to CHQ concern person for final adjustment purpose.
6. Respective area head will send Distributors point weekly cumulative program sales report with CHQ specified format to concern person at CHQ through e-mail.

Claim Adjustment Process:

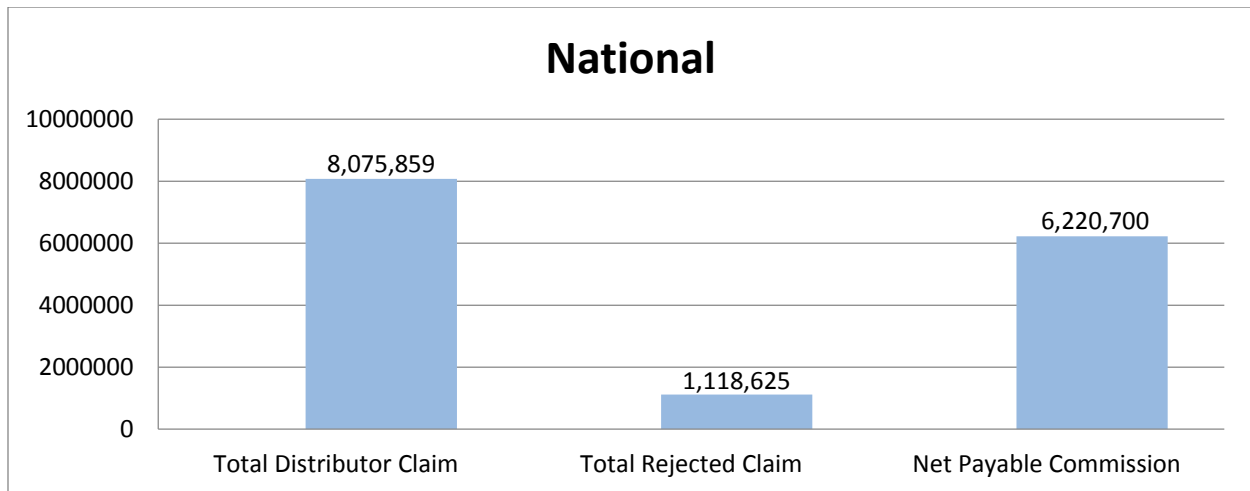
We also propose to adjust 70% of the cash discount claim of the distributor account immediately after receiving the distributor wise summary from Area Head and recommendation of CHQ

concern person within the week of program completion. Rest of the claim will be adjusted through proper auditing and validation of the submitted documents.

Findings:

After working in this trade program we found the result which is given below;

NATIONAL		
Particulars	Taka	Percent (%)
Total Distributor Claim	8,075,859	
Total Rejected Claim	1,118,625	13.85%
Net Payable Commission	6,220,700	86.15%
Total IMS	208,668,815	
Total Actual IMS	176,798,650	84.83%
Total Rejected IMS	31,870,165	15.17%



Distributor claim and Net Payable commission nationally

According to the information, we have identified that during the month of August 2015, distributors (267) from all over the country Claimed Tk 8,075,859 as commission based on their sales (IMS) Tk 208,668,815. But due to several reasons (reasons are given below); we reject commission Tk 1,118,625 which is 13.85% of total distributors claim. The distributors get the rest 86.15% of total commission and Net Payable Commission is Tk 6,220,700.

Reasons of rejected invoice:

1. Providing the same number invoice twice:

Each number carries two invoices on which one copy should go to the retailer and another should come to the company through distributor. But here we are getting both the copies having same invoice number. That is why the distributors are not getting their expected commission.

2. The number of invoices is less than it mentions:

Total number of invoices that are claimed by the distributors does not exist and sometimes the difference is huge. Due to less amount of invoice resulting reduction in commission claimed by the distributors.

3. Overwriting the date and invoice number:

Regarding any special offer, top management specifies the date or period which is a very important issue to take care of. So whenever the company finds out any existence of overwriting or fluid on date; it is regarded as rejected invoice.

