An Internship Report on

Fixed Asset Management Process

A Case Study of Amann Bangladesh Limited

AMANN
BANGLADESH

Submitted By
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Submitted To:

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Date of Submission: April 06, 2019

Letter of Transmittal

April 06, 2019.

Rana Mazumder, ACMA
Assistant Professor
School of Business & Economics
United International University

Subject: Submission of Internship Report of BBA Program.

Dear Sir,

It is my great desire to submit my internship report on ***"Fixed Asset Management Process: A Case Study of Amann Bangladesh Limited"*** which is a portion of the BBA Program to you for your kind attention.

I made my genuine hard work to study related materials, documents, witness functions performed by Fixed Asset Management Team of Amann Bangladesh Limited and examined relevant records for preparation of this report.

Inside the time boundary, I have tried my best to accumulate the relevant information as broadly as possible and if you need any additional information, I will be happy to support you.

Sincerely Yours,

Khondokar Istiak Ahmad
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Acknowledgement

In the beginning I would like to show gratitude my honorable internship supervisor Rana Mazumdar, ACMA for giving me such an opportunity to make an Internship Report on ***"Fixed Asset Management Process: A Case Study of Amann Bangladesh Limited"***. Without his continuous help and direction, the conclusion of this report was not possible. I would like to give my thankfulness to HR department of Amann Bangladesh Limited for aiding me complete my internship in their organization.

My Superior thanks to Mr. Amzad Hossain, Finance Director, Amann Bangladesh Limited for aiding me in all phase of my internship process. I would also like to spread my thanks to Mr. Mohammad Jamil Ahmed, Finance Manager of ABDL for his help in preparing my report. During the preparation of my report, I have received helpful touches of different individuals who had shared their times & ideas to guide and enrich the contents of the report. I want to deliver my sincerest thankfulness to them for their valuable support.

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Executive Summary

Amann Bangladesh Limited (ABDL) is one of the leading joint projects of Standard Group Limited (Bangladesh) and Amann International GmbH (Germany) which was recognized in 2011. Later meeting so many problems and legal requirements, ABDL ultimately started its money-making process from January 01, 2014. It has recognized with a purpose to manufacture and market industrial sewing thread to 100% export oriented garments trades. With the path of time, Amann Bangladesh Limited has convert one of the fastest growing companies in Bangladesh. And nowadays it has develop one of the quickly emerging competitors in the industry. By starting its journey on November 24, 2014, now it has a huge high tech manufacturing plant in Mawna, Gazipur. Currently around 60 management employees are working there in different managerial departments such as Finance, Admin and Sales. Along with local customers, it is continuously broadening its product market to international customers. Its core effort is to set a standard as the market leader by carrying proficiency, customer care and updated automated service on a lucrative basis.

Along with 5 other departments, Finance department of Amann Bangladesh Limited is a working vigorously to meet the long term and short term goals of the company. Under governor of finance department there are several projects; one of them is fixed asset management project. Fixes asset management team has taken the accountability of every sole fixed asset of both head office and plant site of ABDL. Fixed asset management team is accountable for buying, replacing, preserving and repairing the old assets, keeping records of each parti cular asset, examine the rationality of assets, and finally transfer the asset into auction when the cogency of the particular asset is over. To sort out this asset management team uses some software and place tag number on each and every solo fixed asset. For the job, they hire interns from different universities. They refer those interns in diverse locations for the gathering feature information about the fixed assets. After that they had to input composed information into different software to classify the soundness, conditions, and most significantly formulating tag for each solo asset. This is how the Fixed Asset Management crew is upholding the balance of fixed asset and aids prepare true and reasonable financial statements by giving precise information of fixed assets.

Appendix

SN	Asset Code	SAP Code	Cap. Date	Asset description	Serial no.	Location
1	ABDO CFL 012014 100551	100551	13/01/14	Sales Floor- Verivide Light Box (Model CAC-60)		4th Floor - Sales
2	ABDO SCF 112012 100007	100007	07/11/12	Water Dispenses with Compressor	-	3rd Floor - Dinning Room
3	ABDO SCF 112012 100028	100028	06/11/12	Refrigerator	10881198	3rd Floor - Dinning Room
4	ABDO SCF 112012 100029	100029	06/11/12	Micro Wave Oven	B52011110002	3rd Floor - Dinning Room
5	ABDO SCF 062013 100058	100058	25/06/13	Air Conditioner(Split Type)		3rd Floor - Server Room
6	ABDO SCF 102013 100147	100147	01/10/13	Paper Shredder	4046077	3rd Floor
7	ABDO CFL 102013 100149	100149	01/10/13	Paper Shredder	4046080	4th Floor
8	ABDO SCF 102013 100150	100150	01/10/13	Data Cabinet: Electronic Lock System 24Kg	FINANCE -DHK	3rd Floor - Nice
9	ABDO SCF 122012 100024	100024	01/12/12	Projector- Hitachi	CP-X2521WN	3rd Floor - Meeting Room
10	ABDO SCF 102013 100144	100144	22/10/13	APC10KVA Online Smart UPS -for Head Office	QS1324171883	3rd Floor - Server Room
11	ABDO SCF 052013 100211	100211	25/05/13	Server-T620 with Tape Drive	BJ8G8X1	3rd Floor - Server Room
12	ABDO SCF 052013 100213	100213	25/05/13	Dell Server T620 without Tape drive	GJ8G8X1	3rd Floor - Server Room
13	ABDO SCF 052013 100215	100215	26/05/13	Switch-A5500G 48p-PoE	CN31F6211J	3rd Floor - Server Room
14	ABDO SFL 052013 100216	100216	26/05/13	Switch-A5500G 48p-PoE	CN31F62124	2nd Floor
15	ABDO CFL 052013 100217	100217	26/05/13	Switch-A5500G 48p-PoE	CN31F621JH	4th Floor
16	ABDO CFL 052013 100236	100236	26/05/13	Wireless Access Point-Lancom	400268171810007 6	4th Floor
17	ABDO SCF 052013 100238	100238	26/05/13	Wireless Access Point-Lancom	400268171810036 2	3rd Floor
18	ABDO SFL 052013 100240	100240	26/05/13	Wireless Access Point-Lancom	400268171810009 3	2nd Floor
19	ABDO SCF 052013 100247	100247	26/05/13	Web Thermometer	2041797	3rd Floor - Server Room
20	ABDO SCF 052013 100250	100250	26/05/13	Router-WAN-Optimizer Riverbed CX755	JA5NJ000B802B	3rd Floor - Server Room
21	ABDO CFL 112013 100289	100289	12/11/13	Converter-HDMI/DVI Adapter	Z3CA8156A060305	4th Floor - Meeting Room 834
22	ABDO SCF 072013 100324	100324	15/07/13	Thin Client-T 410 smart Zero	CNW316036P	3rd Floor - Ismile
23	ABDO SCF 072013 100325	100325	15/07/13	Thin Client-T 410 smart Zero	CNW316036R	3rd Floor - Monjurul
24	ABDO SCF 072013 100326	100326	15/07/13	Thin Client-T 410 smart Zero	CNW316037F	3rd Floor - Alamgir
25	ABDO SCF 072013 100327	100327	15/07/13	Thin Client-T 410 smart Zero	CNW316035X	3rd Floor - Rimon
26	ABDO SCF 072013 100328	100328	15/07/13	Thin Client-T 410 smart Zero	CNW316036F	3rd Floor - Reception/Rokhsana
27	ABDO SCF 072013 100329	100329	15/07/13	Thin Client-T 410 smart Zero	CNW316035R	3rd Floor - Nice
28	ABDO SCF 072013 100330	100330	15/07/13	Thin Client-T 410 smart Zero	CNW316037G	3rd Floor - SM Maniruzzaman
29	ABDO SCF 072013 100331	100331	15/07/13	Thin Client-T 410 smart Zero	CNW316036J	3rd Floor - Common Desk
30	ABDO CFL 072013 100332	100332	15/07/13	Thin Client-T 410 smart Zero	CNW316035Y	4th Floor - Enamullah Sayeed
31	ABDO CFL 072013 100333	100333	15/07/13	Thin Client-T 410 smart Zero	CNW316036Y	4th Floor - Nazmun Nahar
32	ABDO CFL 072013 100334	100334	15/07/13	Thin Client-T 410 smart Zero	CNW3160379	4th Floor - Mahbubul Hossain
33	ABDO CFL 072013 100335	100335	15/07/13	Thin Client-T 410 smart Zero	CNW316036N	4th Floor - Salauddin Parvez
34	ABDO CFL 072013 100336	100336	15/07/13	Thin Client-T 410 smart Zero	CNW3160372	4th Floor - Jamil Ahmmed
35	ABDO CFL 072013 100337	100337	15/07/13	Thin Client-T 410 smart Zero	CNW316035T	4th Floor - Rifat Rashid
36	ABDO CFL 072013 100338	100338	15/07/13	Thin Client-T 410 smart Zero	CNW316035N	4th Floor - Sazzad Hossain
37	ABDO CFL 072013 100339	100339	15/07/13	Thin Client-T 410 smart Zero	CNW316036M	4th Floor - Shoyeb Hossain

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Appendix 01: Manual Data Collection Sheet for Asset Tagging

1.0 Introduction

Fixed assets are one of the most important elements of financial statements. In case of manufacturing industry, fixed assets have much more importance than that of any other industry. The reason is that in case of manufacturing industry the company has to heavily invest on fixed assets. So the stakeholders of the company always want to know the detail of the fixed assets. Hence, the demand for fixed asset management system arises. A proper fixed asset management system does not only provide detail information about assets, but also ensures proper managerial control over the assets. This report will explain the idea of fixed asset management process and then evaluate the system with the case study of Amann Bangladesh Limited.

1.1 Origin of the Report

This report has been arranged as a condition of the Bachelor of Business Administration (BBA) program under School of Business & Economics, United International University. I have done my internship in Amann Bangladesh Limited (ABDL) in both Mawna Plant (Gazipur) and Uttara Head Office (Dhaka). Duration of my internship was 3 months. I have organized this report by gaining practical knowledge from ABDL. I hope this report will fulfill the requirements to complete the BBA program and also provide a clear idea about the activities topic of the report.

1.2 Objective of the report

The key objective of the study is to acquire a definite knowledge about fixed asset management process of Amann Bangladesh Ltd. This system plays a vital role in managing the assets of the organization. Moreover, the direction is very convenient to detect whether the academic knowledge matches with real life situation or not. Though the title *"Fixed Asset Management Process: A Case Study of Amann Bangladesh Limited"* very long area, the objectives are as follows:

- To understand the fixed asset management system;
- To know the necessity of implanting fixed asset management system in an organization;
- Introduction to Amann Bangladesh Limited;
- To know different Activities of Amann Bangladesh Limited
- Understanding the process of fixed asset management system in ABDL.
- To understand the benefits and drawbacks perceived by ABDL for using the fixed asset management system.

1.3 Scope of the Report

I got familiarized with the Fixed Asset Management Process of ABDL as I was assigned in the Finance department of the report. From there, I have gathered experience and knowledge about different activities of the system. The part of attention of this report is limited in different features of fixed asset management system of Amann Bangladesh Ltd.

1.4 Methodology

This report is prepared on the base of different kinds of material. This information is composed of two types of bases; Primary bases and secondary bases. The primary data has been taken from the Institutional executives and as well as the general employees of the organization. The secondary information has been collected from the company's annual report, corporate newsletter, different websites and various publications of the company. This report has done a descriptive analysis of the information with an emphasis on previous literatures. In the evaluation part, there are some numerical analyses regarding ratios related to fixed assets.

1.5 Limitations

Throughout my internship period I got know a lot about different activities of a manufacturing as well as the necessity of using fixed asset management system in such kind of organization. Nevertheless that was not sufficient. There are some limits that cannot be overlooked. These comprise:

- Three months are not sufficient to see all about a heavy manufacturing company.
- Meanwhile most of the material of the company was confidential, there was partial access for the internees to gather information.
- The company is a newly established company and it did not make any profit yet. So most of the activities of this company may not be similar to other companies of the same industry.
- Data taken from secondary bases has not been confirmed. So some material presented in this report may not be exact of the secondary data is vague.

2.0 Literature Review

There are not so much studies on fixed asset management process in the previous times. Even if there are some previous studies, most of them are not from the perspective of Accounting of Finance, rather they are from the perspective of engineering or public administration. Here are some discussions on those previous studies.

According to Vanier D. J. (2001), asset managers' challenges are undeniably complicated, but they are not obdurate in the author's view. In an effort to categorize and to define examples of current decision-support tools for asset management as well as to compare them reverse distinct stages for asset management operation, the author offerings his six “Whats” of asset management: (Vanier 2011)

- What do you own?
- What is it worth?
- What is the deferred maintenance?
- What is its condition?
- What is the remaining service life?
- What do you fix first?

