PharmaSolutions Bangladesh Ltd.
(with a focus on the Accounts Payable System)

Rabbi Kabir

This report is submitted to the school of Business and Economics, United International University as a partial requirement for the degree fulfillment of Bachelor of Business Administration

PharmaSolutions Bangladesh Ltd.
(with a focus on the Accounts Payable System)

Submitted to:

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Letter of Transmittal

Date: 20th January 2025

Ms. Zinnatun Nesa

Assistant Professor

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Dhaka- 1212

Subject: Submitting an internship report on **"PharmaSolutions Bangladesh Ltd. (with a focus on the Accounts Payable System)"**

Dear Ma'am,

With utmost respect, I would like to draw your attention to the fact that I, Rabbi Kabir, with ID No. 111 171 198, would like to submit an internship report on **"PharmaSolutions Bangladesh Ltd. (with a focus on the Accounts Payable System)"**

I attempted to compile the report in accordance with your guidance and, to the best of my knowledge, attempted to capture the present situation of the company as well as the company's accounts payable system. During my internship, I was assigned as an intern in the accounts payable division, where I learned a lot about the company's organizational culture, prospects, and operations.

I am grateful to you as my internship supervisor, as well as PharmaSolutions Bangladesh Limited, for their guidance and encouragement throughout my internship. I hope you find the report enlightening and useful; I attempted to make it as error-free as possible. I hope and pray that you accept my report and oblige thereby.

Sincerely yours,

Rabbi Kabir

Id-111 171 198

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Acknowledgement

First and foremost, I would like to express my sincere gratitude to The Almighty Allah for allowing me to compile my internship report. Next, I would like to express my appreciation to my family members for their constant encouragement. Then, I'd like to thank my company's amazing supervisor for his assistance throughout my internship. My coworkers also helped me get acquainted with the company's issues. Most importantly, I'd like to thank my esteemed faculty, Zinnatun Nesa Ma'am, for helping me in every way possible, whether it was through the in-person sessions during counseling hours or the constant contact she kept online to guide me and help me come up with such a good report for the completion of my BBA program.

Abstract

This study portrays the current state of the company named PharmaSolutions Bangladesh Limited as well as the company's accounts payable procedure. The motivation behind compiling this study is to provide a clear picture of how a pharmaceutical logistics company operates and what its major functions are and also, provide a more comprehensive perspective of the accounts payable process. This study will be beneficial for people who want to work in pharmaceutical logistics companies and learn about the dynamic elements of these companies. Moreover, this study would also work fine for job seekers in the accounts payable process i.e. the accounting division. From this report, they will learn about the AP System cycle. Some of the data was compiled from various journals and websites as part of the secondary data collection approach for the study. In addition, the primary data collection process was applied to some extent. Since these kinds of businesses are not common, data availability on the internet was limited. Also, PharmaSolutions Bangladesh Limited is a privately held company; they did not offer sufficient data to do financial analyses. Some analysis has been done using the data given by PSBL to have a comprehensive view of accounts payable, a major part of working capital management.

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Chapter I: Introduction

1.1 Background of the Report

PharmaSolutions Bangladesh Ltd. former Zuellig Pharma Bangladesh Limited (ZPBL) was incorporated in Bangladesh in 2006. ZPBL was established to help Pharmaceutical MNCs to utilize instant opportunities in Bangladesh. ZPBL started operations in February 2007 as a subsidiary of Zuellig Pharma Asia Pacific of which 100% shares belonged to Zuellig Pharma Holdings Limited. GSK entered into a partnership with Zuellig Pharma as their Distribution associate in 2007 as well as RAK Pharma, Reckitt-Benckiser, Novartis Bangladesh distribution businesses were integrated with ZPBL. In 2015 ZPBL was acquired by Rapid Keen Holdings Limited and changed its name to PharmaSolutions Bangladesh Limited (PSBL) and this success story is continuing and flourishing day by day with the help of a bunch of enthusiastic Employees.

Currently PharmaSolutions Bangladesh Limited (PSBL) provides advanced warehousing, distribution, supply chain, and value-added services to Global major pharmaceutical Companies, such as GSK, Novartis Pharma, Sandoz, Elanco, Yuwell, Roche Diabetes Care, Sebamed, South West Technologies Limited, Menarini, Omron Healthcare and Marie Stopes. Their services focus on the healthcare industry and provide a wide range of services of warehousing and distribution of pharmaceutical products serving more than 58,000 customers in all channels including doctors, hospitals, pharmacies, clinics and wholesalers in different districts with the help of 1300 Employees.

1.2 Mission

Their Mission is “Be the trusted partner that helps healthcare companies realize opportunities in market through innovative and high-quality solution.

1.3 Objective of the Term Paper

- One of the primary objectives is to provide an in-depth overview of a pharmaceutical logistics company's operations and responsibilities.

- Determine the role of PharmaSolutions Bangladesh Limited in the Pharmaceutical logistics market in Bangladesh.

- Identify PharmaSolutions Bangladesh Limited's product and service offerings, as well as their strategies for expansion, growth, and sustainability.

- Identify the company's threats, difficulties, and opportunities. Conduct a financial analysis to assess its performance.

- Another crucial objective is to provide a full understanding of the accounts payable process.

- Address my internship experience at PharmaSolutions Bangladesh Limited and share insights on the company.

Chapter II: Company and Industry Preview

2.1 Products & Services

2.1.1 Distribution: PharmaSolutions Bangladesh Limited distribution comprises all the 7 divisions in Bangladesh and serves Pharmacies, Doctors, Hospitals, institutions and Clinics. PSBL has 13 branches, 2 cross doc station are suitably located in major cities of Bangladesh and holds 61 % of the total MNC 3rd Party distribution in Bangladesh with a distribution value of over 90M a year. PSBL works with Global Pharmaceuticals Manufacturers like GSK, Novartis, Yuwell, Elanco, Novivo, Sebamed Health Care, Roche Diabetes Care, South West Technologies and Menarini and offers warehousing below 30ºC, below 25ºC, 2ºC – 8ºC, -195ºC (under liquid nitrogen). To meet Quality requirements of Global clients, PSBL have invested and built a central Distribution Centre (CDC) at Ashulia, Savar which complies with ISO 9001:2015, GSDP, HSE requirements. They are confident to meet global Distribution and Quality requirements of global clients as well as local Clients.

2.1.2 Consultancy: PharmaSolutions Bangladesh Limited offers reliable, tailor-made and expertise advice. They understand client's needs and give excellent suggestions and plan of action and analyze issues and develop recommendations.

PSBL consultancy services:

- Business process mapping
- Distribution process improvement
- Skill development & quality development
- Policy and procedure development and implementation as per GSDP guideline

PSBL identify new and creative ideas to supplement customers' ongoing business development activities and hold regular pharmaceutical executive meetings and counsels. Our Company objectively assesses and quantifies how good brand plans are and how best to improve brands.

2.1.3 IT Service:

PharmaSolutions Bangladesh uses industry-standard IT systems for its business operations also offering specially designed software for its principles. The objective of PSBL IT architecture is to develop and maintain an integrated business information model for its principals to smooth business processes. PharmaSolutions Bangladesh is following ISO Standard 27001 so that they can give the utmost priority to information assets. All of their IT Processes, SOP's, and policies are based on 27001 IT Standards. Novartis Pharma, Sandoz, Elanco, Roche, Novivo, Marie Stopes, Menarini, Omron, and Sebamed are using the following software which helps them to focus more on business rather than thinking of IT systems.

ZRx – (Electronic Order Collections System).

eZRx (Electronic Chemist Creation & Management System.)

eZRx (Sales force Management System)

eZRx (Doctor Call Reporting)

eZRx (Promo Materials Application.)

eZRx(Trade Return Management System.)