4. Not classifying or separating the invoices for special offer:

Regarding any special offer i.e. Mega Offer; the distributor is supposed to attach and classify the individual retailer's purchasing amount together as one bundle, so that it can be identified easily; or due to missing of any single invoice cause reduction in expected commission for distributor.

5. Errors in the value of commission mentioned in invoices:

Sometimes the commission that retailers deserve, distributors provide more or less than the actual. So whenever the company justifies the actual commission amount, it does not match with the distributor's claim.

6. Not selecting the proper value for providing commission:

The commission is provided based on the total amount of sales in a single invoice if it reaches the point of minimum sales amount. Sometimes the retailers get commission

twice if the purchasing amount is big enough. After providing single commission, the distributors provide another commission on the remaining balance and they claimed for the second commission amount from the company. The company is providing the commission to the distributors based on the total value of sales. So, here the retailers are not getting the proper commission that they should get.

**Program Title: Jui, Chaka & Magic products Cash Discount Program
Square Toiletries Limited**

Background:

In 2015 first two month STL experienced a lean period for sales due to unfavorable political situation and some aggressive activities of competitors. From March with the help of trade promotion program on toiletries items STL has experienced a better closing. In this continuity we want to propose a trade program on toiletries items for the month of May.

Objectives:

- ❖ To increase cumulative sales in volume & value
- ❖ To create strong barriers and presence against competitors
- ❖ Motivate customers to increase investment apart from regular.

Program Duration: 01-05-2015 to 31-05-2015

Scheme details:

Target	Targeted revenue	Slab	Slab quantity	Revenue per slab	Cost % per slab	Cost per slab	Total cost
271804200	163,082,520	3,000	21,744	65,233,008	3.82%	115	2,491,901
		10,000	7339	73,387,134	4.25%	425	3,118,953
		20,000	1223	24,462,378	5.50%	1100	1,345,431
							6,956,285

Total cost: **BDT 6,956,285** will be adjusted from sales budget.

Program Details:

1. Slab will be BDT 3,000, BDT 10,000, BDT 20,000; the discount will be BDT 115, BDT 425 and BDT 1,100 respectively.

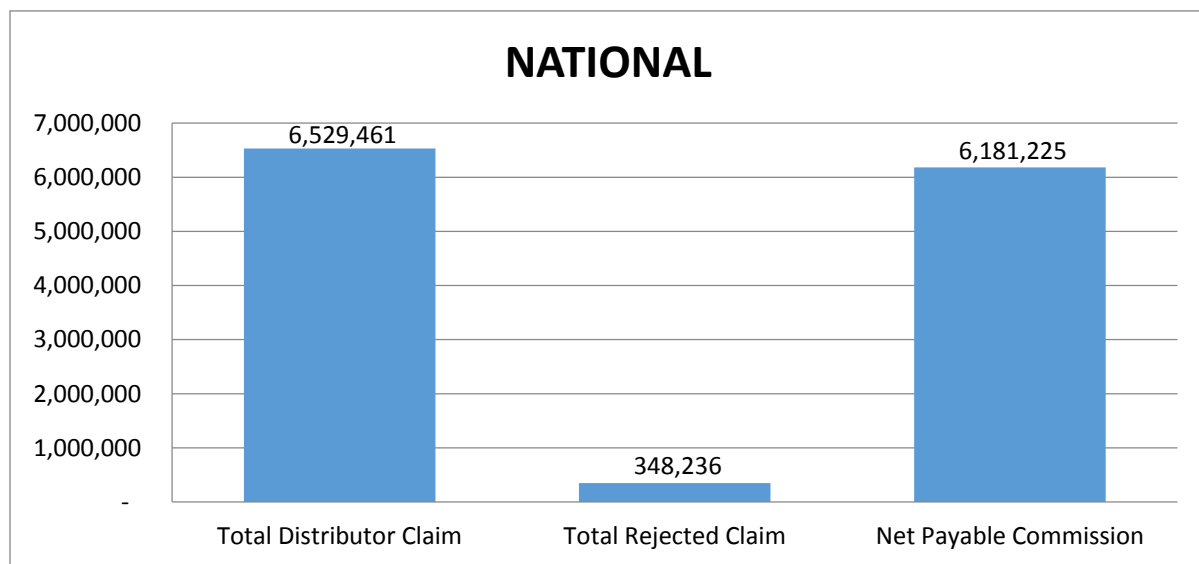
2. Party could fulfill the slab in multiple invoices.
3. One party could enjoy more than one slab.
4. Chaka (without Super white), Jui and Magic brand will be applicable.