Subjective information from a number of distinctive organizations keeping civic infrastructure specify that many of these organizations fare well with the first two questions, then may flop despondently on the residual four. Thoughts with asset management professionals also specify that there is a handful of responses depending on the discipline domain (i.e. roadways, bridges, parks, buried utilities, buildings).
The writer presents examples of tools presently available to address these six phases for asset management application, (Vanier & Danylo 2000). The writer also advises that practitioners can use this six-stage explanation as a roadmap for an asset management plan.

There is a steady technical challenge for asset management to maintain the cost of maintenance, repair or renewal to maintain the technical and operational benefits of implementing a solution. When there are more projects than funds or the budgets are continually narrow, it increases (FCM 1996). In many cases, these managers must distribute funds to competing but eligible needs; often decisions are based on incomplete information (CERF 1996). In addition, the asset managers’ resources are being challenged from all sides: managers are also being asked to privatize operations, outsource responsibilities or reduce overhead. All of these factors make it very difficult for long-term decision-making in civic infrastructure management.

Gordon and Shore (1998) have proposed three plan horizons for explaining the nature of long-term decisions for wealth managers: Effective, Calculated and Strategic. The operative planning horizon is marked within two year time frame; Strategic plans are planned for two to five years horizon, while strategic plans are beyond the expiration of five years. A proponent of life cycle analysis comprehends these barriers for long-term planning; Short-term remedies cannot be the most profitable for long periods. Along with conflicting political and administrative agendas, strategic horizontal planning is a daunting task for rapidly changing goals and plans for each organization.

In another study, Louise discussed various strategies for assessing the useful economic life of resources (Louns et al 1998). Using techniques like EMS and sophisticated mathematical modeling, using the Marx chains, the technology implementing the databases provides the components and the life expectancy of the system. This strategy is based on research on similar construction forms under test conditions and predict the remaining service life. Unfortunately this strategy needs to collect enough information; Bridges, footpaths and roof management have such a few trusted domains of reliable domain service life.

3.0 Company Background

3.1 Overview of the Company

Amann Bangladesh Limited is a subsidiary of Amann Group. The German based Amann Group and Standard Group of Bangladesh contracted a joint venture agreement to found Amann Bangladesh Limited November 24, 2010. AMANN Bangladesh Limited he newly recognized Joint Venture Company produces and sells great quality sewing threads built on German Quality Standards. The building work for a new, fully unified production site in Mawna, Gazipur with a volume of 3000 tons a year was started from January 2011 and its commercial production was started from January 1, 2014.

Here is a corporate profile of Amann Bangladesh Limited:

Name of the Company	Amann Bangladesh Limited
Legal Form	A private limited company incorporated in Bangladesh under the Companies Act 1994.
Industry	Sewing Thread Manufacturer
Date of Commencement	November 24, 2010.
Registered Office	69, Mohakhali, Dhaka, Bangladesh.
Head Office	Civil Sarwar Complex (2nd,3rd & 4th floor), Plot# 42/A, Road# 17, Sector# 14, Uttara, Dhaka- 1230, Bangladesh.
Factory Plant	Plot# R.S. 2497-98, Tapirbari, Tengra, Mawna, Sreepur, Gazipur, Bangladesh.
Contact Number	+880-2-791 4934-37
Website	www.amann.com
Auditor	KPMG Rahman Rahman Huq
Managing Director	Shafiq Uz Zaman
Company Secretary	Rokonuzzaman
Company Logo	AMANN BANGLADESH

Table 1: Company Profile

3.2 Shareholding Structure of Amann Bangladesh Limited

Amann Bangladesh has authorized capital of 1,000,000,000 Taka (10,000,000 ordinary share of 100 taka each). Up to year 2012, issued, subscribed and paid up capital is 99,000,000 taka (990,000 ordinary share of 100 taka each).

In 2011 and 2012 the composition of shareholdings of Amann Bangladesh is as follows:

SN	Shareholders	2011 *(No. of Shares)*	2012 *(No. of Shares)*
1.	Amann International GmbH (Germany)	504,900	153,000
2.	Standard Group (Bangladesh)	485,100	147,000
	Total	**990,000**	**300,000**

Table 2: Shareholding Composition

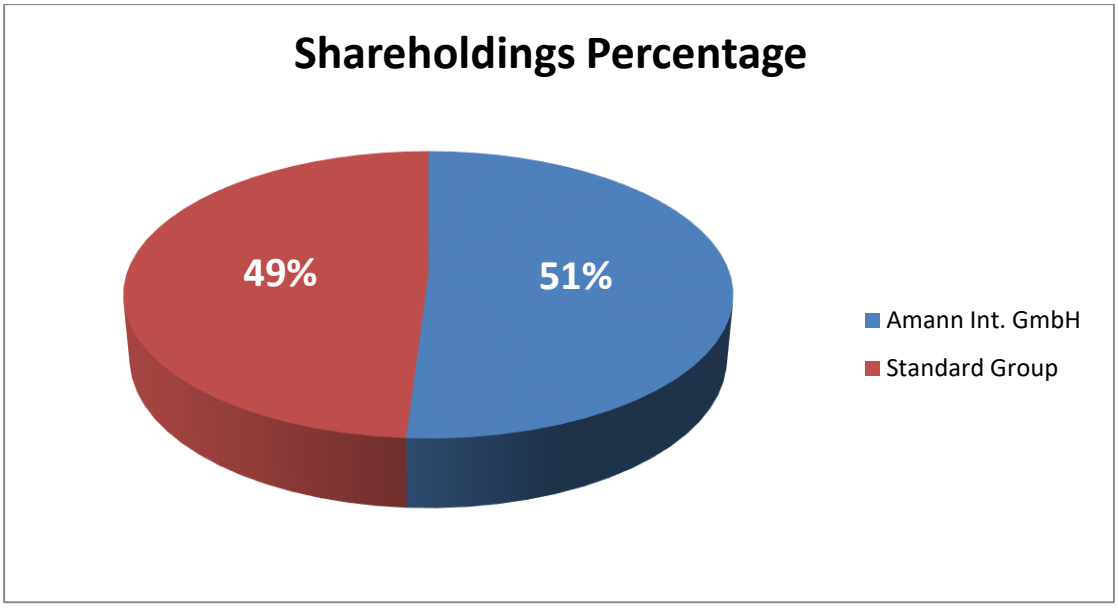


Figure 1: Shareholdings Percentage in 2012

From the above chart, we can see that in 2012 among the total number of shares of Amann Bangladesh Limited, German based Amann International GmbH holds 51% shares and Bangladesh based Standard Group holds 49% shares. So the maximum ownership and controlling power goes to Amann International GmbH. That is why Amann Bangladesh Limited is the subsidiary of German Amann Group.

3.3 Amann Group Overview

Amann is one of the prominent international sewing thread makers. Amann offers sewing industry with premium quality sewing and embroidery thread. Technical proficiency, reliability and flexibility of production and service make Amann a strong companion worldwide. Amann keep in close touch with their customers to progress sewing and embroidery threads for the market needs of tomorrow. As a technology leader they offer the customers and partners ample support on all to do with sewing, and they have been doing so for more than 150 years.

Through future-oriented investment in Bangladesh, Aman Group grows one of the most probable and growing markets for the textile industry and increases its presence in Asia's growth markets.

As a business partner of Amann, the confidentially owned Standard Group is one of the prominent group companies in Bangladesh involved in several businesses including construction, real estate, insurance, garment manufacturing, trading and others. In terms of garment manufacturing division, it employments more than 35,000 employees and annually produces over 40 million pieces of garments for key global brands.

Founded in 1854 the German Amann Group is one of the most knowledgeable producers of premium quality sewing and embroidery threads world-wide. The global customer portfolio includes companies from men`s and ladies wear, shoe and leather industry, home textiles, automotive industry and great cultured technical applications.

Here is a group overview of Amann International GmbH: (Amann Group 2014)

Foundation	1854
Annual Group turnover	Approx. 140 Million Euro
No. of Employees	1,560 worldwide
Daily production output	approx. 1 Million kilometers
Production sites	Germany (Augsburg), United Kingdom (Manchester), Romania (Brasov), Czech Republic (Chribska), China (Yancheng), Bangladesh (Gazipur)
Subsidiaries	21 Countries

Table 3: Amann Group Overview

3.3.1 Amann Group History

Amann Group started its business back in late 19th Century in the Europe. Alois Amann a German businessman founded the enterprise. In 1854, He established a manufacturing plant in Bönnigheim, Württemberg, Germany. At first the Amann twisted and dyed sewing threads for the industrial customers. After 160 years Amann currently has 33 subsidiaries operating in 21 countries around the world.

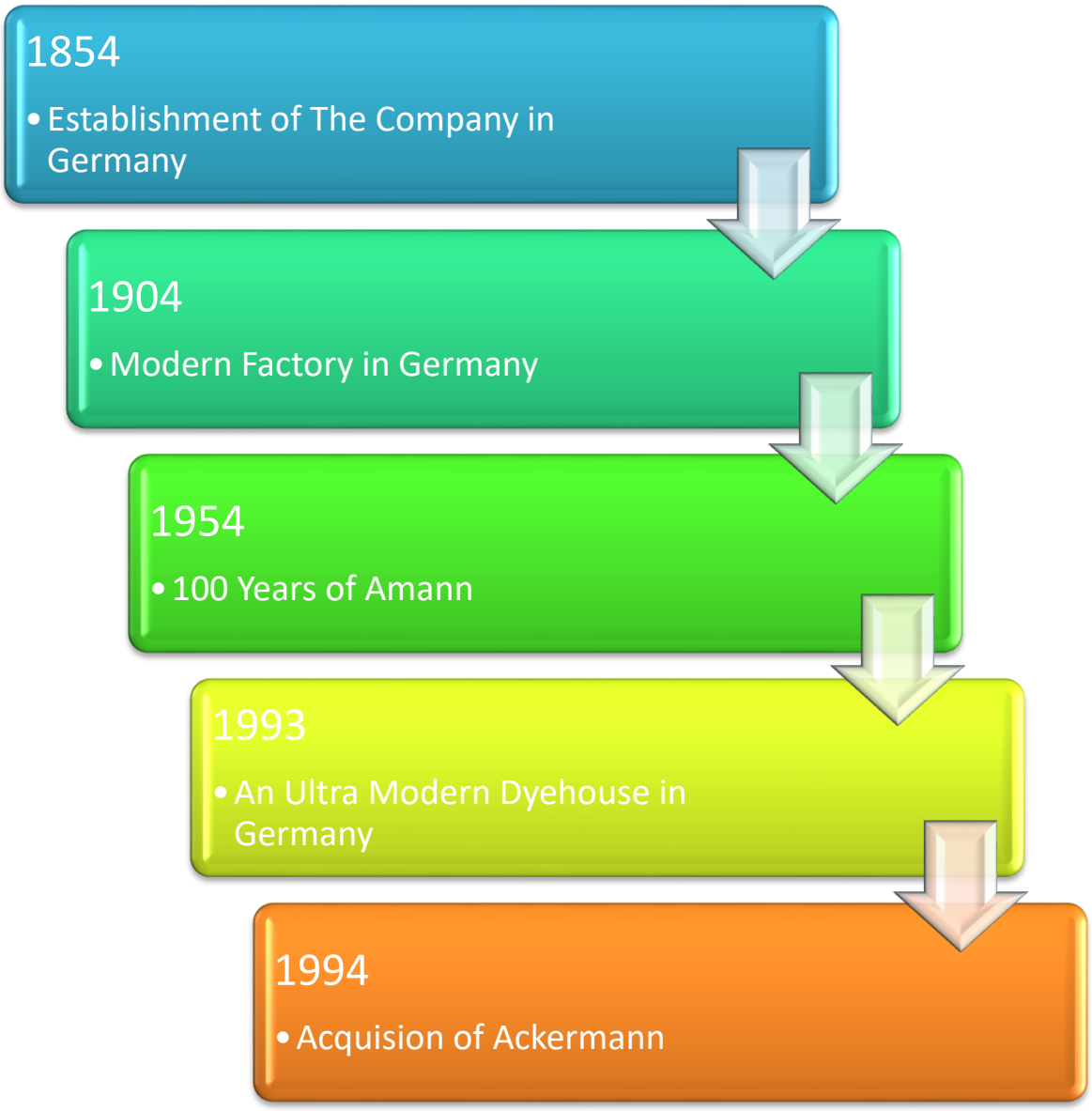


Figure 2: History of Amann Group

Even though Amann has subsidiaries in 21 countries, it is operating its business in more than 100 countries around the world. Here is a detailed history of Amann's international operations:

Year	Event	Detail
1854	Foundation of the sewing thread factory	Alois Amann established the enterprise. The location then just like today: Bönnigheim, Baden-Württemberg, Germany. Production: warped and dyed sewing threads.
1904	New factory	The ancient sewing thread factory built in 1854 is torn down and a new up-to-date factory is built instead.
1955	Pioneer Work for Synthetic Threads	Amann is the prominent force that drives the development and production of synthetic spun sewing threads and filaments. The brand: **Serafil**
1968	saba	With the brand saba a new age of synthetic sewing thread initiates.
1974	Rasant	This polyester/cotton core rolled thread is presented on the market and starts its fruitful career.
1980	saba^{c}	With its polyester/polyester core spun thread **saba^{c}**, Amann discovers completely new worlds in the sewing thread technology.
1993	New Dyehouse	At Augsburg a new ultramodern dyehouse for sewing threads twitches its action.
1994	Acquisition of Ackermann - Göggingen AG	This marks Amann one of the world's leading sewing thread enterprises and adds capability in the arena of embroidery threads company, and so founds itself also in the United Kingdom.
2002	TechX Performance Threads	Fruitful introduction of a completely new choice of distinct products for technical textiles
2009	Maximum quality with maximum responsibility	For the continuing optimization of the eco-balances in its sewing and embroidery threads Amann has launched the innovative brand Lifecycle Threads, with articles completed from organic cotton and recycled polyester.
2012	Amann Bangladesh	Established a modern production plant in Bangladesh

Table 4: History of Amann

3.3.2 Subsidiaries of Amann Group

A list of subsidiaries of Amann International GmbH has been given below:

No.	Company	Country	Acronym
1	Amann & Söhne GmbH & Co. KG	Germany	AS
2	Arova Mettler AG	Switzerland	AMS
3	Amann s.r.o.	Czech Republic	ACZ
4	Amann Handel GmbH	Germany	AH
5	Amann Nähgarne GmbH & Co. KG	Germany	AG
6	Amann Sp.z.o.o.	Poland	APL
7	Amann Asia Ltd.	Hong Kong	AHK
8	Amann Nähgarne GmbH	Austria	AAT
9	Amman Industries Cooperation	Ireland	AIC
10	Amann Italia S.R.L.	Italy	AIT
11	Amann Slovakia s.r.o.	Slovakia	ASK
12	Amann Portugal de Linhas	Portugal	APT
13	Amann USA LLC.	USA	AUS
14	Amann Romania S.R.L.	Romania	ARO
15	Pt. Amann Indonesia	Indonesia	AID
16	Amann Hungaria Kft.	Hungary	AHU
17	Amann Bulgaria EOOD	Bulgaria	ABG
18	Amann Iplik Sanayi ve Ticaret Ltd.	Turkey	ATR
19	Amann France SARL	France	ARF
20	Amann Sewing Maroc SARL	Morocco	AMA
21	Amann Spain S.A.	Spain	AES
22	Amann Trading Shanghai Co. Ltd.	China	ACNS
23	Amann Sewing Thread (Yancheng) Co. Ltd.	China	ACNP
24	Amann Twisting (Yancheng) Co. Ltd.	China	ACNT
25	Amann Bangladesh Ltd.	Bangladesh	ABD
26	Amann (Vietnam) Company Ltd.	Vietnam	AVN
27	Thread International Company Ltd.	Hong Kong	TICL
28	Amann Introl GmbH	Germany	AINT
29	Amann Nähgarne Verwaltungsges. mgH	Germany	AGVW
30	Fena Plus Amann	Thailand	FPA
31	Amann Sewing & Embroidery Threads Private	India	AIN
32	Amann Oxley Holdings Ltd.	UK	AOH
33	Amann Threads UK Ltd.	UK	AUK

Table 5: Subsidiaries of Amann Group

3.4 Management Structure

In Amann's management structure we see that, under Managing director there are six departments those are- Supply Chain& IT, Manufacturing, Sales, Business development, Finance and Quality Assurance. Each of these departments has sub-department except Sales and Quality Assurance. Again, each of these sub-department consists of multiple department who directly reports to the sub-department. Sub-departments report to the departmental head and finally all departmental head directly report to the Managing director. The diagram is given below-

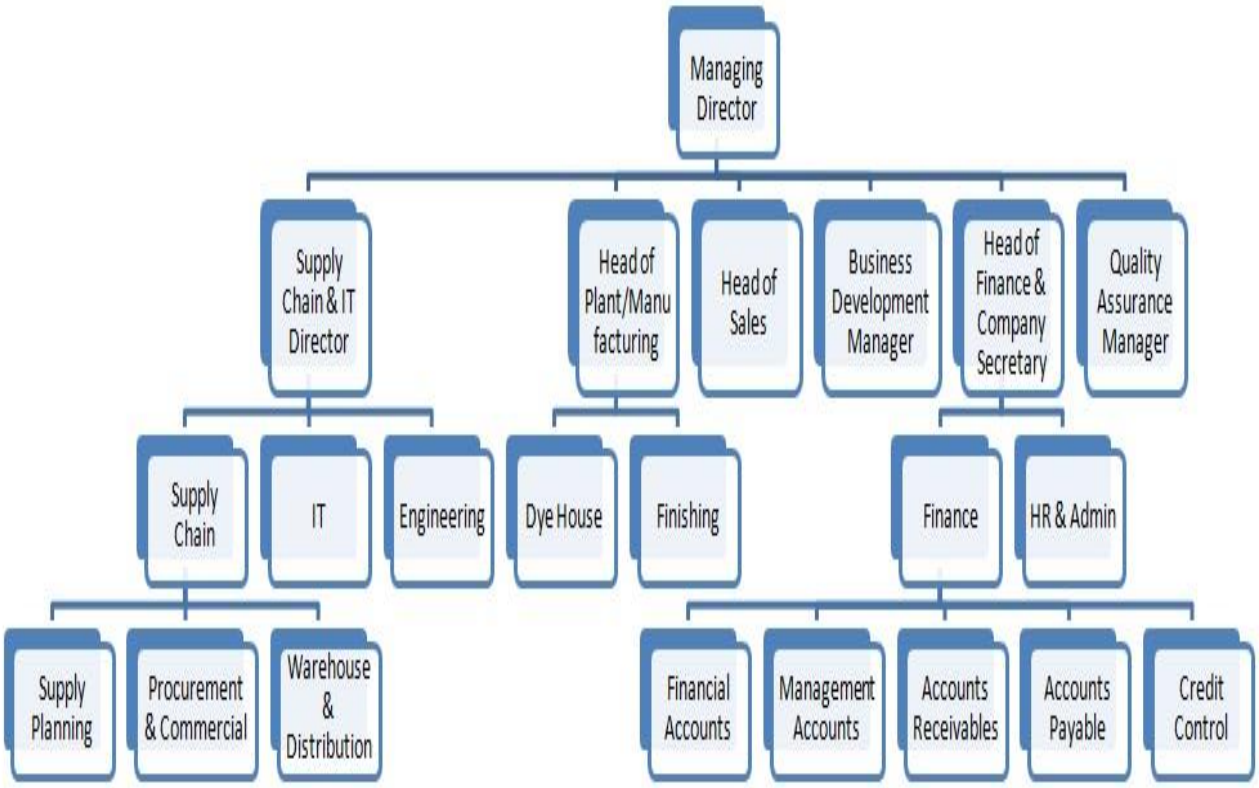


Figure 3: Management Structure of Amann Bangladesh Ltd.

3.5 Nature of the Business

The principal activity of Amann Bangladesh Limited is to manufacture and marketing of industrial sewing threads to 100% export oriented garments industries.

3.6 Corporate Vision

The corporate vision of Amann is to become an international player and technical leader by providing smart products, distinct solutions and advanced concepts.

3.7 The Amann Code

As an international player and technical leader, Amann computations on the three codes; *intelligent* products, *individual* solutions and *innovative* concepts. These codes are known as Amann Codes.

Here are the explanations of these codes:

Code	Basis	Explanations
Intelligent	Know what seams must perform.	Our extensive technical expertise and our global footprint are the foundation of our work by bringing our customers around the world. We combine knowledge, knowledge and skills from different industries for the development of intelligent modern products.
Individual	Understand what customers need.	Our customers' requirements and demands serve as our values. Individual solutions are our asset.
Innovative	Act to stay ahead.	The newest technology is a must for inventive products. We grow sewing threads for the necessities of the market tomorrow, which always communicates with our clients, allies and suppliers, always one stage forward and always at the maximum technological level.

Table 6: The Amann Code

3.8 Amann Code of Conduct

Integrity in terms of regarding law, honesty, dependability and equality is a vital requirement for the achievement of a company and meanwhile all times basis of business connections of the Amann Group. Being trusted in a accountable, honest and morally integer behavior by business allies, clients, shareholders, administration experts and the public as well as competitors is of highest position for Amann.

The Amann Code of Conduct doses important ethical behavior moralities which is a motivation for all actions of Amann management and employees in regular work. In addition this one will serve as a leader for all decisions and activities, as well as internal coordination and deliver a compulsory permissible framework for external collaboration with clients, challengers, public authorities and agencies.

3.9 Products of Amann Bangladesh Limited

Amann Bangladesh Limited produces threads of different color and quality according to customers' demand. The threads are used for different purpose. According to the application, quality, color and raw materials, the threads are classified into different categories and brand names. Here are some names and features of Amann's renowned brands:

- *saba^{c}*
  Polyester/polyester core spun

  - Amann's all-rounder
  - Top-performing, high strength, Outstanding sewing capability
  - Boundless in tickets and colors
  - Fabric look
  - For final an top stich seams
  - Intended for dull embroideries

- *sabaTEX*
  Polyester continuous filament, texturized

  - The flawless bulk yarn
  - Lenient, baggy, skin-friendly
  - For all surging and cover stitch layers
  - For ideal edge wrapper

- ***sabaFLEX***
  PTT (Polytrimethylenterephthalat) nonstop filament

  - The elastic multitalented for all flexible materials
  - Innovative thread that follows all movements
  - For closing and topstitch

- ***Serafil***
  Polyester nonstop filament

  - Best for creation for shoes and leather
  - For final and lockstitch seams
  - Decent and brilliant look
  - Strong in the seam
  - Exact sewing properties with flawless stich formation

- ***Rasant***
  Polyester/cotton core spun

  - The customary core spun thread
  - Strong in sewing
  - Approved in many applications
  - For finishing and lockstitch seams
  - For gray embroideries

- ***Rasant Oxella***
  Polyester/cotton core spun, glacé

  - The sewing thread with distinct finish for strong applications
  - For finishing and lockstitch seams
  - Noble cloudy look
  - Enormously durable in the seam

- ***Serabraid***
  Polyester nonstop filament, braided

  - The braided thread for decorative effects
  - For lockstitch seams on leatherwear
  - Decorative, impressive, effective
  - Waxed version available for hand sewing

- *ONYX*
  Polyamide 6.6 continuous filament

  - Solid sewing thread for tough seams
  - For final and lockstitch seams
  - Strong, abrasion resistant, durable
  - Outstanding tensile power

- ***Strongbond***
  Polyamide 6.6 continuous filament, bonded

  - The robust bonded sewing thread
  - Best in automotive applications
  - Best sewing performance, also for multidirectional sewing

- ***Strongfil***
  Polyamide 6.6 continuous filament

  - The reliable sewing thread for automotive applications
  - Outstanding color fastness
  - For finishing and lockstitch seams
  - Tremendously strong in many applications

- ***Oxcel***
  Polyamide 6.6 continuous filament, bonded

  - The adept of sewing threads for processing of airbag
  - Tremendously strong and outstanding sewing belongings
  - Flawless for multi-directional sewing
  - High heat resistance

- ***META***
  Polyester/polyester wrapped yarn, metallised

  - Consequence thread for creative seams
  - For brass accents on fashion wear and leather
  - Attractive, exciting, effective

3.10 Application of the threads

Amann as one of the prominent international manufacturers delivers the sewing industry with superior sewing and embroidery threads. Their practical know-how, reliability and elasticity of production and service made them a sturdy partner worldwide.

They have close contact with their clients for the development of sewing and embroidery threads for market needs tomorrow. As a technician, they give great support to their customers and partners with sewing. The thread produced by Amann is used in the following area.

Picture 1: Applications of Amann Threads

- **Automotive**

Sewing leather and textiles for the motorized industry places really high loads on the materials and manufacturing processes used. Highly reliable product class, multi-functionality, cost-effectiveness and sustainability are all tested in a very particular way. Set quality standards for achieving highly-demanded technical features imposed by automotive companies. Motorized sewing threads are high-performance products in two respects: On one hand, the company aims to maintain success in various sewing mechanisms while achieving the best possible production efficiency; on the other hand they need to deliver a performance which will promise that the systems concerned can be used deprived of failing throughout the vehicle's life span.

They have been emerging and manufacturing high-performance threads for the worldwide automotive industry for several decades, from safety-relevant airbags through to designer embroidery applications for vehicle insides.

- **Embroidery**

Beautification and augmentation are key purposes of embroidery, on clothing, shoes, in the household or in the car. They set fashions, personalized items and are distinct eye catchers. Whether they are a humble symbol or rich and colorful embroidered motif, with bright, dust or metallic shimmers, they continuously attract the eyes of an important creative design element and observer. The adaptability and precision of embroidery technology is also being recognized more and more in the technical area, and is gradually being used there. Embroidery demands a wide range of colors and qualities. This is a language that Amann knows perfectly.

Picture 2: Thread Appliance in Embroidery

- **Apparels**

Amann delivers sewing threads for current and functional clothing. Regardless of the huge variety in fabrics, colors, designs, cuts, and forms, Amann's product range is comprehensive enough to have the thread to meet any condition resulting from automation, machine and sewing technology; wherever in the world a thread is wanted - customized and trustworthy.