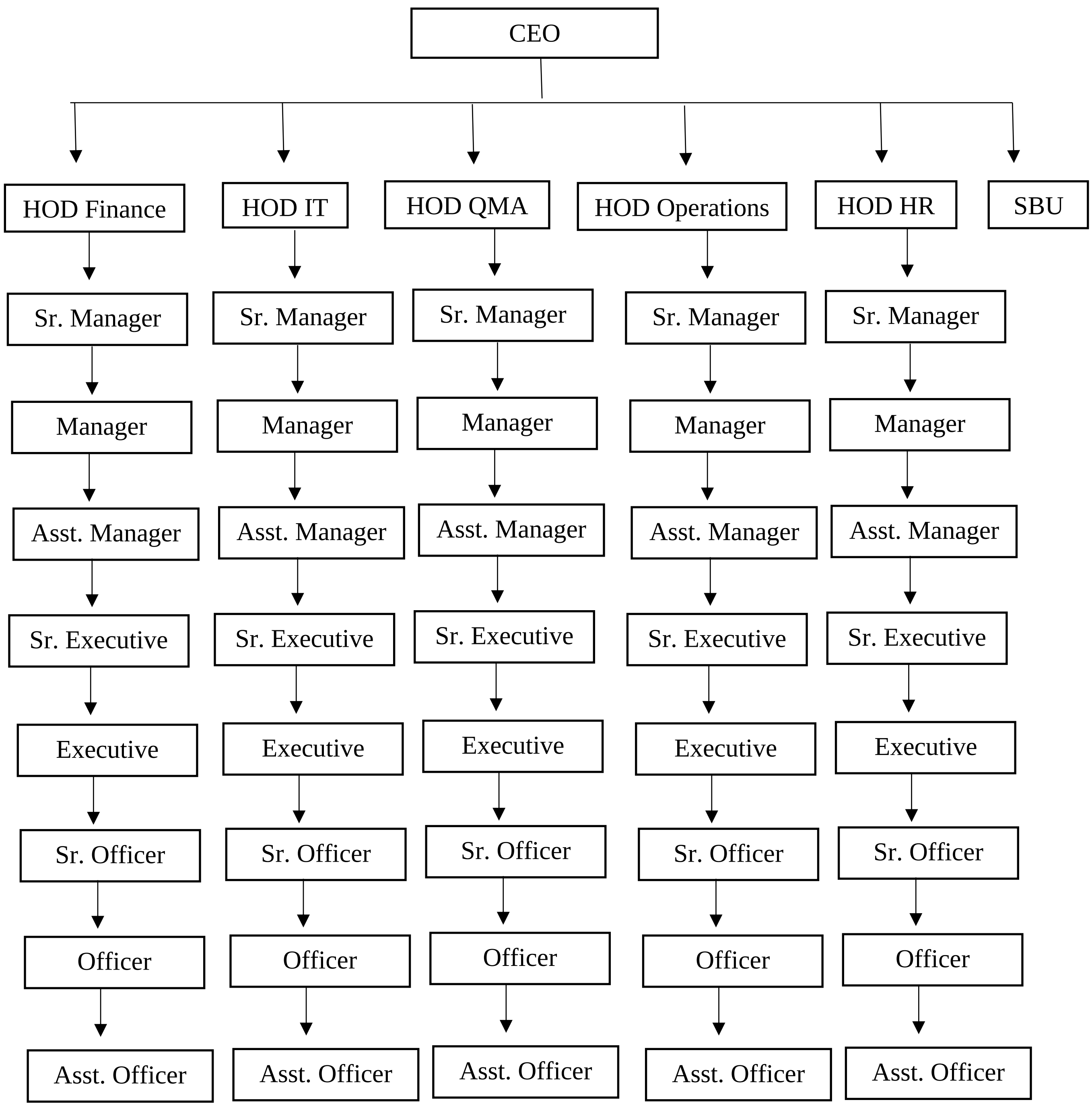
Patient Support Application.

2.1.4 Sales and Marketing:

PharmaSolutions Bangladesh provides core marketing and sales support services to healthcare companies around the globe for those pursuing operations in Bangladesh market and meeting their sales and marketing objectives successfully as well as helping foreign principals to register their products in Bangladesh. PSBL also works with external agencies to develop effective promotional campaigns and advertisements for different renowned pharmaceutical manufacturers and medical device companies like Omron Healthcare, Roche Diabetes Care, Menarini, Accu Chek of Roche Diabetes Care, and Sebamed. Their sales and marketing concentration is on cardiometabolic, oncology, dermatology, diabetes care, and wound care. Their well-trained sales team takes orders from retail pharmaceutical stores, and hospitals and can ensure the supply of any product in the healthcare channel.

2.2 Organizational Structure

PSBL is structured into multilayered processes and structures with a defined chain of command. PSBL is divided into various departments, each led by a department head. All department heads report to the CEO, as do senior managers, and managers' report to department heads. Executives and senior executives report either to managers or to department heads. The company has ten levels from assistant officer to CEO, referred to as M1 to M10.



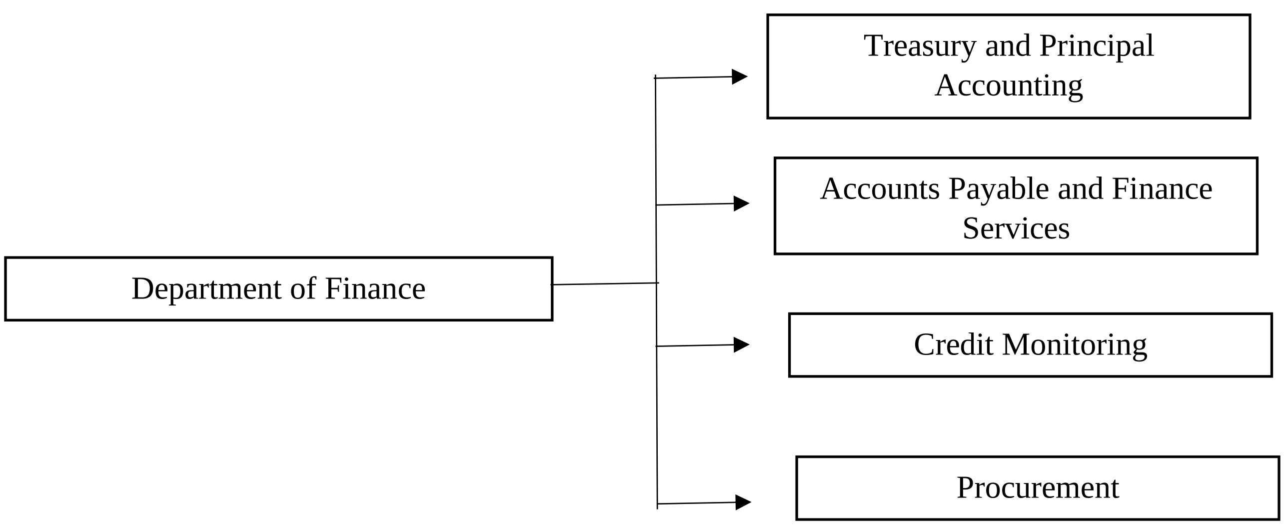
2.3 Departmental Functions

2.3.1 Department of Finance: The Finance department has four teams. Each team is critical to the company's successful operation. The Treasury and Principal Accounting team handles principal-related financial concerns as well as any bank account situations. The team is also responsible for solving sales VAT concerns.

The accounts payable and finance services team handles payment concerns for vendors, landlords, and government organizations, as well as tax issues. They are also in charge of issuing and renewing different kinds of licenses and certificates, including drug licenses, trade licenses, vehicle licenses, BIN certificates, TIN certificates, and so on.