Findings:

After working in this trade program we found the result which is given below;

Jui, Chaka & Magic products Cash Discount Program

NATIONAL		
Particulars	Taka	Percent (%)
Total Distributor Claim	6,529,461	
Total Rejected Claim	348,236	5%
Net Payable Commission	6,181,225	95%
Total IMS	155,183,077	
Total Actual IMS	147,225,401	95%
Total Rejected IMS	7,957,676	5%



Distributor claim and Net Payable commission nationally

According to the information, we have identified that during the month of May 2015, distributors (231) from all over the country Claimed Tk 6,529,461 as commission based on their sales (IMS) Tk 155,183,077. But due to several reasons (reasons are given below); we reject commission Tk 348,236 which is 5% of total distributors claim. The distributors get the rest 95% of total commission and Net Payable Commission is Tk 6,181,225.

Reasons of rejected invoice

1. Providing the same number invoice twice:

Each number carries two invoices on which one copy should go to the retailer and another should come to the company through distributor. But here we are getting both the copies having same invoice number. That is why the distributors are not getting their expected commission.

2. Difference between Invoice and approved program:

Sometimes the invoice that distributors sent has no similarities with the approved program. For scope limitation of the approved program these types of invoices have been rejected.

3. Overwriting the date and invoice number:

Regarding any special offer, top management specifies the date or period which is a very important issue to take care of. So whenever the company finds out any existence of overwriting or fluid on date; it is regarded as rejected invoice.

4. Not classifying or separating the invoices for special offer:

Regarding any special offer i.e. Mega Offer; the distributor is supposed to attach and classify the individual retailer's purchasing amount together as one bundle, so that it can be identified easily; or due to missing of any single invoice cause reduction in expected commission for distributor.

5. Errors in the value of commission mentioned in invoices:

Sometimes the commission that retailers deserve, distributors provide more or less than the actual. So whenever the company justifies the actual commission amount, it does not match with the distributor's claim.

6. Not selecting the proper value for providing commission:

The commission is provided based on the total amount of sales in a single invoice if it reaches the point of minimum sales amount. Sometimes the retailers get commission twice if the purchasing amount is big enough. After providing single commission, the distributors provide another commission on the remaining balance and they claimed for the second commission amount from the company. The company is providing the commission to the distributor based on the total value of sales. So, here the retailers are not getting the proper commission that they should get.

Program Title: (Jitun Seetjure) winter gift program

Square Toiletries Limited

Background:

Winter gift program is one of the key activities of STL. Around 30000 value generating store participates in this program in different slabs. Lottery program will be there to increase per invoice value, but we brought noticeable change here to give more excitement in the market.

As competitors' increased their benefit percentage, we slightly increase the benefit margin for the program participants.

Objectives:

- ❖ To increase cumulative sales in volume & value
- ❖ To create strong barriers and presence against competitors
- ❖ Motivating customer to increase investment apart from regular.

Program Duration: 1st October 2015 to 31st December 2015.

Revenue plan:BDT 175 Crore is planned to ensure from 3 months long trade drive which is 67.31% of BDT 260 Crore IMS target. Only winter product is included for this program.

Scheme details and modality:

1. The following slab amount will be considered after deducting from commission (if any).
2. For every slab, the retailer has to purchase at least 50% and above winter product as total.
3. The purchase account will be calculated and maintained by the distributor of Square Toiletries Ltd and will continuously verify it by providing signature.
4. To attend this program; maintaining the slab card and purchase invoice is must.