Amann assurances the highest values of quality, color reliability and eco-friendliness, and continuously tries for exactness, for clothes that are contented, useful and good-looking. Their Lifecycle threads even come with a good standards, with sewing threads made from recycled polyester or certified animate cotton.

Picture 3: Thread Appliance in Apparels

- **Home interior**

Robust strong torch for upholstery furniture creates a broad range of indoor textile textures and high demand for sowing and sea quality, from fine-grained screen or down-proof vibes for bedding through skin. This is a high performance claim from sewing thread. With its range of adjusting sewing threads with home interior, Aman precisely provides this.

Picture 4: Thread Appliance in Home Interior

- **Shoes and leather**

Shoes, bags and belts are significant fashion fixtures. New artificial materials for both the inside and outside of shoes, or multi-layered mixtures of materials that act differently, necessitate a large number of sewing technologies. Amann deals spot-on sewing solutions in terms of both the raw materials and the provision of the sewing threads, and outstanding sewing capability is constantly a matter.

Picture 5: Thread Appliance in Shoes and Leather

3.11 Major Customers and Suppliers

Major Customers of Amann Bangladesh Limited are given in a diagram below-

Major Suppliers of Amann Bangladesh Limited are given in a diagram below-

4.0 Fixed Asset Management Process

Fixed assets, also recognized as “tangible assets” or “property, plant, and equipment (PPE)”, is a term used in accounting for assets and property that cannot easily be transformed into cash. This can be matched with current assets such as cash or bank accounts, which are defined as liquid assets. In most cases, only tangible assets are stated as fixed. (Deloitte Touche Tohmatsu Ltd. 2014)

> ***IAS 16 (International Accounting Standard) defines Fixed Assets as assets whose future economic benefit is probable to flow into the entity, whose cost can be measured reliably.***

Furthermore, a fixed/non-current asset can also be well-defined as an asset not straight sold to a firm's consumers/end-users. These are items of worth that the organization has subscribed and will use for a lengthy period of time; fixed assets usually include items such as land and buildings, motor vehicles, furniture, office equipment, computers, fixtures and fittings, and plant and machinery. These frequently obtain satisfactory tax treatment (depreciation allowance) over short-term assets.

4.1 Costs Correlated to Fixed Asset

Cost of fixed asset is the mixture of a number of costs linked to obtaining an asset side by side the expenses incurred to bring that asset into workable condition. Besides, the costs linked to normal repairs and keep of fixed asset is not included in the cost of fixed asset. Bellow, there are some directly attributable costs to the fixed asset: (Bragg 2012)

- Purchasing cost,
- Delivery or shipment cost,
- Legal fees and import duties,
- Installation and taste run costs, and
- Some other expenditure that enhances the value and utility of the asset.

4.2 Physical Life Cycle of Fixed Asset

A commercial organization or a company continuously attempts to use an asset till the end of the assets physical lifetime. Occasionally some assets become infertile or unusable before the end of the physical life. Usually fixed assets suffer worsening through usage and the path of time but repair and preservation may rise the life time of an asset.

There is single thing that must be reserved in mind, while the usefulness of the fixed asset will be gone. The financial life cycle of a fixed asset is closely related with the revenue generating activities of the organization. So each and every organization carefully considers the financial life rather than the probable physical life, of stable assets.

4.3 Depreciation of Fixed Asset

Depreciation means decrease in the value of an asset through use. Depreciation involves the process of allocating the entire amount of benefit that is delivered by the particular asset over its useful lifetime. During calculating depreciation following issues should be kept in thought:

- The charge of the fixed asset
- The projected valuable life of the asset
- The projected remaining value of the asset

At the end of the lifetime of a fixed asset, the business will dispose of the asset. The amount expected from the discarding is called the residual value. The cost of a fixed asset minus its projected residual value signifies the total amount of depreciation of a specific fixed asset over its projected lifetime. (Weygandt, Kimmel & Kieso 2013)

There is a specific type of immovable asset that is not depreciated. For example, the land is not devalued. The land is considered an unlimited useful life because the land is not devaluated. Other useful resources such as land improvement, buildings, upholstery, equipment, etc. are partial to useful life. Therefore, the cost of that asset must be allotted for a limited accounting period. Since land life is not limited, there is no need to allot land for any accounting period.

Treatment of depreciation on different types of fixed assets differs from one class of asset to another. The main reason of such variation is the difference in physical lifetime of dissimilar asset. Depreciation is charged from the opening date of acquisition.

According to the accounting policy of Amann Bangladesh Limited, there are 17 fixed asset classes that are presented in the financial statements which are as follows:

1. Software
2. Goodwill
3. Other intangible fixed assets
4. Land with buildings

5. Land without Buildings
6. Factory offices & buildings
7. Residential buildings
8. Outside premises (e.g. car parks)
9. Technical machinery & equipment
10. Leased machines
11. Factory & office equipment
12. EDP equipment
13. Car & vehicles
14. Electronically office machines
15. Alterations to rented premises
16. Low value items factory & office equipment
17. Assets under construction

According to their policy, fixed asset depreciation is done on a straight-line base over the following economic useful lives:

Intangible Assets	Years to be Depreciated	%
Goodwill	Impairment only	
Customer base	5 years	20
Licenses	5 years	20
Patents	Patent term	
Software	3 years	3.33

Land improvement	Years to be Depreciated	%
Landscaping	15 years	6.667
Sidewalks and roads	15 years	6.667
Fences	10 years	10
Water conduits	20 years	5
Sewer system	20 years	5

Buildings	Years to be Depreciated	%
New buildings	40 years	2.5
Renovated / reconstructed	25 years	4
Light-weight constructions	25 years	4
Electric lines	20 years	5

Machinery, equipment and others	Years to be Depreciated	%
New production machinery	12 years	8.33
Used production machinery	2-10 years (depending on condition)	
Special production equipment	10 years	10
Technical facilities, for example heating systems	10-15 years	10
Laboratory equipment	10 years	10
Warehouse equipment	10 years	10
Furniture and improvements	10 years	10
Motor pool	5 years	20
Telephone systems	5 years	20
Computers and peripherals	3 years	33.33

4.4 Responsibilities of Fixed Asset Management Team

4.4.1 Determining the Accurateness of the Fixed Assets

Once the fixed asset management crew visits the manufacturing plant as well as the head office, they classify the location, value and the use of each and every sole fixed asset. That's how they recognize the particular amount of fixed asset that they have in their organization. Each year when the financial statements are prepared, those information providing by fixed asset management crew helps to determine the exact value of fixed assets within the company. On the other hand, if the fixed assets were not reviewed properly by the fixed asset management team, then the management would not be capable to determine the value of fixed asset of the both factory and head office site individually. Every year, when the internal audit team comes from German parent company to review financial condition of the company, they frequently call for fixed asset related information collected by the fixed asset management team.

4.4.2 Putting the Fixed Asset Quantity into the Resister Book

Once a fixed asset management crew visits sites (both plant and head office) for asset classification, they collect particulars information about each and all individual fixed assets. After gathering these information they make two excel sheets, one is for those assets that have already been tagged and other is for the assets that are still to be tagged. The untagged assets are those that are totally new or transported from other sites. Sometimes untagged assets include the assets that have no existence in the organization's SAP. In this case, the asset management team uses the collected information about those untagged assets to create or modify records in the SAP. After that they prepare sticker for the untagged assets using TZ tape and then tag the assets.

4.4.3 Bringing Accuracy to the Financial Statements

Fixed asset is the one of the most important items in the financial statements of a manufacturing company like Amann. If there is any kind of mismanagement in the process of fixed asset management, it will create a misleading picture about financial condition of the company. This further means that management may take wrong decisions depending on the financial statements with inaccurate fixed assets. In this situation, the fixed asset management crew supports the firm to generate correct monetary statements by as long as exact and fault free material.

4.5 Fixed Asset Management Processes of Amann Bangladesh Limited

Fixed asset management process of Amann Bangladesh Limited has three key elements, which are acquisition of fixed asset, charging depreciation and disposal of old/unused fixed asset. This process can be shown as following diagram.

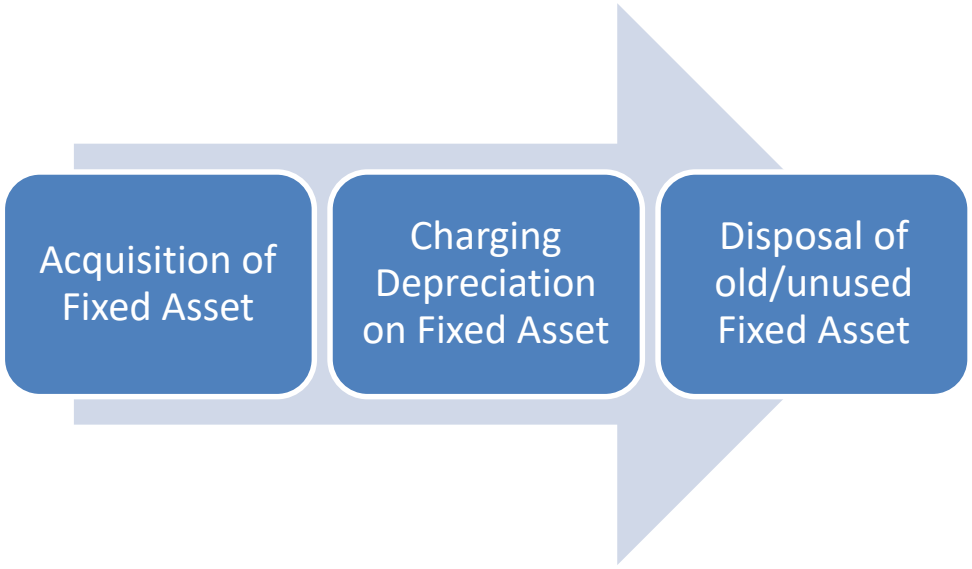


Figure 4: Fixed Asset Management Process

4.5.1 Acquisition of Fixed Asset

Fixed assets may be acquired through import or from a local supplier e.g. dying machines, forklift, generator etc. But in other cases, some fixed assets are acquired through construction. In both the cases, the acquisition process is almost similar. A typical fixed asset acquisition process of Amann Bangladesh Limited can be shown by the following diagram (shown the next page):