The credit monitoring team monitors the quantity of medicine sold on credit to pharmacies and institutions and collects it on a regular basis.

In PSBL, the procurement team reports to the finance department. They purchase all of the items required to operate PSBL. They find the greatest deals available in order to operate the company effectively.

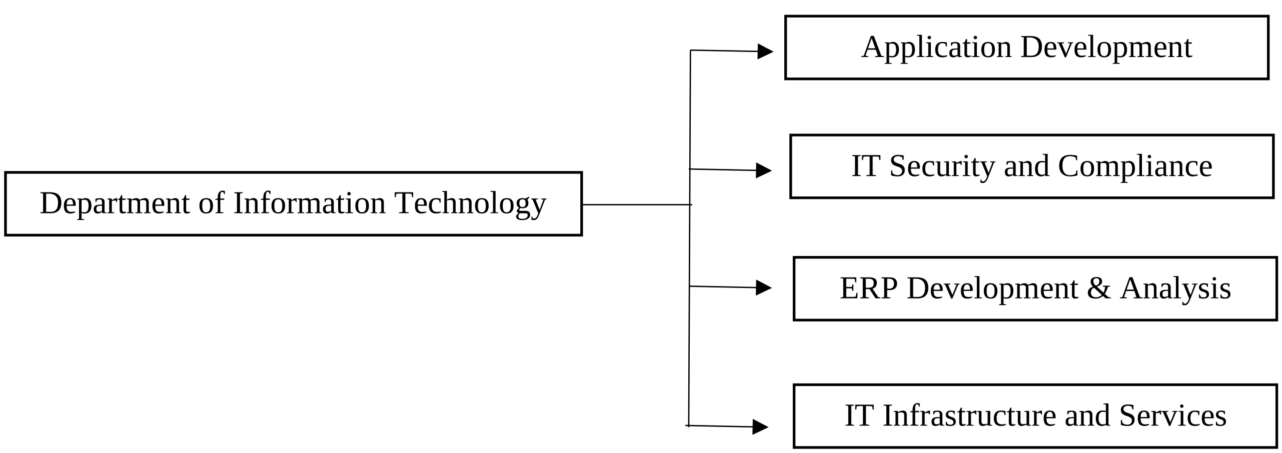


2.3.2 Department of Information Technology: The Information Technology department is divided into four distinct teams. Each team has a unique role in developing a solid IT network both within and outside of the organization. The application development team develops software for PSBL and its principal. The principal pays for it to PSBL for these software.

The IT security and compliance team ensures that sensitive information and technological assets are protected from cyber-attacks while also reducing the risk of cybercrime.

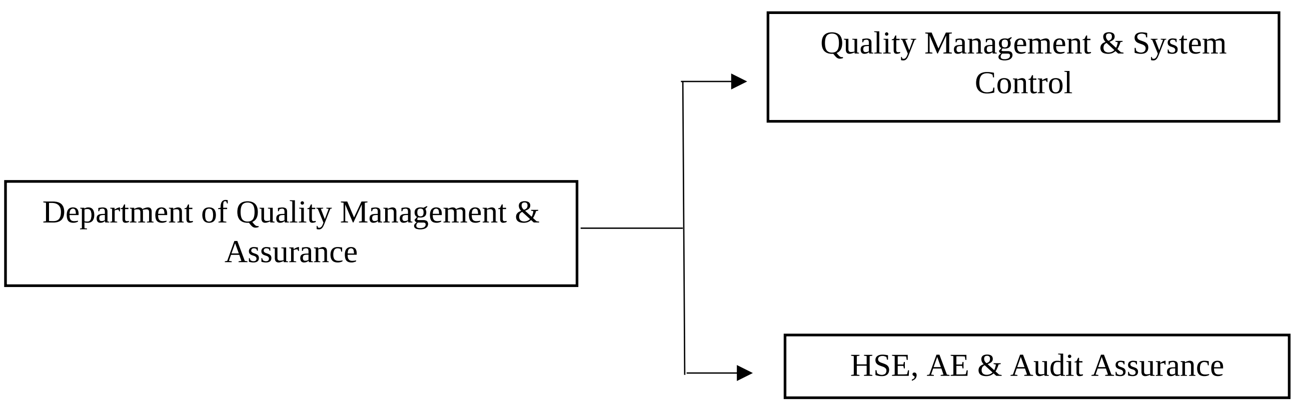
IT infrastructure and services perform the most crucial job in the IT department. IT infrastructure and services involve developing and implementing a complete IT infrastructure plan that includes vital IT components such as hardware, software, data centers, cloud services, security systems, and so on.

The ERP development and analysis team focused on the ERP system that PSBL is now utilizing. They assist in the generation of various sorts of reports, as well as the identification and solution of software bugs.



2.3.3 Department of Quality Management & Assurance: The QMA department consists of two teams. The quality management and system control team ensure that all activities are performed at a desired level of excellence. They generally design quality policies and standard operating procedures (SOPs). These policies and standard operating procedures regulate the company's operations. They also identify any quality errors in the process and forward it to the quality assurance team for improving the process.

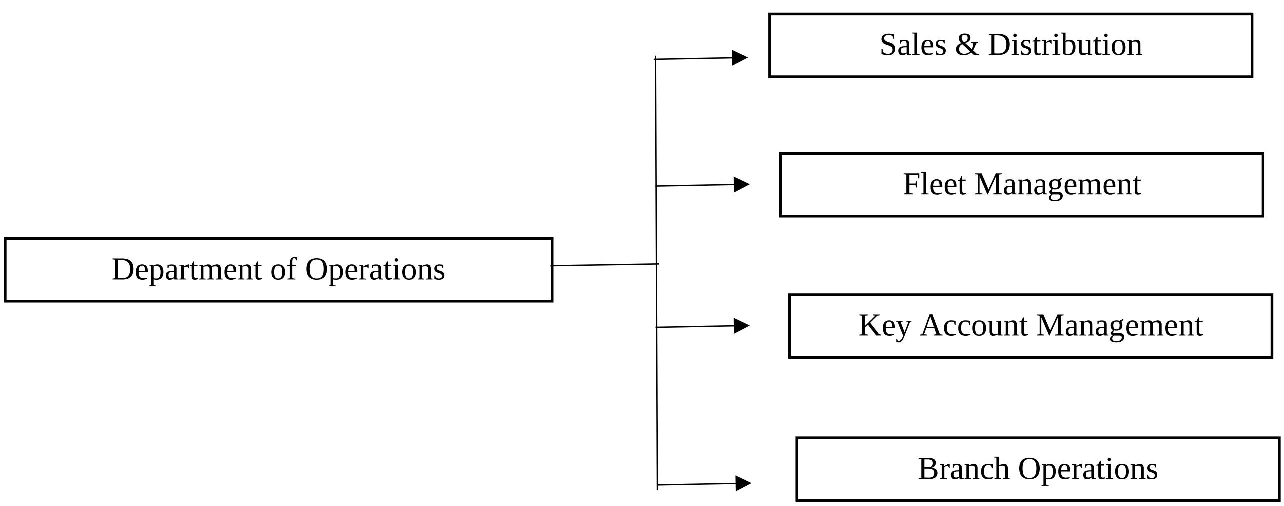
Another team involves HSE, AE, and audit assurance. HSE stands for health, safety, and environment, whereas AE stands for adverse impact. PSBL, as a well-known pharmaceutical distributor in Bangladesh, must address a variety of obligations, like consumer health after taking medicine and the environmental impact of such drugs. This team assesses the risk to consumers and the environment and works to reduce it due to the adverse effects of medicines. They also verify the audit by the quality control team and enhance the process.