5. Providing a valid contact number is mandatory for the confirmation of attending the program and the contact number can't be switch off during the program.
6. Signature of both the parties (Retailer & Distributor) has to be clear in the order invoice.
7. **(Jitun Seetjure)** slab card should be filled properly where it required; and all the involved parties e.g. Distributor, Retailer, Supervisor and Deliverymen should sign according to the procedure.
8. If any retailer wants to change or switch the slab, he has to do it before 7th November by contacting the distributor. Any retailer can't switch to any downer slab.
9. If any retailer don't follow the procedure or misuse the procedure, his attendance of the program and gift will be cancelled.
10. Provide all purchase invoices (**From 1st October 2015 to 31st December 2015**) to the distributor point within 10th January 2016.
11. Square Toiletries Ltd has ultimate authority to modify, change and cancel the program.

Revenue and Cost:

Attending slab option	Slab	contribution	% of gift	Gift value	Targeted quantity	Total expenses	Sales target against gift
1	25000	27.50%	1.80%	450	19250	8662500	481250000
2	50000	26.50%	1.90%	950	9275	8811250	463750000
3	75000	18.00%	2.00%	1500	4200	6300000	315000000
4	150000	12.00%	2.10%	3150	1400	4410000	210000000
5	275000	8.00%	2.20%	6050	509	3080000	140000000
6	500000	4.00%	2.30%	11500	140	1610000	70000000
7	750000	2.00%	2.50%	18750	47	875000	35000000
8	1000000	2.00%	3.00%	30000	35	1050000	35000000
Total					34856	34798750	1750000000

Other benefit:

- ❖ Every month Bangkok trip
- ❖ Every day Gold Coin & Cox’s Bazar Trip

Estimated total cost:

Cost Head	Quantity	Unit Cost (BDT)	Total Cost (BDT)
Gift			34,798,750
Coupon	500,000	0.5	250,000
Program Card	35,000	8	280,000
Leaflet	150,000	1	150,000
Bangkok Trip	6	35,000	210,000
Cox’s Bazar Trip	92	12,000	1,104,000
Gold Coin	92	16,000	1,472,000
Lottery Event	12	7,000	84,000
Third party agency for verification and database			1,425,000
Total cost			39,773,750
Total revenue			1,750,000,000
Cost vs. Revenue			2.27%

Budget Allocation:

Sales Budget Head	Amount
Winter Trade Program	25,155,000
Marketing Winter Budget	14,618,750
total	39,773,750

Control and adjustment Modality

1. Sales representative will ensure spot cash discount against any of one slab in a single memo from proposed slab while making order one copy of invoice will give to retailer other copy to submit to distributors for ensuring deliveries.

2. While making order respective SR/SSR must fill the mention area like, Name of distributors point, Route name, Name of retailer / Wholesaler, Address, Mobile Number & Signature; Order receiving and delivery date, name of the SR/SSR, Signature & Mobile Number; Mention the slab option in value.
3. While delivered instant cash discount % to retailer all delivery man will get signature & cell number from retailer and send back to distributors for keep in file with seal & signature for adjustment purpose.
4. Respective ASS/SS/SSS will check and verify with seal & signature daily basis all entitle invoice under this program while visiting distributor's point as well ASC-ZM also check current program status.
5. After closing this program ASS/SS/SSS will send to CHQ concern person for final adjustment purpose.
6. Respective area head will send Distributors point weekly cumulative program sales report with CHQ specified format to concern person at CHQ through e-mail.

Claim Adjustment Process:

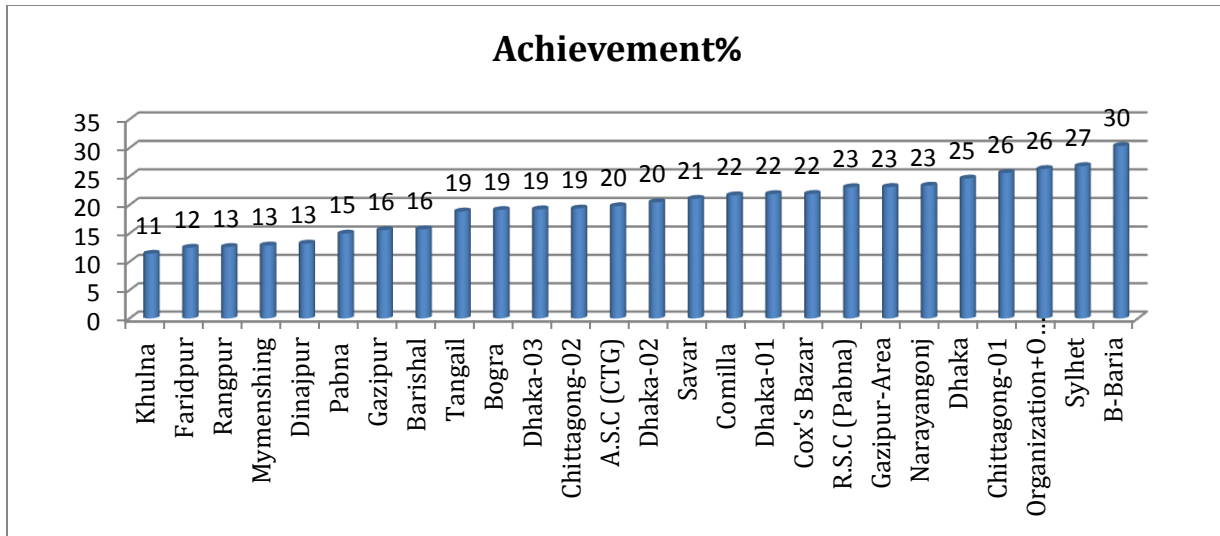
We also propose to adjust 70% of the cash discount claim of the distributor account immediately after receiving the distributor wise summary from Area Head and recommendation of CHQ concern person within the week of program completion. Rest of the claim will be adjusted through proper auditing and validation of the submitted documents.

Findings:

Audit procedure of this discount program is still running. For this reason I cannot provide actual distributor claim and net payable commission nationally. But some other work findings are given below;

Area Wise Achievement Nationally:

Up to 10 February, 2016 time pass is 37.50% but out of 23 areas no one can meet the time pass. The lowest achievement area is Khulna & highest achievement is B.Barua.



Area Wise TOI unit achievement Report

Problems regarding (Jitun Sheetjure) Program:

1. A single card carrying different purchase parties:

To complete the slab card, sometimes the distributors or the salesperson involves different parties. That is why the card has been rejected.

2. Filling the IMS (In Market Sale) by selling regular products rather than winter products:

Jitun Seetjure program is declared mostly for winter product but sometimes the salesperson sell regular products to fill The IMS and claim to attend the program to get gifts.

3. Overwriting the dates:

Sometime there is existence of dates overwriting which is not applicable for Jitun Seetjure program 2015 and considered as rejected. The program has specific duration/period and if there is overwriting in date; the invoice is bound to cancel according to the policy.

4. Writing with pen in carbon copy:

To complete the slab, the salespersons are writing on the carbon copy directly using pen which is cancelable according to the program policy.

5. Difference in Top sheet and Invoice amount:

Often the actual IMS is not present properly in the Top sheet for Jitun Seetjure program

6. Actual invoice is few in number:

Sometimes the number of invoice showed in slab card is less than actual invoice.

7. Top-sheet serial number is not maintained:

Distributor doesn't provide the slab card according to the serial mentioned in the Top-sheet. So, it becomes very difficult for the auditor to find out each and every party (card) while auditing.

For these reasons in course of audit procedure we have rejected many invoices in this **(Jitun Sheetjure) winter gift program.**

Critical Observation:

Maintaining Accrual-basis Accounting System:

Square Toiletries Limited follows the accrual-basis accounting which only considers an event of expense when sales has occurred. It does not consider whether the cash payment is done or not. The company makes sales as well as makes purchases on credit.

Because of this reason, they have the terms; for instance, accounts payable and accounts receivable on their balance sheet.

Nevertheless, getting the accuracy of the pending issues like, Accounts Payable and Accounts Receivables for a certain period can be really challenging. If STL does not get all the bills at the end of a specific period, they will have to close their accounts for that certain period.