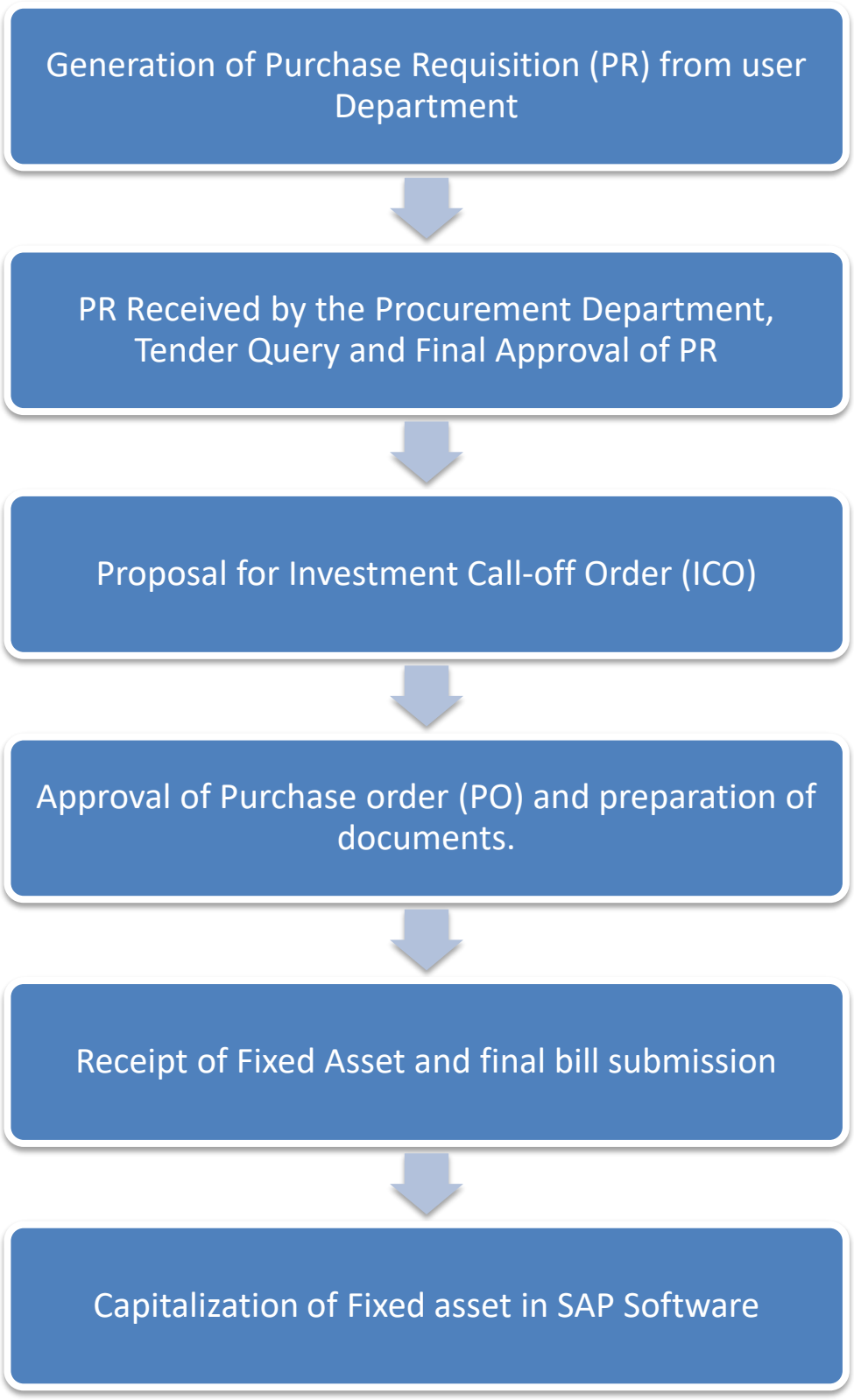


Figure 5: A typical fixed asset acquisition process of Amann Bangladesh Limited

1. At the very beginning, user department creates a Purchase Requisition (PR) with approval of the department head. In most of the cases, Purchase Requisition (PR) comes with the User Requirement Specifications (URS) stating the features of the asset.
2. After receiving Purchase Requisition (PR) by the Procurement Department along with the User Requirement Specifications (URS), procurement team requests for price quotations from different suppliers for tender query. All the inventory & non-inventory items are purchased centrally for ensuring consistency and competitive price benefits. Engineering department can directly communicate supplier in order to ensure the technical specifications of their item. After receiving price quotations from different suppliers, the procurement team finally approves the Purchase Requisition (PR) with the price quotation for further procedure. Here the approval of process may include the members from the user department, finance department or Admin.
3. On the basis of the approved price quotation, the user department raises the Proposal for Investment Call-off Order (ICO) for all capital type items having a value more than Tk. 10,000. Head of Finance will review and scrutinize the proposal before obtaining the final approval from Finance Director/Managing Director
4. After getting final approval of ICO, Purchase Order (PO)/Work Order (WO) is issued by the procurement department. If the value of the Purchase Order (PO)/Work Order (WO) is less that Tk. 1,000,000, then it can be approved by the procurement manager. Or if the value of Purchase Order (PO)/Work Order (WO) is greater than Tk. 1,000,000, then it is approved by the Head of Supply Chain and IT Director.

   In this step normal procurement procedure of an item is done. Followings are the examples of documents that are prepared and collected in this step:

   - Purchase Order (PO)/Work Order (WO)
   - Proforma Invoice (PI)
   - Letter of Credit (LC), etc

5. The asset can be receipt through a variety of ways. It can be receipt through seaports, airports or even the vendor himself may deliver the asset to the site. If the asset is imported, then Commercial Invoice, Packing List, Bill of Entry and Assessment Form are collected. If the asset is purchased from the local supplier, then Challan and Bill are collected with the asset. On the other hand, if the asset is acquired through construction, then the Final Bill is submitted to the company after the construction is ended.

6. On the Basis of the value of the asset Commercial Invoice/Final Bill, the asset is recognized and recorded in the SAP software. Here the total worth of the asset comprises the following the prices:

    a) Acquisition price or production costs

    b) Incidental acquisition costs (for example import duties, assembly costs, non-refundable acquisition taxes, all directly attributable costs for transport, site preparation)

    c) Less purchase price reductions (bonuses, cash discounts, discounts)

    d) Disassembly and demolition costs (with discounted value and simultaneous set up of an accrual).

    Before making capitalization entry, a capitalization form along with the copy of several documents is prepared and approved by the Head of Finance and Managing Director. The documents include a copy of following papers in case of imported asset:

        i. Capitalization Form
        ii. Completion Certificate
        iii. General Leger Account
        iv. Asset Detail Table
        v. Proforma Invoice
        vi. Letter of Credit
        vii. Bill of Entry
        viii. Assessment Form
        ix. Commercial Invoice
        x. Packing List
        xi. Purchase Requisition
        xii. Investment Call-off Order (ICO)
        xiii. Catalogue of the Item (if any).

    On the other hand, a copy of following papers is necessary in case of the asset supplied by the local vendor:

        i. Capitalization Form
        ii. Completion Certificate
        iii. General Leger Account

iv. Asset Detail Table

v. Purchase Order

vi. Challan

vii. VAT Challan

viii. Survey report for final bill and measurement

ix. Catalogue of the Item (if any).

4.5.2 Charging Depreciation

Once the Asset is recorded in the SAP software with the net value and depreciation rate, the subsequent depreciation charge is automatically done by the system. Here the following procedures are observed.

- At first, the group sets out a standard of depreciation rates for different classes of fixed assets.
- Afterward, chief of fixed asset management selects a reduction rate (approved by the head of finance) proposal at the time of recording the asset into SAP.
- Then the system automatically charges the depreciation on the fixed asset whenever the financial statements are prepared.
- Every year, both internal and external auditors review the fixed asset management system in order to determine the accuracy of financial statements.

4.5.3 Disposal off of the Old or Unused Asset

- In circumstance of old and idle asset Admin or HR department takes necessary approach for the auction. In case of the auction highest bidder got the asset purchased.
- Later the auction they compute profit or loss on auction reliant on the written down value (WDV).
- Lastly, it is the accountability of fixed asset management crew to remove the old and unused asset after asset register according to the group policy and IFRS guidelines.

4.6 Fixed Asset Auction Policy

4.6.1 Auction

In terms of fixed asset management process, auction shows an important part in disposing off the old, unused, and scrap assets. A proper auction policy of Amann Bangladesh Ltd has been made following the guidelines set out by IFRSs and Amann parent group.

This sale policy set out standard measures and techniques for placing the old and idle assets of the business. It should be stated that by establishing a systematic tactic for assessing, evaluating and identifying the organization's assets to be disposed of, it is stopping the organization from needless expenditure and loss.

In Amann Bangladesh Limited, there is a specific procedure to get authorization for the auction:

- Firstly, when the fixed asset becomes old or unused, respective department consults with the HR/Admin and finance department to get approval form.
- Later this auction approval form goes to the management committee for permission.
- Afterward, when the management team give the authorization they can go for the auction with the help of HR/Admin.

This is a normal way of calling an auction of old/unused fixed asset. But if there is time constraint, a spot auction may be arranged. In that situation, choice of auction may be taken orally and the post-facto approval can be occupied from the management team after finishing the auction.

4.6.2 Types of Auction

Mostly auctions are of two types:

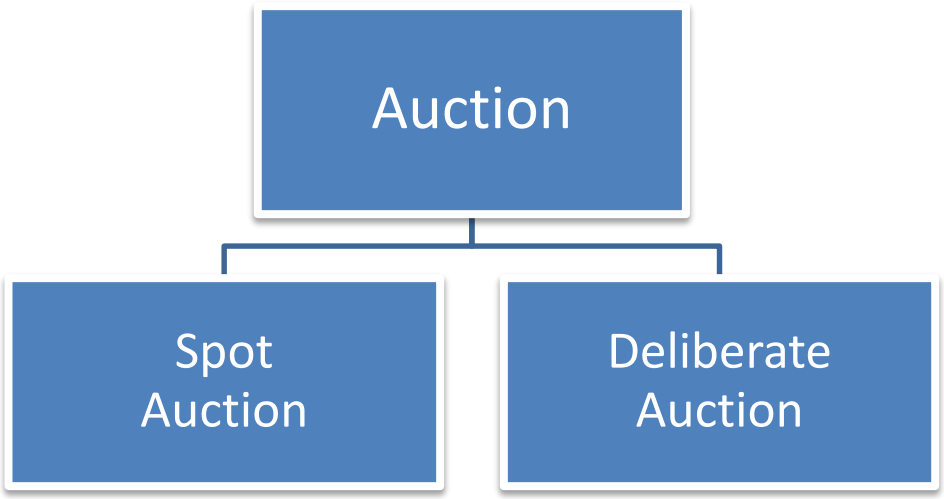


Figure 6: Types of Auction

a. Spot Auction

When the purchase cost of a particular fixed asset is relatively much lower and the book value is nil during the time of auction, then it could be put into the spot auction. On the other hand, spot auction takes place when there is time constraint, quick possibility of turning into waste item, possibilities of losing of better market price and arranging a deliberate auction is expensive. For example, there are many unused, scrap, old, or non-repairable items in the plant site, In this case, deliberate auction will not be a good option.

b. Deliberate auction

When the purchase cost of a fixed asset more is relatively much higher and the book value of that particular asset is nil during the time of auction then it could be put into deliberate auction. In terms of deliberate auction time and situation are also favorable. The final decision depends on the auction committee. They give decision after assessing and evaluating the overall situation after obtaining prior permission from the management committee.

5.0 Fixed Asset Management Process Details

5.1 Nature of the Job

Amann is one of the prominent international sewing thread manufacturers; Amann offers the sewing industry with superior sewing and embroidery threads. Its mechanical expertise, dependability and tractability of production and service make them a robust companion worldwide.

Each and every year, Amann organizes different projects for their diverse operations, amongst them one of the greatest significant projects is fixed asset management project. This project is initiated by Fixed Asset Management division of finance department. After getting approval from the management committee, it got a budgeted amount for the project. After that, the committee went for employing members for the project. Generally they recruit interns from dissimilar universities for the project work.

ABDL is a private limited company and one of the leading sewing thread manufacturers in the world. But it continuing asset management from the year 2014. The reason is that, the Amann started its business in Bangladesh from 2011 but it started its commercial production in Bangladesh from 2014. From this year, they started to tag their each and every asset in order to identify the entire amount of fixed assets according to the site wise category. At the opening of the business, fixed assets were touched physically, they used to use a physical asset register book to keep record all the assets. They used to use a paper sheet to write down the number of fixed asset. But it could not provide any detail about the asset and the location of the assets were almost unknown.

From the very beginning of its business, Amann is using an Enterprise Resource Planning (ERP) software which is known as SAP. SAP stands for Systems, Applications and Products, which is used by its German parent Amann Group. This software has a fixed asset register but does not have any location wise identification of assets. In SAP, all the purchased assets were recorded accordingly and a separate asset code has been given to the each and every asset. But according to the policy of Amann Group, every asset must have a separate code number stating the location of the asset. For example, code “ABDO” is for the Head Office assets and code “ABDP” is for plant assets. This kind of code provides an easier way to identify and locate fixed asset.

In addition to this, if anyone wants to know the capitalization date of the asset, then he will certainly find it by simply reading the code. In order to ensure the durability and longer life of the sticker bearing the asset code, the company uses TZ Tape which is a laminated and strong adhesive sticker.

Picture 6: Asset Tagging using TZ Tape

5.2 Job Responsibility in terms of Fixed Asset Tagging

Like other multinational companies, Aman Bangladesh Limited is a private limited company where many employees are occupied to meet the goal line and objectives of the organization. ABDL delicacies its employees as assets of their organization. For specific asset management projects, ABD employs intern for resource tagging for an inadequate time to meet a number of objectives. A few of the responsibilities of the work are defined below:

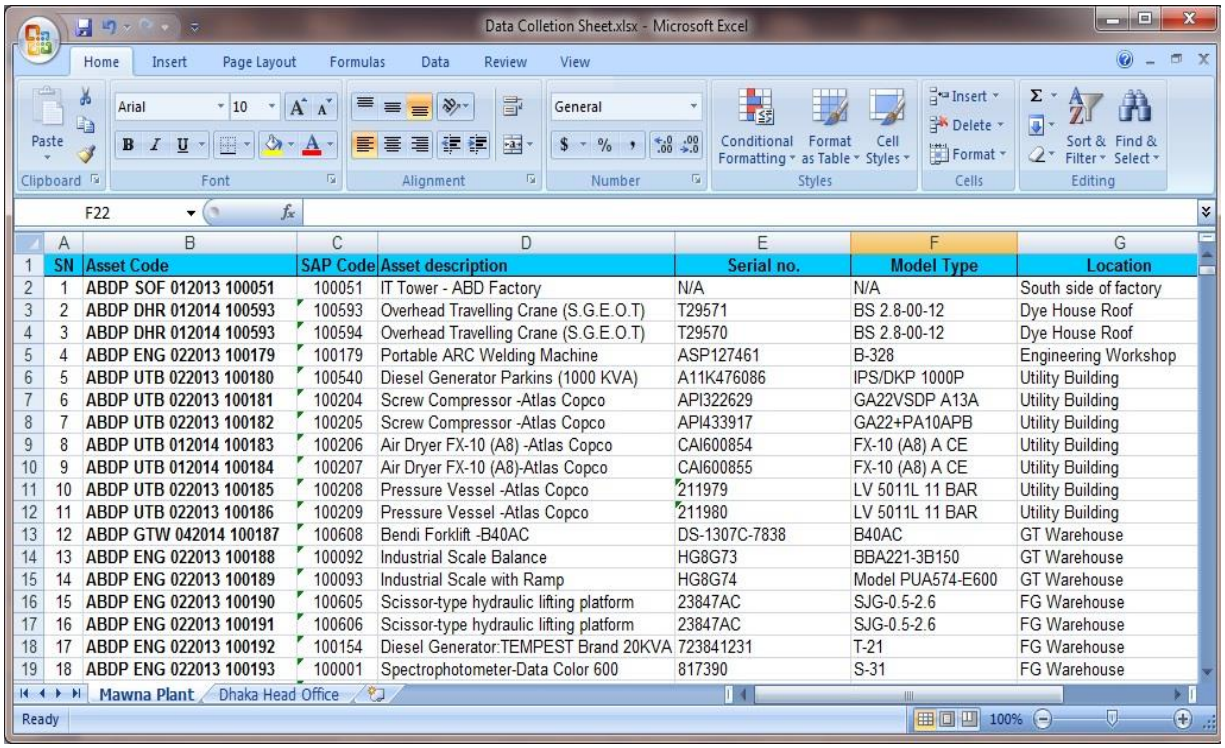
5.2.1 Recognizing the Untagged Assets Site Wise

On the beginning of the fixed asset tagging process it was essential to classify the untagged assets and their locations. In this case intern supervisor helped to identify the untagged fixed assets and their locations. I had to target two main locations of Amann Bangladesh Limited, head office site and plant site. Head office site is at Uttara, Dhaka and plant site is at Mawna, Gazipur. I had to spend around a month in the factory plant in Gazipur to collect information about untagged fixed asset. I went there 6 days in a week to using their transport vehicle. Before going there I had to inform the finance executive of the plant office to get the permission to enter into the factory premises. On the other hand, I had to spend 2 months in head office to collect the information regarding the fixed assets of the head office site and to prepare documents for the asset tagging project.