2.3.4 Department of Operations: The operations department is split into four teams. Each team has a separate task and is supervised by either a manager or a senior manager. The sales and distribution team is in charge of selling medicines throughout Bangladesh and establishing a smooth distribution channel, whereas the fleet management team ensures that all vehicles are in excellent condition so that products can be delivered on time.

The key account management team is responsible for maintaining strong relationships with our principals, as well as handling shipment and product price issues.

The branch operations team handles important duties. They ensure that all branches have sufficient resources to execute orders. They are responsible for fulfilling all of the branch's demands, such as fixing equipment and delivering essential supplies.

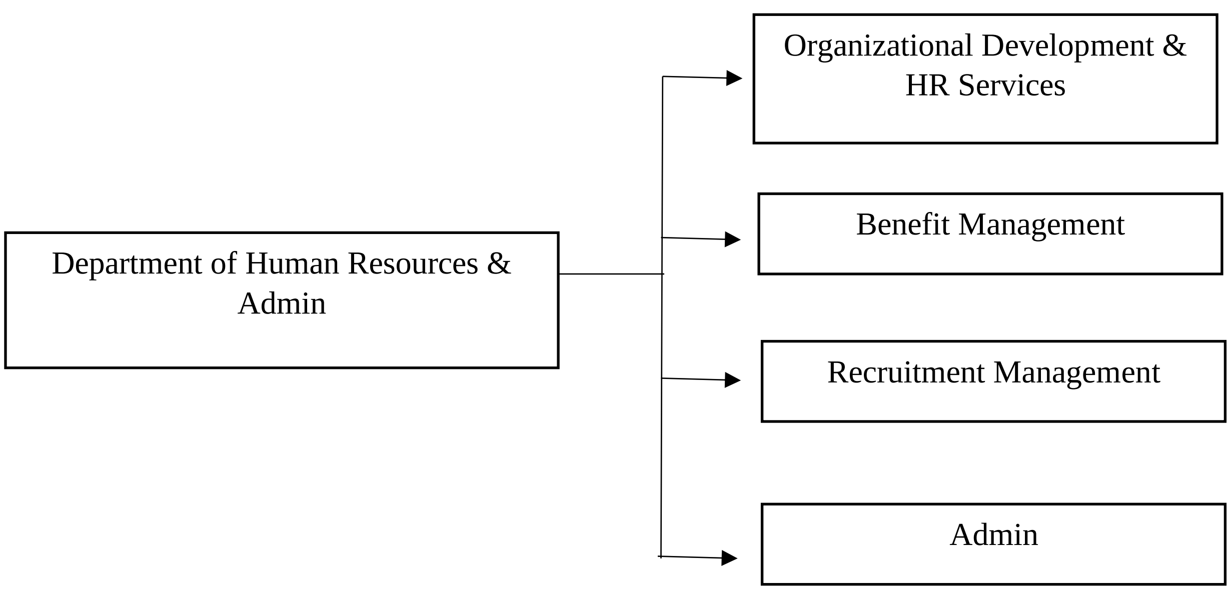


2.3.5 Department of Human Resources & Admin: The department is split into three teams. Every team is responsible for managing PSBL's human resources efficiently and effectively. The organizational development and HR services team adopts practices and disciplines to improve workplace culture and productivity. They build employee engagement programs and training sessions to adapt to the changes in the market, industry, and society.

The benefit management team determines an employee's benefit structure. It includes payroll, key performance indicators, employee loans, bonuses, insurance claims, and so on.

The recruitment management team is responsible for hiring new employees for the organization. They create job descriptions, develop recruiting plans, conduct interviews, and pick the best candidate for the company.

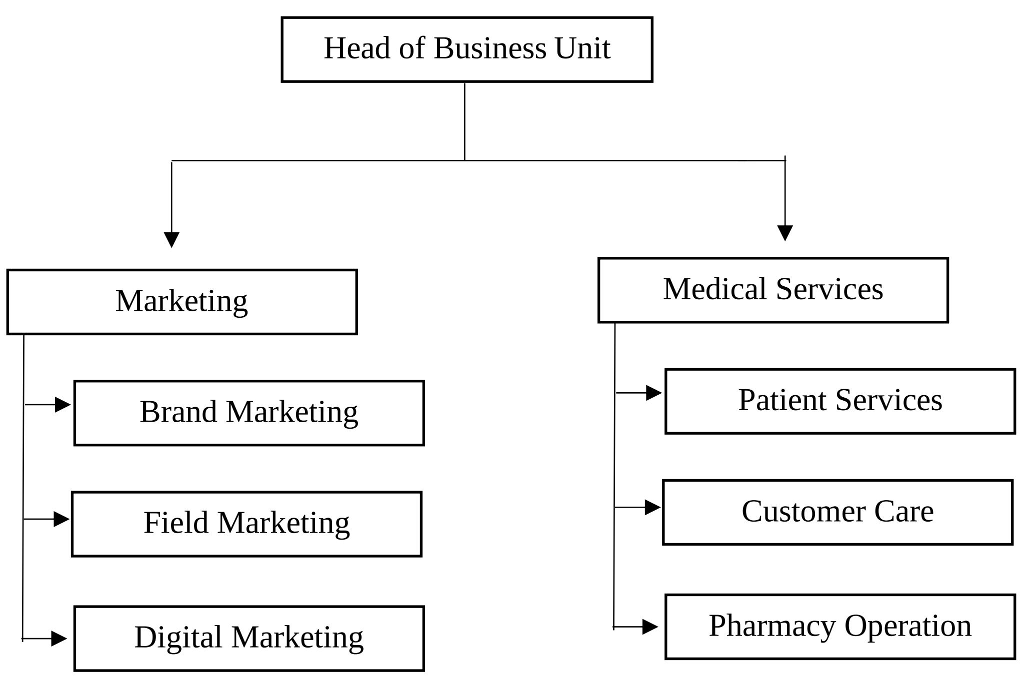
In PSBL, Admin team working under HR department. Basically the look after corporate office needs such as stationaries and office supplies, refreshments, office hygiene etc.



2.4 Strategic Business Unit (SBU) - Global Healthcare Center (GHC)

Global HealthCare Center is a concern of PharmaSolutions Bangladesh Limited. This one-stop healthcare solution allows users to evaluate and receive treatment choices worldwide from the convenience of their own country. In order to provide the finest care and assistance while reducing treatment costs and time, GHC offers a wide range of services. Their dedicated group of medical specialists will demonstrate the global solutions for health problems. A complete medical profile will be created by the doctors to provide a complete picture of the patient's health.

Global HealthCare Center offers a top-notch setting for expert advice from remote areas, with an advanced setup that includes a medical-grade camera, a large-screen TV, power backup, internet backup, and many other equipments for seamless communication. One of their doctors will be present to facilitate the session and will debrief to ensure complete satisfaction. To make patients' medical trips easier, Global HealthCare Center provides several services in addition to these features. They work to satisfy all of a patient's healthcare needs locally as well as globally, from selecting a specialist and hospital to scheduling an appointment, helping with travel, and ensuring that medicines are available.



2.4.1 Marketing:

Global Healthcare Center's marketing staff split into three divisions. These three types of marketing include digital, field, and brand marketing. The brand marketing team markets its services in a way that enhances the brand overall. Since GHC is a new brand, increasing awareness among potential clients is crucial. For this reason, the brand marketing team is always creating new branding strategies to help consumers learn about and trust the brand.

In various fields, the field marketing team showcases the services to potential customers. Numerous field marketing representatives conduct various events to generate leads for GHC. The field marketing team is also in charge of assigning agents to different organizations; these agents guide patients to GHC. Through field marketing. GHC is boosting sales, strengthening customer connections, and improving brand reputation.

The digital marketing team elevates GHC's capacity to communicate with potential customers through the internet and other forms of digital communication. The digital marketing team is responsible for search engine optimization, email marketing, PPC advertising, content marketing, and other activities. The digital marketing team serves both PSBL and GHC.