At this stage, STL could have gone for cash-basis accounting. Here, the terms such as accounts payable and accounts receivables would not have existed on their balance sheet. Expenditure would have been recorded only after an expense has occurred. Also, collection of money would have been recorded only after money has been received from the suppliers. Although, now-a-days. This method is becoming backdated and no longer used in any of the organizations.

Tax Deduction at Source:

-Square Toiletries Limited makes sure that each and every of their suppliers give taxes. Because tax is an income for the government. As a law of government, STL deducts tax on suppliers' income and deposit it to the government treasury on behalf of their suppliers, on the suppliers' name and will deliver the “Chalan” copy to their suppliers.

Here, STL acts as the collecting authority. However, STL can only deduct tax on the suppliers' income only if they supply a minimum of TK. 200001 raw materials.

Manually update sales and stocks:

At STL, all the sales as well as stock related transactions are updated manually to the main server. Each distributor has to send their daily transaction values to the MIS Department and manually it has been updated by the executives of MIS Department in the server. It needs a lot of time to update those data in the server.

However, recently they have started a digital system in some areas where a distributor uses a specialized application in their tab, which are provided by the company. They update their transactions in that application and it is automatically updated in the main server.

Chapter- 3

Project work: Comparison in Zonal Sales of Square Toiletries Limited

Summary:

Square Toiletries Ltd distributes its products all over the country. To operate in the country smoothly, STL divided the entire country in nine broad zones. These are:

1. Dhaka-1
2. Khulna
3. Chittagong-1
4. B-Baria
5. Mymensingh
6. Pabna
7. Sylhet
8. Rangpur
9. Barishal

In every zone, there are plenty of areas where Sales Representatives (SR) are selling and promoting the products. These SR directly reports to the area managers. Area managers reports to Zonal Managers (ZM).

Sales for individual zone vary from one another. It varies due to the size and demand. Area consists of large size results huge number of consumers and demand for any specific products raise the sales for that specific area. That ultimately reflects the total sales in zones.

Description of the project:

Objective of the project:

- Identifying zone wise sales for individual and total
- Identifying area and distributor wise sales incentives
- Analyzing zone wise major selling portion
- Analyzing of attaining sales target by Sales Representatives
- Comparing zonal sales along with cause and potential opportunities

Methodology:

This report was prepared through a series of processes starting from selection of the topic to the completion of the report. I explained my experience and findings as an intern in Square Toiletries Ltd. During these three months in this report. Along with it, I used the following methodology:

Selection of the Topic:

My supervisor helped me to select this project topic for my report so that I can come up with an informative and well-organized internship report.

Sources of Data:

Primary sources information:

I had several face- to-face discussions with my supervisor, executives of STL and with the General Manager regarding collection of information. Through my personal observation as an intern in STL, I got some information which I have used in this report.

Secondary sources information:

- a) I have also collected secondary information like annual audit report, management audit report, accounting system & audit working papers. I also analyze last year sales report.
- b) The information was obtained from various corresponding files of the firm.
- c) Website of Square Toiletries Limited
- d) Annual reports of Square Toiletries Limited
- e) Informative documents provided by the company supervisors
- f) Online search for more topic-related information

Limitation:

The study is conducted with an objective to make a proper allocation of sales target and commission. I have availed many facilities and faced some obstacles during my study. These obstacles may be termed as limitation of the study. These limitations are as follows:

- a) Scheduled time span was not sufficient to cover all information.

- b) Confidentiality is the main problem; as a result some confidential facts were not sufficiently disclosed by the respective personnel.
- c) The employees of STL had no eagerness to supply more information because of extra hardness.
- d) To some extent the exact procedure is not followed due to time and other constrains.
- e) As the internship was the first practical experience, it was not possible for me to know all and everything of audit procedure.
- f) As because STL is a large Company; it is very difficult to understand each and every aspect of its operation within a very short period of time.

Project Description: “Comparison in Zonal Sales”

Square Toiletries Limited has a tremendous sales team whose main purpose is to increase their sales percentage comparing last year sales. After every period mostly monthly; the sales people must seat for meeting with their area manager and the area managers meet with Zonal Managers (ZM) informing the progress of the sales. In STL, the entire country has been divided into 9 broad divisions.