5.2.2 Making a Well Formatted Paper for Data Collection

Later classifying the untagged assets, I had to visit the location and collect information about the fixed assets. I was given a computer to make a structured MS Excel spreadsheet for data assortment which will help the asset register book in a convenient way. After preparing the formatted MS Excel spreadsheet, several hard copy prints were generated for collecting data and documentation. On the basis of these spreadsheets, I had to go each and every fixed asset location and collect information of the assets. Information about the assets includes type and model of the asset, serial number and asset location.

Here is an example of the spreadsheet that was used to gather evidence that about the fixed assets:



SN	Asset Code	SAP Code	Asset description	Serial no.	Model Type	Location
1	ABDP SOF 012013 100051	100051	IT Tower - ABD Factory	N/A	N/A	South side of factory
2	ABDP DHR 012014 100593	100593	Overhead Travelling Crane (S.G.E.O.T)	T29571	BS 2.8-00-12	Dye House Roof
3	ABDP DHR 012014 100593	100594	Overhead Travelling Crane (S.G.E.O.T)	T29570	BS 2.8-00-12	Dye House Roof
4	ABDP ENG 022013 100179	100179	Portable ARC Welding Machine	ASP127461	B-328	Engineering Workshop
5	ABDP UTB 022013 100180	100540	Diesel Generator Parkins (1000 KVA)	A11K476086	IPS/DKP 1000P	Utility Building
6	ABDP UTB 022013 100181	100204	Screw Compressor -Atlas Copco	API322629	GA22VSDP A13A	Utility Building
7	ABDP UTB 022013 100182	100205	Screw Compressor -Atlas Copco	API433917	GA22+PA10APB	Utility Building
8	ABDP UTB 012014 100183	100206	Air Dryer FX-10 (A8) -Atlas Copco	CAI600854	FX-10 (A8) A CE	Utility Building
9	ABDP UTB 012014 100184	100207	Air Dryer FX-10 (A8)-Atlas Copco	CAI600855	FX-10 (A8) A CE	Utility Building
10	ABDP UTB 022013 100185	100208	Pressure Vessel -Atlas Copco	211979	LV 5011L 11 BAR	Utility Building
11	ABDP UTB 022013 100186	100209	Pressure Vessel -Atlas Copco	211980	LV 5011L 11 BAR	Utility Building
12	ABDP GTW 042014 100187	100608	Bendi Forklift -B40AC	DS-1307C-7838	B40AC	GT Warehouse
13	ABDP ENG 022013 100188	100092	Industrial Scale Balance	HG8G73	BBA221-3B150	GT Warehouse
14	ABDP ENG 022013 100189	100093	Industrial Scale with Ramp	HG8G74	Model PUA574-E600	GT Warehouse
15	ABDP ENG 022013 100190	100605	Scissor-type hydraulic lifting platform	23847AC	SJG-0.5-2.6	FG Warehouse
16	ABDP ENG 022013 100191	100606	Scissor-type hydraulic lifting platform	23847AC	SJG-0.5-2.6	FG Warehouse
17	ABDP ENG 022013 100192	100154	Diesel Generator:TEMPEST Brand 20KVA	723841231	T-21	FG Warehouse
18	ABDP ENG 022013 100193	100001	Spectrophotometer-Data Color 600	817390	S-31	FG Warehouse

Picture 7: MS Excel Sheet for Data Collection

5.2.3 Visit the Location and Collect Data

At the beginning, the data collection process about fixed assets started with the plant site that is in Mawna, Gazipur. The supervisor gave me instructions about the process of asset tagging. Even though he was not physically present with me all the time, he was there all the time whenever I faced any difficulty related to my task. I had to take all relevant information regarding the fixed assets including chairs, tables, mechanical equipments, IT equipments etc. In situation of equipment items, I had to calculate the number and mention the class.

For instance chair can be categorized as executive and meeting; table can be categorized as executive, meeting and normal table. In addition to this, location of the asset within the plant was also recorded in order to identify the user department of that asset. In case of electrical and mechanical equipment's, I had to gather the sequential number, product name and model number as well. In circumstance of IT equipment's (e.g. monitor and thin client) some additional information such as name of the user were collected. Moreover, if anything was found broken or unused, that information was also needed to be mentioned in the Excel worksheet.

5.2.4 Input this Information into Excel

After collecting information regarding fixed assets, I had to report to the office and input this information into MS Excel worksheet. It is required to do so as I collected data physically and those data were hand-written. So in order to make those data usable, formatting was done using MS Excel. Side by side, it was essential to deliver a clear detail of these assets to the authority from whom the material were collected. It was the task of my supervisor to mail the Excel worksheet to the respective authority.

5.2.5 Input Data into SAP Software

Afterward finishing the Excel worksheet, it was required to place this information into SAP software. Even though most of the assets were recorded into the SAP, but detail of asset was not present there. Such detail of asset includes model, type, brand, serial number etc. SAP asset numbers are generated when assets are recoded into the software.

5.2.6 Fixing Bar code or Tag in the Fixed Asset

After making the Excel worksheet and inputting data into SAP, a tagging code for each and every asset is made. A particular tagging code of an asset contains four important codes regarding the asset. This information is site code, asset location code, capitalization date and SAP asset number. Here are some examples of asset tagging codes.

Tagging Code	Asset Name
ABDP SOF 012013 100051	IT Tower - ABD Factory
ABDP DHR 012014 100593	Overhead Travelling Crane (S.G.E.O.T)
ABDP ENG 022013 100179	Portable ARC Welding Machine
ABDP UTB 022013 100180	Diesel Generator Parkins (1000 KVA)
ABDP GTW 042014 100187	Bendi Forklift -B40AC
ABDP ENG 022013 100188	Industrial Scale Balance

Table 7: Examples of Asset Tagging Codes

Bellow, there is the breakdown of an example of fixed asset tagging codes of Amann Bangladesh Limited.

ABDO SCF 102013 100147

Here,

ABDO	=	Site code (Amann Bangladesh Office)
SCF	=	Asset location code (Supply Chain Floor)
102013	=	Capitalization date (October 2013)
100147	=	SAP asset number (Paper Shredder)

After generation tagging codes, we had to print those codes in the TZ Tape. The key feature of TZ Tape is that it is a laminated sticker where labels are printed using a special printer. TZ Tape can be put on almost any surface especially on metal and plastic. After printing the stickers, I had to put those stickers on each and every untagged asset using the help of the printed Excel Worksheet. I had to put sticker on almost 600 fixed assets of both plant and head office. But I was fortunate that whenever I faced problems regarding asset tagging, my supervisor was always there to help me.

6.0 Evaluation of Fixed Asset Management Process of Amann Bangladesh Limited

6.1 Ratio Analysis

Below is the analysis of the ratio regarding the annual report of Aman Bangladesh Limited, 2016 and 2017-

6.1.1Fixed Assets to Net worth Ratio:

Fixed Assets to Net Worth Ratio = Net Fixed Asset ÷ Tangible Net Worth

Year	Formula	Ratio
2016	1,313,075,470 ÷ 424,216,873	310%
2017	1,193,713,078÷ 502,644,102	237%

In 2016

Net Fixed Asset = Total fixed asset – Land – Accumulated Depreciation

=1,484,979,240 – 63,827,837 – 108,075,933

= 1,313,075,470

Tangible Net worth = Total assets - Total liabilities - Intangible assets

= 2,235,780,637 – 1,809,698,792 – 1,864,972

= 424,216,873

In 2017

Net Fixed Asset= Total fixed asset – Land – Accumulated Depreciation

= 1,369,247,215 – 63,827,837 – 111,706,300

= 1,193,713,078

Tangible Net worth= Total assets- Total liabilities- Intangible assets

= 2,223,754,809 – 1,717,169,935 - 3,940,772

= 502,644,102

The fixed assets to net worth ratio, also mentioned to as the non-current assets to net worth ratio, is a relaxed calculation that says us additional about the solvency of a company. It shows the percentage of the company's fixed assets which are presently frozen or can't be used for meeting its debt obligations.

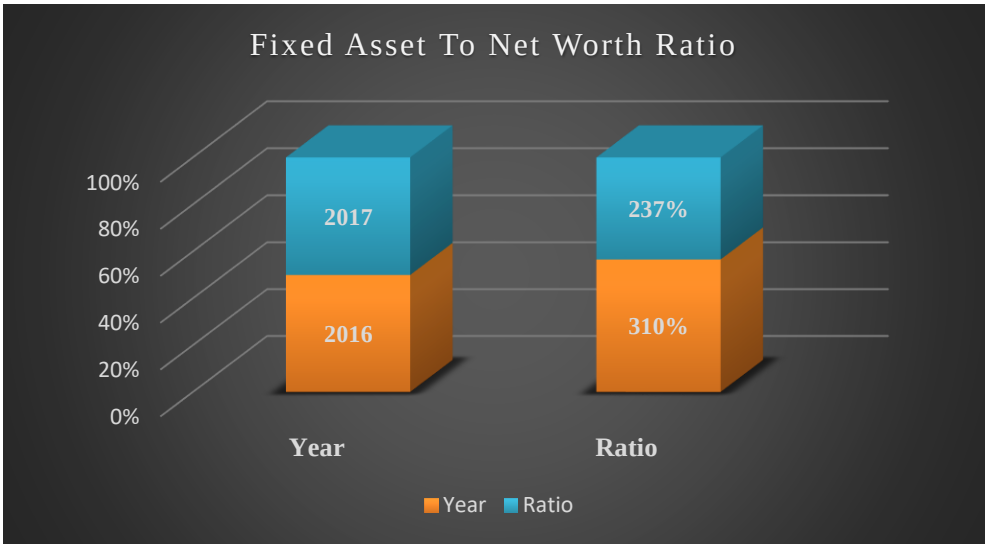


Figure 7: Fixed Asset to Net worth Ratio

Here, in 2016 Amann Bangladesh Ltd got 310% and in 2017 it got 237% in fixed asset to net worth ratio. So we can clearly see that the ratio has decreased in 2017.

6.1.2Fixed Asset to Total Asset Ratio:

Fixed Asset to Total Asset Ratio = Total Fixed Asset ÷ Total Asset

Year	Formula	Ratio
2016	1,484,979,240 ÷ 2,235,780,637	66%
2017	1,369,247,215 ÷ 2,223,754,809	62%

The fixed to total asset ratio provides significant signs about the amount of fixed assets a company has in terms of its total assets. A firm having such upper ratio means there is too slight cash available for day to day processes.