2.4.2 Medical Services:

GHC has a team of professional doctors and pharmacists to assist patients. Doctors moderate the web session that connects international doctors and local patients. Pharmacists do several sorts of tests and prepare reports to determine the patient's health condition, providing a clear image to foreign doctors about the patient.

Customer care service provides pre-consultation to patients on phone and at GHC. They also assist patients with obtaining a complete medical profile.

GHC has a medication sales section. It distributes drugs both on-site and online. This medication business sells medicine to customers at a lower price than other medicine shops. This medicinal business is becoming more and more popular.

2.5 SWOT Analysis of PharmaSolutions Bangladesh Limited

Strengths

Market Leader: PharmaSolutions Bangladesh is leading the pharmaceutical logistics industry in Bangladesh since its establishment. Some products have a strong brand reputation in the market. As pharmaceutical Logistics industry is a separate industry from pharmaceutical industry. So PharmaSolutions Bangladesh faces little or non-threatening competition in Bangladesh.

Strong Brand Portfolio: Over the years PharmaSolutions Bangladesh has invested in building a strong brand portfolio of principles in Bangladesh. This brand portfolio can be very useful if an organization wants to expand into new product categories in Bangladesh.

Highly Skilled Labor: Highly skilled workforce through successful education and training programs. By investing enormous resources in the training and development of PharmaSolutions Bangladesh employees, they not only create highly qualified employees but also motivate them to achieve more. It has strong sales force. The sales force has to deal with doctors. They have to motivate the doctors to prescribe the particular medicines. Otherwise, a company cannot get success in these industries.

Strong Business Ecosystem: PharmaSolutions Bangladesh has all the facilities and logistics to help foreign companies to set up their business and sell their products in Bangladesh. As mentioned earlier, PSBL provides advanced warehousing, distribution and technological Support to its principles. Over the past few years, it has successfully integrated several Pharmaceuticals and technology companies to optimize operations and establish a stable supply chain in Bangladesh.

Strong Cold Chain Distribution System: Some medicines require quick transportation services. Otherwise, it will damage. The Cold distribution systems of the PSBL are strong and developed in Bangladesh. PSBL has depots through which it distributes their products all over the 64 districts in Bangladesh. Healthy Organizational Culture: All employees are aligned and committed to the company's goal and vision. PSBL encourages strong employee relationships and inspires them in a variety of methods so that they give their all for the firm.

Weaknsses

Lack of Capital to Start a Manufacturing Business: PharmaSolutions Bangladesh Limited has a well-established world-class drug distribution network. If PSBL enters the pharmaceutical production sector, it will significantly increase its profitability, which is not now achievable due to a lack of necessary funding.

Government Regulations: Price control has harmed Bangladesh's pharmaceutical industry. This restriction has gradually decreased PSBL's pricing ability. The DGDA (Directorate General of Drug Administration), which has the jurisdiction to decide on numerous pricing parameters, sets prices for various pharmaceuticals, resulting in lesser profitability for the company.

Weak online presence: PSBL has an online presence, but it might be stronger. A regular presence on social media and other digital platforms is critical for modern businesses. Social media platforms are becoming an increasingly significant part of how businesses communicate with their consumers' is a B2B business, thus extensive social media marketing is not necessary. However, they must maintain a minimal degree of internet presence.

Opportunities

Low Competition: In Pharmaceutical Logistics Industry PSBL has little or non-threatening competition. There is not any significant company as like PharmaSolutions dealing with foreign companies' supply chain and other aspects of business.

Scope of Entry: PharmaSolutions Bangladesh has all the support system as like pharmaceutical companies excluding Production and packaging. If PSBL wants to enter into pharmaceutical manufacturing industry, it will face less hurdle compare to others.

Diversification: PharmaSolutions Bangladesh starting a new strategic business unit named Global Healthcare Centre Bangladesh. It is a complex healthcare platform to serve global patients through incorporation with local and foreign hospitals (India, Thailand, Singapore, Malaysia, USA, and EU) and their experienced physicians. Global HealthCare Center (GHC) has started its journey with a vision to be a trusted healthcare partner to people around the world. GHC offers professional healthcare services to make healthcare more accessible (beyond the borders), reliable, cost-effective, and hassle-free to all from the available alternatives. GHC consists of specialized healthcare service providers from Bangladesh, India, Thailand, Malaysia, the USA, Singapore, Turkey, etc. GHC is always ready with its helping hands to assist people to make the best healthcare decision that takes people to a new destination with endless support and possibilities of life on the back of happiness, energy, and hope with blessed remedy saving time and money. Moreover, GHC has a global clinical network to help people abroad. Therefore, the patients, themselves can choose their best physicians or hospitals with the help of GHC.

LDC Graduation (Least Developed Country) Graduation: Bangladesh will formally graduate to the developing country status in 2026. After 2026 patent provisions won't be applicable according to TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights), if there is not continuation of the provision. So the price of medicines will go higher which will attract foreign companies to enter Bangladesh as profit is higher. Currently, Multinational pharmaceutical companies hold only 10% share in the

Bangladesh market. Experts says, this number will go higher after LDC graduation. In that situation Pharma Solution Bangladesh should be their first choice to run their business in Bangladesh.

Threats

Heavily dependency on foreign companies: PSBL's profitability is mainly reliant on multiple global medicinal companies. If they discontinue their business in Bangladesh, PharmaSolutions would struggle to survive.

Rising the cost of Road Fees and fuel: Pharma Solution Bangladesh is a distribution business. Its Profitability is hugely impacted by transportation costs. The government increasing road fees and fuel prices at regular intervals which negatively every aspect of its business.

Increasing the interest rate: The interest rate of the bank is increasing day by day. So the investors do not agree to borrow from the bank to invest in new ideas. Companies facing difficulties in repaying its interest on short-term debt due to the rising interest rate.

LC Problem (Dollar Crisis): COVID-19 and the Russia-Ukraine war have hugely impacted the global economy. The commercial banks are reluctant about LC opening for the necessary imports due to the dearth of the US dollar on the local money market and the resultant volatility of market-driven exchange rates.

Legal Actions: The main threat to the business arises from changes to government policies and inadequate port infrastructure as well as geopolitical instability. The company may face legal action in other markets given the continuing fluctuations in different laws and product standards in those markets.

Chapter III: Performance Analysis

3.1 Accounts Payable Ageing Report

Accounts Payable Ageing Reports are financial records that demonstrate how much a company owes its suppliers, vendors, or creditors. The report categorizes payables according to how long they have been outstanding, helping the company in managing cash flow and identifying potential bill payment issues. PSBL Finance frequently used it to maintain timely payments and effective vendor relationships.

Demo of PSBL's Accounts Payable Aging Report

Vendor Name	**Invoice Number**	**Invoice Date**	**Due Date**	**Amount Due**	**0-7 Days**	**8-14 Days**	**15-21 Days**	**Over 21 Days**
Vendor X	INV-001	11/1/2024	11/6/2024	500	500			
Vendor Y	INV-002	10/15/2024	10/26/2024	1000		1000		
Vendor Z	INV-003	9/14/2024	9/30/2024	1500			1500	
Vendor XYZ	INV-004	6/1/2024	6/25/2024	2000				2000
Total				**5000**	**500**	**1000**	**1500**	**2000**

PSBL aims to pay its suppliers within one week to maintain strong relationships; however, it may take a little longer due to factors such as late delivery, defective products, and, most importantly, payment terms.

PSBL Uses the Accounts Payable Ageing Report for

Improved Cash Flow Management: It allows PSBL to priorities which payables need to be paid first.

Better Vendor Relations: By tracking payables, PSBL avoids late payment penalties and maintains excellent relationships with vendors.