Zones	Areas	Distributor Point
Dhaka	3	48
Khulna	3	36
Chittagong	2	40
B-Baria	3	24
Mymensingh	4	38
Pabna	2	29
Sylhet	2	34
Rangpur	4	30
Barishal	2	32
Total	25	311

According to above table; we can identify that STL has 25 areas in total having 311 distributor point to serve the whole country. For each distributor point; they have more than 3 Sales Representatives and altogether they have more than 1000 Sales Representatives in all over the country.

Entire Dhaka zone has been divided into three areas. Rangpur and Mymensingh Zones has been divided into four areas according to Square Toiletries Ltd. Pabna, Chittagong, Barishal and Sylhet have two areas each in their zones.

I have already identified in urban areas specially Dhaka and Chittagong; STL has most of its distributor points 48 and 40 accordingly as the consumers have huge demand for regular products.

Zone wise Sales:

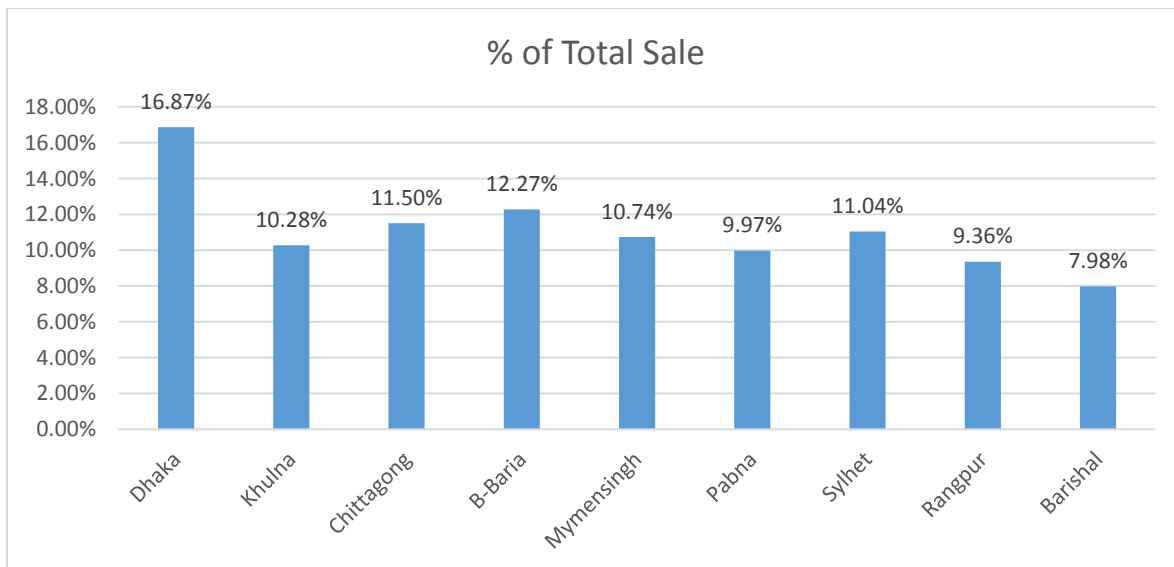
Zones	Areas	Distributor Point	Total Sales
Dhaka	3	48	1,100,000,000
Khulna	3	36	670,000,000
Chittagong	2	40	750,000,000
B-Baria	3	24	800,000,000
Mymensingh	4	38	700,000,000
Pabna	2	29	650,000,000
Sylhet	2	34	720,000,000
Rangpur	4	30	610,000,000
Barishal	2	32	520,000,000
Total	25	311	6,520,000,000

STL sold its products approximately BDT 6,520,000,000/= (652 Crore) till 30th March, 2016 from 1st April 2015. According to above information, I have identified that; most of the products STL sold in Dhaka Zone as it has already capture the market along with the consumers taste. Altogether STL has 176 Sales Representatives working in Dhaka Zone in 48 distributor point and their total sales in Tk 1,100,000,000/= (110 Crore).