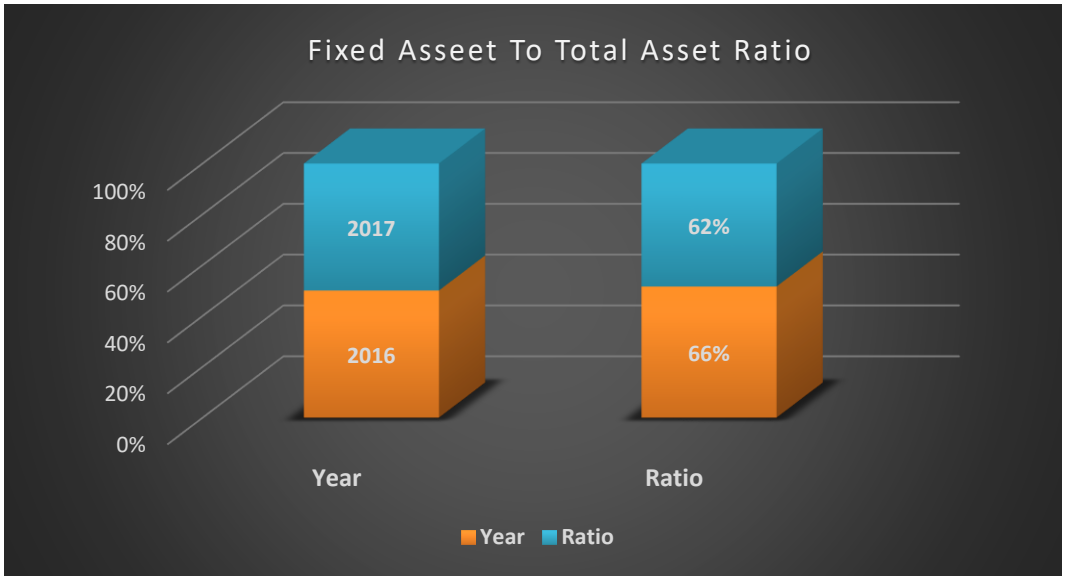


Figure 8: Fixed Asset to Total Asset Ratio

If we look into the graph we can see that in 2016 the ratio is 66% where in 2017 its 62%. We know that newly established business invest more on its fixed asset as they have to accelerate their sales. As Amann Bd officially started its operation from 2015 so it's natural to have high percentage. And the ratio is lessening every year which is a very decent signal for the company.

6.1.3 Depreciation to Fixed Asset Ratio:

Depreciation to Fixed Assets Ratio = Depreciation / (Total Fixed Assets - Land)

Year	Formula	Ratio
2016	108,075,933 ÷ (1,484,979,240-63,827,837)	8%
2017	111,706,300 ÷ (1,369,247,215-63,827,837)	9%

The depreciation to fixed assets ratios frequently gives significant clues on how rapidly a company is substituting its fixed assets. A high depreciation to fixed assets ratio may recommend that a business is writing off old equipment to make way for fresher ones. A high ratio may also propose that the present fixed assets have a short suitable life and, therefore, need to be substituted quickly. But it should also be specified that this high/low limit varies from industry to industry.

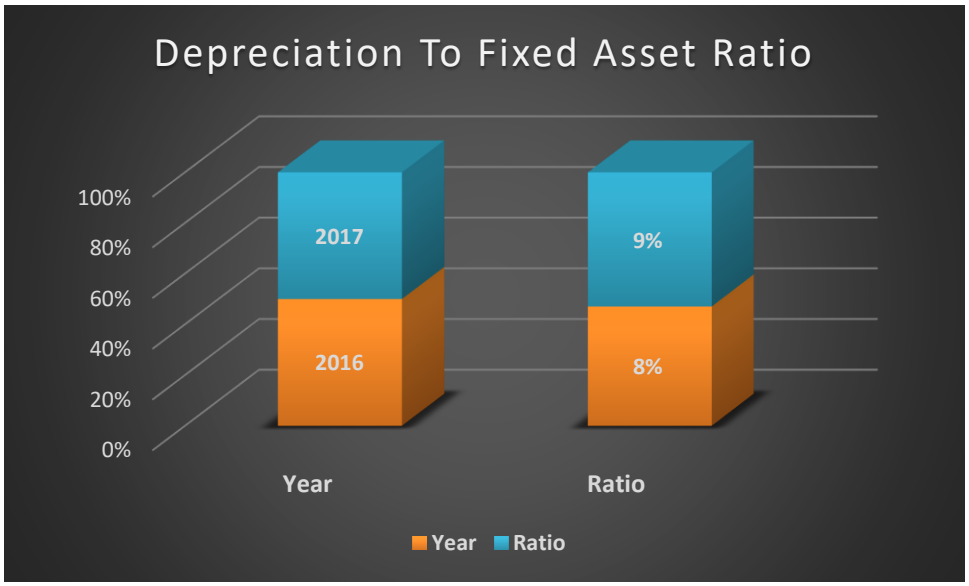


Figure 9: Depreciation to Fixed Asset Ratio

From the graph, we can see that in 2017 the depreciation to fixed assets ratios is higher than that of 2016. This indicates that there is more depreciation in 2017 than that of 2016. The main reason for such discrepancy is that there were huge capital expenditures in 2017. Even though the variation is higher, the ratio in the both years is within the satisfactory level. This means that the company is not in the verge of asset replacement.

6.1.4 Fixed Asset Turnover Ratio:

Fixed Asset Turnover Ratio= Sales ÷ Total Fixed Asset

Year	Formula	Ratio
2016	1,246,146,101 ÷ 1,484,979,240	84%
2017	1,472,127,884 ÷ 1,369,247,215	108%

The fixed asset turnover ratio specifies how proficiently a company making its sales from its current fixed assets. A higher ratio shows that management is using its fixed assets more efficiently. A high fixed asset ratio does not tell anything about a company's ability to generate solid profits or cash flows.

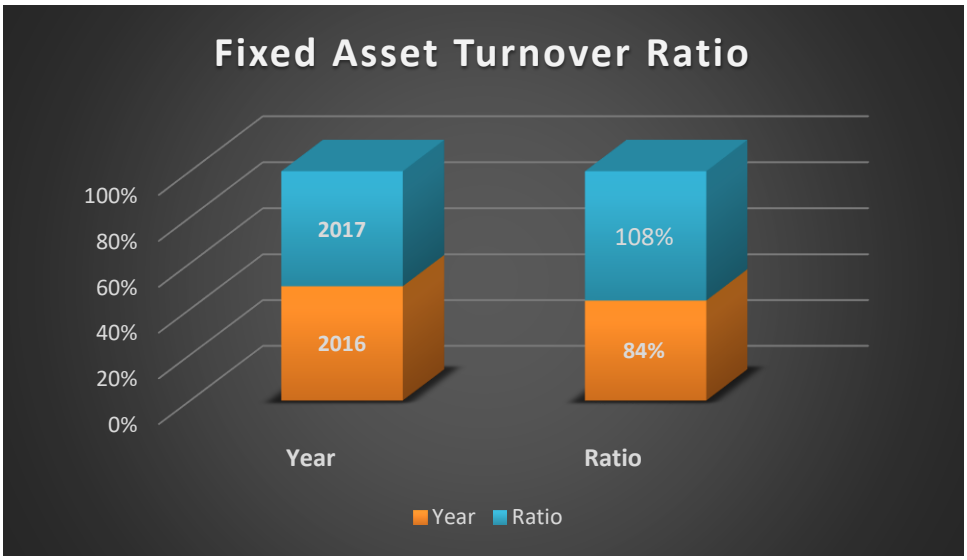


Figure 10: Fixed Asset Turnover Ratio

If we look into the chart we can realize that, in 2016 the fixed asset turnover ratio was 84% where in 2017 it was 108% .As the company officially started its operation from 2015 that's why in 2016 the percentage is low which is natural but in 2017 the percentage increased by 24% which very good. So company is in good condition now.

6.1.5 Summary of Ratios

In the following section, an overall view of all the fixed asset ratios for Amann Bangladesh Limited has been given using graph.

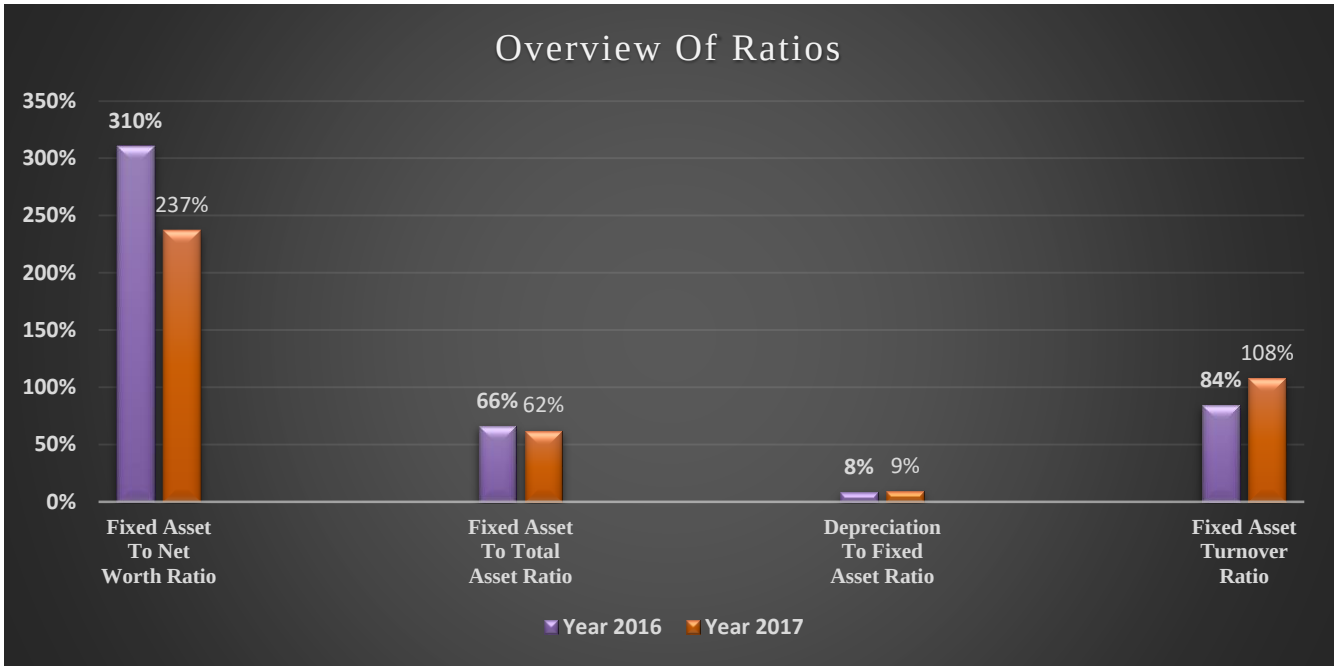


Figure 11: Fixed Asset Ratios

In terms of fixed asset to net worth ratio, a high ratio is the sign of lower short term solvency. This might happened if the company is a newly established company. As Amann Bangladesh officially started its operation from 2015 so it's natural having high percentage. On the other hand we can see that, the percentage was decreased by 73% in 2017 which is very good and it will continues in upcoming year.

In terms of fixed to total asset ratio, a firm having such higher ratio means there is too slight cash existing for day to day processes. If we look into the graph we can see that in 2016 the ratio is 66% where in 2017 its 62%. We know that newly established business invest more on its fixed asset as they have to accelerate their sales. As Amann Bd officially started its operation from 2015 so it's natural to have high percentage. And the ratio is lessening every time which is a very decent signal for the company

In terms of depreciation to fixed asset ratio, we can see that in 2017 the depreciation to fixed assets ratios is higher than that of 2016. This indicates that there is more depreciation in 2017 than that of 2016. The main reason for such discrepancy is that there were huge capital expenditures in 2017.

Even though the difference is higher, the ratio in the both years is within the suitable level. This means that the company is not in the edge of asset replacement.

In terms of fixed asset turnover ratio, a higher ratio specifies that management is using its fixed assets more efficiently. If we look into the diagram we can see that, in 2016 the fixed asset turnover ratio was 84% where in 2017 it was 108% .As the company officially started its operation from 2015 that's why in 2016 the percentage is low which is natural but in 2017 the percentage increased by 24% which very good. So company is in good condition now.

So, after analyzing the ratios we can say that the company is in good position right now.

6.2 SWOT Analysis of Amann Bangladesh Limited

SWOT Analysis of Amann Bangladesh Limited includes the analysis of the following four factors, which are Strengths, Weaknesses, Opportunities and Threats. Strengths and Weaknesses are the interior factors whereas Opportunities and Threats are exterior factors. An effective SWOT Analysis of Amann Bangladesh has been given below:

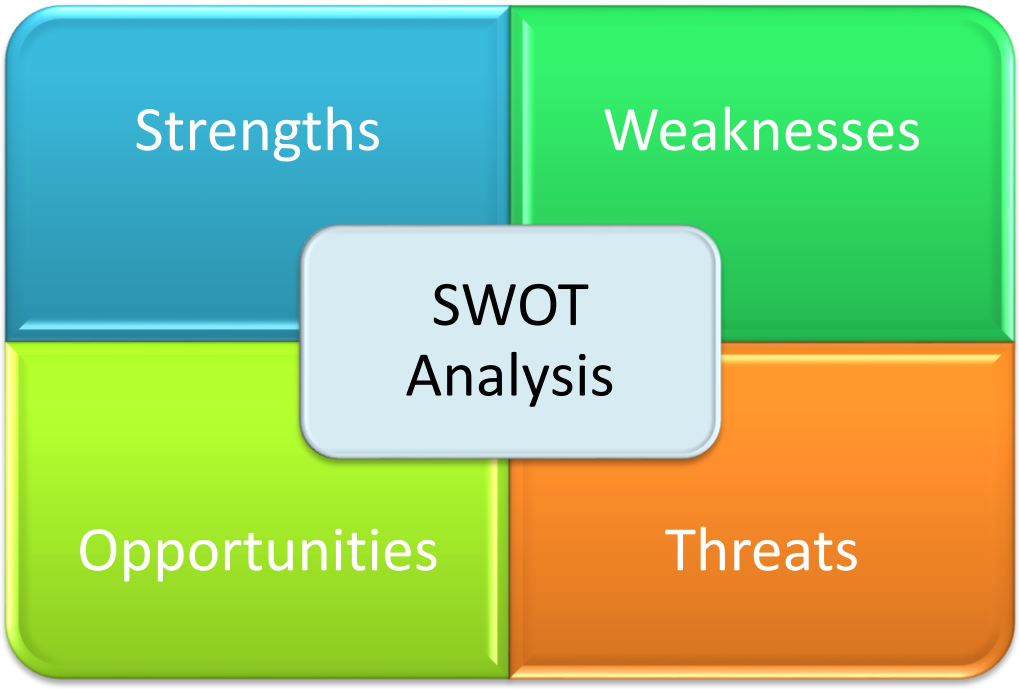


Figure 12: SWOT Analysis

Strengths

Strengths of Amann Bangladesh Limited are:

- Huge capital investment
- Use of high tech manufacturing facilities
- Experienced and efficient management executives
- Flexible Management structure
- Good corporate image and goodwill
- Latest and upgraded ERP software and Information Systems (IS)
- Effective and efficient supply chain management
- Good liaison with stakeholders, etc.