Financial Analysis: This report shows PSBL on how effectively it manages its debts and whether there are cash flow issues.

3.2 Working capital management

Working capital management is the practice of managing a company's short-term assets and liabilities to ensure it has enough liquidity to carry out its day-to-day activities smoothly. Working capital management analyses and optimizes the relationship between current assets and current liabilities to efficiently operate a company.

PSBL's Short-Term financing option

Receivable and credit collection

PSBL sells pharmaceutical items to pharmacies, hospitals, and other institutions on cash and credit. The credit collection team collects receivables from customers and deposits the cash into PSBL's collection account. PSBL typically utilizes the collection account fund for short-term funding. That means if PSBL's short-term liabilities must be paid, it uses the collection account fund to do so.

Efficient Inventory Management

PSBL operates as a pharmaceutical logistics company. They act as intermediaries between overseas pharmaceutical companies and local consumers. In exchange, they receive a sales commission from these multinational companies. PSBL has warehouses, yet they do not need to purchase inventory. In fact, foreign corporations transfer their stocks to PSBL's warehouse and pay PSBL for the warehouse shelf space. As a result, PSBL will have less pressure to release inventories in order to arrange operating capital.

3.3 Ratio Analysis

Income Statement & Profitability Ratio

PSBL's income statement for the last five years is given below.

Particulars	2018	2019	2020	2021	2022
Comission Income	774,868,930	852,355,823	929,842,716	920,544,288	1,003,393,274
(Operating Expenses)	(653,487,018)	(686,161,369)	(741,054,278)	(755,875,364)	(793,669,132)
Operating Profit	121,381,912	166,194,454	188,788,437	164,668,924	209,724,142
Interest Income	13,384,821	13,652,517	14,062,093	14,905,819	15,054,877
(Finance Cost)	(578,124)	(693,749)	(707,624)	(743,005)	(757,865)
Other Income/(Expenses)	1,225,666	1,348,233	1,429,127	1,430,556	1,573,611
Profit/(Loss) Before Charging WPPF	135,414,275	180,501,455	203,572,033	180,262,294	225,594,765
Workers profit Participation fund	(3,316,254)	(3,647,879)	(3,866,752)	(3,867,526)	(4,022,227)
Profit/(Loss) Before Income Tax	132,098,021	176,853,575	199,705,281	176,394,768	221,572,538
Income tax expenses	(73,612,548)	(88,335,058)	(96,285,213)	(95,322,361)	(99,135,256)
Profit/(Loss) after income tax	58,485,472	88,518,518	103,420,067	81,072,407	122,437,283

PSBL is a private limited corporation, so most of the financial information is confidential. Only the profitability ratios could be evaluated based on the data provided by the company.

Ratios	2018	2019	2020	2021	2022
Gross Profit Margin	16%	19%	20%	18%	21%
Operating Profit Margin	17%	21%	21%	19%	22%
Net Profit Margin	8%	10%	11%	9%	12%

Gross Profit Margin Ratio= (Revenue-COGS)/Revenue

The gross profit margin ratio tells us how much profit a firm gets after paying off its Cost of Goods Sold. PSBL's gross profit margin ratio is rising, which is a good indication. It suggests that PSBL retained more revenue as gross profit over the time.

Operating Profit Margin Ratio= EBIT/ Revenue

The gross profit margin ratio indicates a company's profit after paying off all operational expenditures. PSBL's operating profit margin ratio is increasing, which is a positive indicator. It tells us that certain various types of costs are being reduced while other income increases, resulting in the retention of greater operational profits from its revenue.

Net Profit Margin Ratio=Net Income/Revenue

The net profit margin ratio shows how much net income or profit a firm earns as a percentage of its revenue. PharmaSolutions Bangladesh Limited's net profit margin continues to rise, which is a positive sign of business growth.

PSBL was unable to make a good profit in 2021, but at a glance, all of the profitability ratios indicate that PSBL is on the move for a rise over time.

Chapter IV: Internship Experience (Experience regarding and Accounts Payable Process)

Accounts Payable Process is a basically payment process of PSBL in which all the monetary transactions occur through banks and cash. Accounts Payable personnel manage vendor invoices or bills, record short-term debts in the general ledger (GL), and check invoices against purchase orders (PO) to guarantee goods or services were received before paying suppliers. PSBL split its payment procedure into two categories: internal and external. External payment processes relate to third parties such as suppliers and government authorities, whereas internal payment processes are related to people within the company.

4.1 External Payments

4.1.1. Vendor Payments: PharmaSolutions has many listed and non-listed vendors are paid by either account payee cheque or cash. There is multiple process through vendors are paid in which PO (Purchase Order), GL (General Ledger) payment system frequently used. PO is basically credit payment system where product or services received beforehand of the payment. If Capex (Capital Expenditure) items are purchased, It will be processed through PO system whereas Opex (Operational Expenditure) items will be processed through GL. Capex items are basically fixed asset items.

Vendor Payments through Purchase Order (PO) First, procurement personnel will generate a purchase order, and then the PO payment process will begin. There is three step to be done before PO payment.

Good Receipt: When goods are received, an entry should be given in ERP.

For Example: A Bio-refrigerator purchase for Comilla branch on credit. Entry should be:

Description	Ledger	Dr. (Taka)	Cr. (Taka)
Inventory	Comilla Store	200000	
Liability	Accrued Purchase		200000

Invoicing: After receiving the goods, the system prepares an invoice for them. During this step, liability moves from one ledger to another.

Description	Ledger	Dr. (Taka)	Cr. (Taka)
Liability	Accrued Purchase	200000	
Liability	Accounts Payable		200000

Payment: After successfully generating the good receipt note (GRN) and invoices, the system will allow users to pay suppliers. Payment must be paid after deducting VAT and taxes according to the government's rules.

Entry should be:

Description	Ledger	Dr. (Taka)	Cr. (Taka)
Liability	Accounts Payable	200000	
Liability	VAT- Govt. Account		15000
Liability	TDS- Gov.t Account		10000
Bank/Cash	Standard Chartered Bank		175000

N.B. Vendors VAT and Tax will be preserved as liabilities, and the company will remove and pay its debts to the government at the end of the month through treasury challan.

Vendor Payments through GL (General Ledger): A purchase order (PO) is not required in this process. This approach allows not just procurement professionals, but also other employees, to purchase things for their departmental needs. They simply acquire things and seek authorization from supervisors according to corporate policies. If they got enough approval from supervisors, accounts payable personnel would directly charge the expenditure in a ledger and pay the vendor after deducting VAT and tax in accordance with the law.

Example: A printer ribbon purchase for Rangpur branch. Entry should be:

Description	Ledger	Dr. (Taka)	Cr. (Taka)
Expense Ledger	Computer maintenance and Accessories	10000	
Liability Ledger	VAT- Govt Account		750
Liability Ledger	TDS- Govt Account		500
Bank/Cash	Standard Chartered Bank		8750

N.B. Vendors VAT and Tax will be retained as liabilities, and the company will eliminate and pay its obligations to the government through a treasury challan after the month closes.

4.1.2. Warehouse and Sales Office Rental Payment Process:

As mentioned earlier PharmaSolutions Bangladesh Limited has many Branches, Sales Offices, and warehouses across Bangladesh. All of those have agreements based on landlords' payments and different types of adjustments are made and as VAT and Tax deducted as per government guidance. Currently Govt. rate for TDS is 5% and VAT is 15% carried by either company or landlords based on contracts and all data is preserved in ERP software in a Specific manner. In the first place, all the provisional entries related to rental payments and VAT are given in ERP Software at the start of a month. Provisional entry should be given to record current liabilities.