The lowest selling zone is Barishal Zone which is Tk 520,000,000/= (52 Crore). In Barishal Zone, they have two areas consists of 32 distributor points. STL has 80 Sales Representatives there with all product line.

Total Sales (%):

Zones	Total Sales	% of Total Sales
Dhaka	1,100,000,000	16.87%
Khulna	670,000,000	10.28%
Chittagong	750,000,000	11.50%
B-Baria	800,000,000	12.27%
Mymensingh	700,000,000	10.74%
Pabna	650,000,000	9.97%
Sylhet	720,000,000	11.04%
Rangpur	610,000,000	9.36%
Barishal	520,000,000	7.98%
Total	6,520,000,000	100.00%



From above table and graph, we can identify that Dhaka Zone's selling portion is 16.87%. It is the maximum selling portion in all over the country. I have also analyzing some of the reasons why mostly the urban areas are coming up with maximum sold products.

Zonal sales analysis:

As we have already identified that Square Toiletries Ltd has more than twenty product line with different production units. Jui, Meril, Senora are some of its products that has tremendous demand in the Bangladesh market and they have good sales record in last recent years. In every area, the Sales Representatives are supposed to achieve provided target from the upper management. Combining all those sales in specific areas resulting zonal sales. Zone wise sale varies a lot from one another. I have already identified some of the factors depending on which the Sales Representatives attend the target.

As city areas consist of more consumers, so they have more demand for STL products and that ultimately helps Sales Representatives to attend their targets. On the other hand; in rural areas, people have very limited demand and they also demand for low cost products. This ultimately effect the Sales Representatives to cope up with the instructed target to achieve. Jui, Meril, Senora has huge demand in the urban areas and the Sales Representatives usually selling these products mostly. That's ultimately help them to get their expected targets.

Recommendations

Eventually there are a lot of things they may need to fix. I only worked there for three months, so I cannot make a proper recommendation as there were a lot of fields where I did not work. There are some recommendation of my observation is given below;

- To increase sales, promotional programs must be properly introduced to the Company representative, Distributors and Retailers. And that must be followed as much as possible in each audit engagement.

- Most of the retailers are so much impatient to fulfill the slabs of the different program campaigns. Sometimes they do a lot of overwriting in their sales invoice, make fake sale invoices etc. to be enlisted for the gifts or bonuses of the promotional programs.
- Occasionally the auditors fail to identify these offenders and hence they have to give them expensive gifts or bonuses. This is a huge expense for the company which needs to be addressed by carefully monitoring the audit process. Also the company should give proper training or information about the promotional offers to the retailers and distributors. Invoice which has a lot of overwriting should be rejected.
- A team leader should be given appropriate time (neither much nor less) to carry out the entire sales guideline properly.
- As we mentioned some reasons of rejected invoice, these reasons are occurred due to negligence or fraud or lack of knowledge of SR/SS/ZM. For this rejection retailers lose their incentives. Which is should be given to retailers. This is a barrier of business expansion. Higher authority should pay more attention about this problem.
- As I have mentioned earlier that the audit team of Square Toiletries Ltd. has to perform audit for some other sister concerns of Square Group which is quite difficult to maintain for a three people audit team. Because audit team has to verify every little to big transactions made by these concerns and sometimes it takes a very long time to actually be able to perform an audit properly. So, they should consider hiring more qualified people to distribute the work evenly so that number of mistakes can be reduced and the verifying time of a transaction can be quicker.

Conclusion:

As expected, the internship was an experience that helped me to learn a lot, grow as a person and provide me with valuable knowledge beyond those that I could have obtained from the books. Thus my experience in Square Toiletries Limited was one of the valuable experiences of my life. After completing my internship and this research, I can say that Square Toiletries Limited is the country's leading manufacturer of international quality brand with huge number of diversified products. They have a good financial position in Bangladesh and their most of the sales promotional campaigns are helping them to achieve a great benefit. Finally I can say that, the audit procedures, general financial management practice and sales promotional activities of Square Toiletries Limited are very efficient financially and the weaknesses are to be addressed with effective solution. This way Square Toiletries Limited can uphold its position as a business icon.

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