Weaknesses

Weaknesses of Amann Bangladesh Limited are:

- Insufficient number of employees
- Unavailability of gas line to the manufacturing plant
- Recent losses may demotivate the employees
- Lack of proper monitoring
- Lack of strict management policy

Opportunities

Opportunities of Amann Bangladesh Limited are:

- Fastest growing industry in Bangladesh.
- Availability of cheap labor
- Availability of quality raw materials
- Growing market share and corporate image
- Chance of getting international deals with sister concerns.
- Trade fairs in foreign countries can help the company to get access in new markets

Threats

Threats of Amann Bangladesh Limited are:

- Recent global economic recession reduces international demand
- Growing costs of production materials
- Frequent change in government laws and regulations.
- Increasing competition in sewing thread manufacturing industry
- Political turmoil obstructing the growth of the business
- Social crimes and thugs incur higher cost to the construction
- Difficulty in implementing VAT and TAX issues

6.3 Comparative Evaluation

Since the company is a newly established company and did not make any profit yet, we cannot go for further ratio analysis about the performance of the fixed assets. So here a comparative evaluation of the three existing multinational companies of the sewing threads manufacturing industry has been made.

Currently there are three sewing thread manufacturing multinational companies in Bangladesh, which are:

Logo	Company Name	Parent Company
COATS Coats Bangladesh	Coats Bangladesh Ltd.	Coats Vieylla Group (UK)
A&E Innovate. Create. Deliver.	A&E (Bangladesh) Ltd.	American & Efird Inc. (USA)
AMANN BANGLADESH	Amann Bangladesh Ltd.	Amann Group (Germany)

Table 8 : Sewing Thread Manufacturing Companies in Bangladesh (MNC)

Since all the relevant information of these companies are not easily accessible to me, I had to go for the basic comparative evaluation of the fixed asset management process of these companies in order to find out the position of Amann Bangladesh Limited.

According to Hastings, the quality of fixed asset management process must consider the following issues: (Hastings 2010)

- A defined process
- Accounting software
- Detailed asset register
- Depreciation system
- Asset classification
- Tagging code format
- Data availability and reporting capability
- Capitalization procedure

Bellow, there is a table of the issues for a better fixed asset management process showing comparison among these companies.

SN	Issue	Coats	A&E	Amann
1.	A defined process	Yes	Yes	Yes
2.	Accounting software	SAP	AccPac	SAP
3.	Detailed asset register	Yes	Yes	Yes
4.	Depreciation system	Scheduled	Scheduled	Scheduled
5.	Asset classification	Scheduled	Scheduled	Scheduled
6.	Tagging code format	Bar Code	Bar Code	Self-Generated Code
7.	Information availability and reporting capability	Yes	Yes	Yes
8.	Capitalization procedure	Defined	Not so defined	Defined

Table 9: Industry Comparison

From the table, we can see that Amann has a good fixed asset management system just like other companies in the industry except for the tagging code format. Here Amann uses a self-generated code which is an old concept; whereas other companies use bar code which uses latest technology and more information can be stored there.

6.4 Benefits of using SAP as Asset Register

Amann Bangladesh Limited practices SAP Software as their Enterprise Resource Planning (ERP) System. SAP stands for Systems, Applications and Products. SAP ERP is enterprise resource planning software made by the German company SAP AG. SAP ERP integrates the key business functions of an organization. SAP provides a lot of benefits that completed it so useful and popular. In fixed asset management process, SAP purposes as the asset register for many companies. Amann Group as well as its all the subsidiaries use SAP software as the key fixed asset register book. In fact Amann Group requires its subsidiaries to do so.

Picture 13: SAP Logo

Some of the advantages of using SAP as the asset Register are as follows:

- It allows easier global integration. Therefore the group can easily observe and control the each and every records kept in the asset register.
- It allows the user to tackle some special issues related to the fixed assets such as currency exchange rates, languages, vat, taxes etc.
- SAP ERP allows the user to get the information instantly. This means it provides real time access to the information.
- By keeping records of fixed assets in the SAP ERP, the fixed asset manager can reduce the chance of redundancy errors.
- SAP ERP automatically charges depreciation on the fixed assets time to time. If fact here the user has to do nothing. He only needs to set the depreciation rate at the time of recording the asset. The rest is done by the software automatically.
- It provides a good knowledge like an expert about building and implementation of fixed asset management system. Whenever anything wrong goes on with the records, it immediately informs the user.

From the above discussion it can be said that Amann Group has taken a good decision to keep the asset register with SAP ERP instead of any manual methods.

6.5 Advantages of Fixed Asset Management

6.5.1 Informed Authority

Once the asset management crew visits a specific location, then it gathers the details of the exact property of the stated location and then there is a copy of the information collected that will charge the location. Thus, the managers of various departments of ABDL are capable to know the particular amount of permanent property in addition to the value of those assets in their division. Simultaneously the asset management team also updates the manager if they find any disparity between the assets list and the physical condition of the assets of that location. This gives the precise and meticulous information to the authority and that's why when the interior auditor makes profit and loss statements and balance sheet founded on the value of fixed asset then it will deliver the accurateness.

6.5.2 Beneficial in Terms of Insurance against Fixed Asset

It has been mentioned earlier that after collecting the information, the resource management crew delivers all the information related to the value of the property to the manager of that particular position and that is why he has been able to reduce the risk factor through insurance coverage against fixed assets. The Permanent Assets management crew provides accurate information about the amount and provides the company with the help of a fixed asset value to guarantee that they are givimg more insurance premiums to get insurance coverage against fixed assets

6.5.3 Calculate Written Down Value (WDV)

The written down value is a value that derives from the purchase or after unproductive value from the value of certain assets. The asset management crew supports to calculate the WDV of assets by giving accurate information about the assets. If in the case of ABDL, the written price is higher than the repair and maintenance costs and they can get more services from that property then they maintain the property.

6.5.4 Accurateness in the Balance Sheet

Fixed assets are one of the most important components of balance sheets. That's why it is very vital to know the exact figure of certain resources for ABDL management and stakeholders. In this case, the Permanent Asset Management Team helps them a lot. Providing accurate information on certain assets, the Permanent Asset Management Team helps in the accurateness of the balance sheets and makes the fault free.

6.5.5 Keeping a Balance of Assets

Occasionally it is seen from other imbalanced position of permanent asset. For example, sometimes it is found that any section has additional features that are necessary and useful in other categories. Such cases occurs due to mismanagement. In this case, ABDL's permanent asset manager can transfer the property only through e-mail so that the balance of the assets can be maintained.

6.5.6 Replace Unused, Repair and Purchase New

The Permanent Property Management Team also inspects the status of that particular asset, they visits any place to collect information related to fixed assets. For example, when an unused photocopy machine found, they specify not in use and when a computer is not in a good condition, they specify not a good condition in the comment part. So, when the authorities are not informed about that information, they give new purchases or repairs / old replacements. The Permanent Asset Management Team keeps records of all the purchased new assets and makes important decisions for additional repair and maintenance of existing assets. At the time of repairing and maintenance of ABDL resources, the Management Department and then the Property Management Department are notified, then the Property Management Department determines that the property can repair any condition, or should be replaced by newer by computing the value of the written value. If they find that the written value of any property is less than the cost of the repair and maintenance of the property, they decide to repair and maintain the cost of the property and to conduct the auction for that asset. On the other hand, if the written value of the property is more than the cost of repairs and maintenance of the property, and if it is repaired, then it is possible to get more services from it, but it is decided to repair and maintain the asset management department.

From the above discussions it can be seen that in all the cases, the fixed asset management process of Amann Bangladesh Limited is playing an important role in informing the authority, covering the insurance, calculating the written down value, bringing accuracy in the balance sheet, maintaining the balance among assets and providing information about repair and maintenance. So it can be said that the fixed asset management process of Amann Bangladesh Limited is a good and effective asset management system.

7.0 Findings, Recommendation and Conclusion

7.1 Findings

Finding of the report can be described as following:

- Compared to any other industries, manufacturing industry put greater importance on the fixed asset management system as because they heavily invest on this item.
- As a newly established manufacturing company, Amann Bangladesh Limited is recently started its fixed asset management system with a view to enrich its asset register.
- The purpose of fixed asset management system is not only keeping asset records but also ensuring proper control over them, informing the authority, covering the insurance, calculating the written down value, bringing accuracy in the balance sheet, maintaining the balance among assets and providing information about repair and maintenance.
- Amann Bangladesh Limited mainly uses SAP ERP as their key asset register, but apart from this, they also use an MS Excel Worksheet to keep tracking of the assets.
- The fixed asset management team of Amann Bangladesh Limited is not as large as it should be. Currently there is only one person who is actively handling the situation.
- The tagging code of Amann Bangladesh Limited is not so much updated. Currently they are using a self-generated code that only contains the location capitalization number, but not the value, user or responsible person. If the code were generated using bar code technology, the code would be much updated.
- The fixed asset management process of Amann Bangladesh Limited is totally guided and controlled by the German based parent company Amann International GmbH. But the main problem is that business condition in Germany is not the same as it is in Bangladesh. So sometimes the system may appear inflexible.
- Amann Bangladesh Limited uses a parent group provided guidelines for estimating the useful life and depreciation rate of all kind of fixed assets. In some cases, it was seen there is a significant variation between documented useful life and physical economic life of the asset.

7.2 Recommendation

Like any other multinational company, Aman Bangladesh Limited practices current technology and IT support. In the circumstance of fixed asset management, they are taking more regular measures every day. Earlier the system was manually managed and now the total process is computerized. While ABDL uses systematic and computerized systems to manage the management of permanent assets and the wrong number, some improvements are needed for the betterment of the bank and the system is defective and these are:

- When collecting data for fixed assets of ABDL, sometimes I had to face some problems in terms of getting access to the a particular location. There are several reasons for this, such as safety and security problem, communication gap, absence of authorized person etc. ABDL should concentrate on this.

- At the time of gathering information, we had to go each of our desks to identify fixed assets, but sometimes these employees were too busy that they could not give us a favor, so we had to wait. Here, ABDL will inform them to assist the team while visiting them for a short time.

- We encountered some problems while collecting information on IT tools, such as when we were collecting serial numbers, if the IT tools were confused about some of the symptoms such as a "Oh" or "0" (zero) and "I" or "1" (One). In this case, ABL can provide cash memos / invoices for those products to avoid confusion.

- While working with SAP software to input information we collected, I only knew how to input information. We did not have any idea about the other uses of this SAP software. So supervisors must be aware of interns about the overall function of SAP for better learning

- When ABDL purchases a fixed asset, it stores it at the head office and examines the configuration and configuration of the product and it states where it will be sent. At this time, they can collect serial number or model type if they have electronic equipment and even tag the property.

- ABDL can use bar codes as their asset tagging codes since these codes are the latest and easy going codes that are currently available.

7.3 Conclusion

In Bangladesh ABDL is one of the fastest growing sewing thread manufacturing companies. It was established on 24th November, 2010 after meeting many barriers and legal requirements ABDL is one of the strongly IT supported company and it is still updating and modernizing its IT equipment's keeping pace with the ever changing technological environment to provide better service to the customers. ABDL is providing countries high tech manufacturing facilities in sewing thread manufacturing industry. ABDL is the country's fastest growing manufacturing company. ABDL is growing quicker because it is increasing its manufacturing activities and at the same time acquiring more and more customers both in local market and in the international market. They get automatic and computerized days after day. They are using different software to keep accurate records of resources, track those assets, to properly evaluate, and to eventually balance the assets between different job locations .These things help the management prepare true and fair financial statements of the company.

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