Provisional entry for Rent:

Description	Example	Dr. (Taka)	Cr. (Taka)
Expense Ledger	Rental Expense	100	
Payable/ Provisional Ledger	Payable- Owner of X warehouse		100

N.B. This Journal Implies that expense has been charged but payment is not done yet.

When firm decide to pay rents to landlords through cheque following journal should be given in ERP software.

Description	Example	Dr. (Taka)	Cr. (Taka)
Payable/ Provisional Ledger	Payable- Owner of X warehouse	100	
Asset Ledger	Advance for Owner of X warehouse		10
Liability Ledger	Vat-Warehouse Rent		15
Liability Ledger	TDS-Warehouse and Sales Rent		5
Cash/ Bank Account	Standard Chartered Bank		70

This entry indicates that a provision has been withdrawn, an expense has been charged, and a payment has been made by adjustments such as tax, VAT, and landlord advance adjustments. In simple terms, there is no current liability at this point except VAT and Tax.

N.B. Warehouses VAT and Tax will be kept as liabilities, and the company will eliminate, and pay its obligations to the government through treasury challan, when the month ends.

4.1.3. Monthly Govt. VAT and Tax Payment Cycle

There are three types of VAT and four types of Tax need to pay the govt. in every month.

Payment to Govt. Treasury	
VAT	Tax
VAT against Sales	Tax against Vendor
VAT Vendor	Tax against Warehouses
VAT against Warehouses	Tax against Salaries
	Tax against Professional services

Another team (Accounts receivable and VAT) from PSBL's finance department primarily calculates sales VAT, while the accounts payable team calculates and pays other VAT and taxes through treasury challan.

As previously said, various forms of VAT and taxes are kept as liabilities, and the company will eliminate this liability and pay the government through treasury challan at the end of the month. Assume the month has ended and we need to pay VAT and taxes to the government treasury. To pay, the following entries must be made in ERP. For VAT

Description	Example	Dr.	Cr
Liability Ledger	VAT- Govt. Account	15000	
Liability Ledger	VAT- Govt. Account	750	
Liability Ledger	Vat-Warehouse Rent	15	
Asset	Standard Chartered Bank		15765

Throughout the month, we held 15,765 taka as a liability against VAT, and at the end of the month, we eliminated our liability by paying the government.

N.B. For each type of VAT, a separate treasury challan will be issued.

Description	Example	Dr.	Cr
Liability	TDS- Gov.t Account	10000	
Liability Ledger	TDS- Govt. Account	500	
Liability Ledger	TDS-Warehouse and Sales Rent	5	
Asset	Standard Chartered Bank		10505

Throughout the month, we held 10,505 taka as a liability against Taxes, and at the end of the month, we eliminated our liability by paying the government.

N.B. For each type of Tax, a separate treasury challan will be issued.

4.2 Internal Payments

4.2.1 Branch Petty Cash Payments

As said earlier PSBL has 14 Branches and each of them has its own expenses. Branch Accounts Officer is responsible for keep records of those expenses in ERP and submit hardcopies of expense vouchers to the corporate office. Basically branch accounts officers records expenses in different Expense Ledgers (for example: Refreshment, Vehicle Repair and Maintenance, Stationery and Office Supplies etc.) in ERP with the approval of the Branch Manager and Corporate Office. If branch manager and corporate office approves the cost, Expense will hit the ledger and they will eligible to claim their Expense.

Expense Journal

Description	Ledger	Dr.	Cr.
Expense Ledger	Vehicle Repair and Maintenance	10	
Expense Ledger	Stationery and Office Supplies	10	
Asset	Cash In Hand- Khulna		20

There is some process to pay their claimed expense through ERP by maintaining accounting principles. Branches has cash collection account ledger which is basically records the sales amount (Collected money) of a particular branch. Branch accounts officer claims their petty cash expense from Collection account after a certain period of time. When paying them with cash withdrawal instructions from the Corporate Office to take money from the collection account, the following journal should be entered in ERP.

Contra Journal

Description	Ledger	Dr.	Cr
Asset	Cash In Hand- Khulna	20	
Asset	Collection Account-Khulna		20

This Journal Implies, TK.20 transferred from collection account to Cash in hand to refill the cash limit of Khulna Branch. Cash limit is amount of money which is given to branch offices beforehand. Accounts Officers spends money from their cash limits and when they get cash withdrawal instructions from corporate office they withdraw money from collection account and refill their Cash limit. In a word, Branch accounts officers spend money from their cash limit and seeks for approval of claimed expense to refill their cash limit from corporate office. After getting approval from corporate office they withdraw money from collection account and refill their cash limit.

4.2.2 Salary Payment System:

PharmaSolutions has nearly about 1300 employees including Management and Non-Management Employees in which management employees are paid through banking channel and Non-management employees are paid through branch cash collection account. Various types of loans like Provident Fund Loans, Salary loans, Mobile loans, motorcycle loans etc. are given to employees and installment from those loans are adjusted while salaries paid.

4.2.3 Different Type of Advance Payment:

Accounts payable employees are also responsible for paying various forms of advances based on supervisor authorizations. These advances included landlord advances, employee advances, medical advances, and salary advances. Accounts payable employees must track and adjust advances on a regular schedule.

4.3 Other responsibilities undertaken by PSBL's Accounts Payable Team:

The accounts payable team is responsible for a variety of tasks along with payments. The accounts payable team has an immense workload. They have excellent time management skills, which allow them to complete all tasks associated with the account payable process. Regardless of the payment, the PSBL accounts payable employees perform the following responsibilities.

4.3.1 Auditing: They are in charge of evaluating and clarifying suspicious invoice items, pricing, and getting signatures, as well as investigating if the vendor is operating a legitimate company and whether the vendor has put an appropriate VAT and tax rate on the VAT challan (Mushak 6.3). They evaluate a company's validity by inspecting their TIN (Tax Identification Number) and BIN (Business Identification Number) certificates, as well as justifying VAT and tax rates against suppliers' businesses. If they identify any discrepancies, they follow the company's policies regarding this issue.

VAT Challan Mushak 6.3 Sample

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার,জাতীয় রাজস্ব বোর্ড

প্রথম কপি

মূসক-৬.৩

কর চালানপত্র

[বিধি ৪০ এর উপ-বিধি (১) এর দফা (গ) ও (চ) দ্রষ্টব্য]

নিবন্ধিত ব্যক্তির নাম :

নিবন্ধিত ব্যক্তির বিআইএন :

চালানপত্র ইস্যুর ঠিকানা :

01

ক্রেতার নাম :

ক্রেতার বিআইএন :

ক্রেতার ঠিকানা :

সরবরাহের গন্তব্যস্থল :

যানবাহনের প্রকৃতি ও নম্বর :

চালানপত্র নম্বর :

ইস্যুর তারিখ :

ইস্যুর সময় :

ক্রঃ নং	পণ্য বা সেবার বর্ননা (প্রযোজ্য ক্ষেত্রে ব্রান্ড নাম সহ)	সরবরাহের একক	পরিমাণ	একক মূল্য[1] (টাকায়)	মোট মূল্য (টাকায়)	সম্পূরক শুল্কের হার	সম্পূরক শুল্কের পরিমাণ (টাকায়)	মূল্য সংযোজন করের হার/ সুনির্দিষ্ট কর	মূল্য সংযোজন কর/ সুনির্দিষ্ট কর এর পরিমাণ (টাকায়)	সকল প্রকার শুল্ক ও করসহ মূল্য
(১)	(২)	(৩)	(৪)	(৫)	(৬)	(৭)	(৮)	(৯)	(১০)	(১১)
				সর্বমোট						

প্রতিষ্ঠান কর্তৃপক্ষের দায়িত্বপ্রাপ্ত ব্যক্তির নাম:

পদবি:

স্বাক্ষর:

[1]"সকল প্রকার কর ব্যতীত মূল্য".

সিল

TIN Certificate Sample

Government of the People's Republic of Bangladesh

National Board of Revenue

Taxpayer's Identification Number (TIN) Certificate

TIN : 436252834961

This is to Certify that **VECTOR POWER LIMITED** is a Registered Taxpayer of National Board of Revenue under the jurisdiction of **Taxes Circle-177 (Company)** , Taxes Zone **09, Dhaka**.

Taxpayer's Particulars :

1) Name : **VECTOR POWER LIMITED**

2) Registered Address/Permanent Address : **House-59,Road-08,Rajuk DIT Project,, Badda, Dhaka**

3) Current Address : **House-59,Road-08,Rajuk DIT Project,, Badda, Dhaka**

4) Previous TIN : **Not Applicable**

5) Status : **Company**

Date : October 17, 2016

Please Note:

1. A Taxpayer is liable to file the Return of Income under section 75 of the Income Tax Ordinance, 1984.
2. Failure to file Return of Income under section 75 is liable to-
   (a) Penalty under section 124; and
   (b) Prosecution under section 164 of the Income Tax Ordinance, 1984.

Deputy Commissioner of Taxes

Taxes Circle-177 (Company)

Taxes Zone 09, Dhaka

Address : 34, Garib E Newaz Avenue, Sector-13, Uttara, Dhaka-1230. Phone : 7913944

N. B: This is a system generated certificate and requires no manual signature.

BIN Certificate Sample

Government of the People's Republic of Bangladesh
National Board of Revenue

Mushak-2.3

Customs, Excise and VAT Commissionerate, Dhaka (North)
Gazipur Division

Value Added Tax Registration Certificate

This is to certify that the person whose details are given below is registered under Value Added Tax and Suplementary Duty Act, 2012 (Act No. 47 of 2012)

BIN : 000126583-0103

Name of the Entity	: SAHABA YARN LTD.
Trading Brand Name	: N/A
Old BIN	: 18061003953
e-TIN	: 666731252132
Address	: 5, Bishuya Kuribari, Mirzapur Union; Gazipur Sadar PS; Gazipur-1703; Bangladesh
Issue Date	: 17/05/2017
Effective Date	: 01/07/2019
Type of Ownership	: Private Limited
Major Area of Economic Activity	: Manufacturing, Services, Imports, Exports

This is a system generated certificate and doesn't require any signature

4.3.2 Issuing Mushak 6.6: Mushak 6.6, also known as the Withholding Tax Certificate. When making payments for products or services, the PSBL's accounts payable team deducts tax at a specified rate and provides a Mushak 6.6 to the supplier. This Mushak 6.6 ensures that suppliers have paid their value-added tax to the government through PSBL.

Mushak 6.6 Sample:

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

জাতীয় রাজস্ব বোর্ড

উৎসে কর কর্তন সনদপত্র

[বিধি ৪০ এর উপ-বিধি (১) এর দফা (চ) দ্রষ্টব্য]

মুসক-৬.৬

উৎসে কর কর্তনকারী সত্তার নাম:

উৎসে কর কর্তনকারী সত্তার ঠিকানা:

উৎসে কর কর্তনকারী সত্তার বিআইএন (প্রযোজ্য ক্ষেত্রে):

উৎসে কর কর্তন সনদপত্র নং: জারির তারিখ:

এই মর্মে প্রত্যয়ন করা যাইতেছে যে, আইনের ধারা ৪৯ অনুযায়ী উৎসে কর কর্তনযোগ্য সরবরাহ হইতে প্রযোজ্য মূল্য সংযোজন কর বাবদ উৎসে কর কর্তন করা হইল। কর্তনকৃত মূল্য সংযোজন করের অর্থ বুক ট্রান্সফার/ট্রেজারি চালান/দাখিলপত্রে বৃদ্ধিকারী সমন্বয়ের মাধ্যমে সরকারি কোষাগারে জমা প্রদান করা হইয়াছে। কপি এতদসংগে সংযুক্ত করা হইল (প্রযোজ্য ক্ষেত্রে)।

ক্রমিক নং	সরবরাহকারীর		সংশ্লিষ্ট কর চালানপত্র		মোট সরবরাহ মূল্য[১] (টাকা)	মূসকের পরিমাণ (টাকা)	উৎসে কর্তনকৃত মূসকের পরিমাণ (টাকা)
	নাম	বিআইএন	নম্বর	ইস্যুর তারিখ			

ক্ষমতাপ্রাপ্ত কর্মকর্তার -

স্বাক্ষর:

নাম:

[১] মূসক ও সম্পূরক শুল্ক যদি থাকে সহ মূল্য

4.3.3 Tax Acknowledgement Receipts Collection: Tax acknowledgment receipts are documentation of a taxpayer's tax return. As a withholding entity, PSBL must collect tax returns from its landlords and suppliers. If they fail to submit their tax acknowledgment receipt, PSBL is accountable for deducting an additional 50% of its initial tax rate.

4.3.4 Agreement Preservation: They preserve all agreements of vendors, landlords, and other deeds which is related to the payment process. Not only do they preserve agreements but also they monitor the validity of agreements. If there is an issue like agreement termination and renewal, the accounts payable team disseminates this message to the relevant department.

4.3.5 Documentation: The accounts payable team is in charge of preserving all payment vouchers, journal vouchers, contra vouchers, and cash withdrawal instructions for PSBL. They preserve physical copies of the vouchers from the first to the final day of the month serially. If a prior voucher has to be checked, the accounts payable employees will find it and solve the problem.

4.3.6 Collection Account and Bank Reconciliation: It is important to reconcile the bank and collection accounts regularly; otherwise, it will become a major burden in the future. As a result, PSBL maintained a short reconciliation schedule. PSBL's accounts payable employees reconcile all bank and collection accounts once a month. It helps to avoid making major mistakes.

4.3.7 Accounts Review Meeting: PSBL's finance department conducts four quarterly account review meetings. All advance, loan, and payable account ledgers must be kept up to date and include sufficient information ahead to the meeting. The head of finance enquires about the present condition of ledgers and also discusses strategies for dealing with problematic ledgers. The employees will work accordingly.

4.3.8 Govt. Inquiries: Several government agencies, including the National Board of Revenue (NBR) and the Tax Circle, investigate the company to gather information. It is the team's responsibility to protect the confidentiality of the company's sensitive information while providing them with relevant information.

Chapter V: Conclusion and Recommendations

This paper will assist readers in understanding how a pharmaceutical logistics company operates and what its main functions are. The readers will gain insight from studying the company's dynamic aspects as well as gaining a more comprehensive understanding of a company's accounts payable procedure. This report will describe the bookkeeping procedure as well as the VAT and tax legislation that regulates a company's account payable process. Some financial analysis was conducted using PSBL data. According to research, PSBL has done very well in recent years. However, the company may manipulate data to retain data confidentiality.

PharmaSolutions Bangladesh Limited benefits from being the market leader as well as having a strong brand portfolio, all of which are driving the company forward. However, dependency on foreign companies is extremely high. PSBL did, however, diversify its business strategies to mitigate risk. In addition, lack of capital is the most significant obstacle to taking this company to the next level.

After considering all of the aspects, I can conclude that PhamaSolutions Bangladesh Limited addresses its challenges through effective asset utilization and its other strengths. PharmaSolutions Bangladesh is performing well in terms of profitability, but government rules, political instability, and Bangladesh's LDC status make it a less attractive environment for foreign companies to conduct business. PSBL relied heavily on foreign companies. If they shut their operations in Bangladesh, PSBL will suffer significant financial losses. PhamaSolutions Bangladesh Limited exploring strategies to diversify their operations in order to mitigate risk.

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