Internship Report

Accounts Receivable Management of “aamra networks limited”

Internship Report on
AAMRA NETWORKS LIMITED

Prepared For

Dr. Khandoker Mahmudur Rahman
Associate Professor
School of Business & Economics
United International University (UIU)

Prepared By

Md. Mortuza Hasan
ID - 111161189
School of Business & Economics
United International University

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Letter of Transmittal

5th March, 2021

Dr. Khandoker Mahmudur Rahman
Associate Professor
School of Business and Economics
United International University

Subject: **Submission of Internship Report**

Dear Sir:

With due respect, I would like to submit my internship report titled as Accounts Receivable Management of Aamra Networks Limited prepared on my internship with Aamra Networks Limited.

In this report I have tried to focus on the activities of credit control department to manage account receivable. The report comprises of aamra networks way of minimizing account receivables and maintaining a healthy cash flow. I was involved with process as an Intern and assisted my supervisor. To write the report, I tried to stick to the guidelines and guidance you gave.

Hence, I am submitting my internship report, hoping that you will appreciate my instructive and comprehensive approach. I will be glad to explain any matter in this report, if needed. You may communicate me any time.

Sincerely yours

Md. Mortuza Hasan
ID: 111-161-189

Acknowledgement

First of all, to begin this report, I'd like to express my gratitude to the Almighty God. I'd like to express my sincere gratitude to everyone who has supported me with the preparation of this internship article. I'd like to express my gratitude to them for their unwavering encouragement, guidance, and trust in me at every level.

I would like to thank the internship Supervisor, Dr. Khandoker Mahmudur Rahman who has helped me in every step of my internship. He helped me to find the right topic and always inspired me to make the report a successful one.

I would like to express my gratitude to Mr. Mobasher Hosssain, Deputy Manager of Credit Control Department give me a chance to be a member of this Team at aamra networks limited. He supervised me during my internship period and provided necessary guidance. Without his support and help I will never be able to complete this internship effectively.

Last but not the least I would like to appreciate all those people inside and outside of aamra networks limited who helped me during my internship period and provided me with necessary primary and secondary data and support.

DECLARATION

I am Md Mortuza Hasan, student of School of Business and Economics (Marketing) of United International University, Bangladesh, do hereby declare that the internship Repot on “Accounts Receivable Management of Aamra Networks” is an original work and has not been previously submitted for any degree, diploma, title, or recognition.

Mortuza

Md Mortuza Hasan
ID No: 111161189
School of Business and Economics
United International University

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Executive Summary

Aamra Networks Limitated (formerly Global Online Services Ltd.), a concern of the Aamra Group of Companies. Which was formally known as formerly Texas Group. It is a Corporate Internet Service Provider (ISP) offering Internet connectivity in Dhaka, Chittagong and Singapore. It was founded in 1997 in response to the growing demand for high-bandwidth, dependable, and high-performance Internet access. The company has acquired significant market share, consisting of MNCs, small and medium-sized businesses, embassies, educational institutions, and other well-known institutions. The company has the experience and specifications to provide not only dedicated internet bandwidth, but also other value-added networking options for businesses, such as WAN, video conferencing, Biometric Attendance System, Virtual Office, Network Monitoring, Remote video Surveillance, Data Backup and Disaster Recovery, VPN, IPLC, BSAT network, and Roaming, all supported by carrier-grade network operations

Companies like Aamra Networks find it much easier to grow business in this sector. There are still a lot of weaknesses and threats visible in the ICT industry. Businesses in this sector still need more skilled labor, up-to-date IT infrastructure, financial support from both government and private investors, and uninterrupted power supply. In the first place, I described and analyzed critically different aspects of the industry in this report. Then, briefly, I introduced Aamra Networks and its competitors. I have also shown the process of receivable management and how they manage their debts. Finally, I came up with a couple of suggestions for the company.

1 Report Background

Information and communication is the only basic any need for living thing being in the 21st century. Starting from the hairpin to the Aeroplan, every source of knowledge adds so much to the development of humans, spices and, above everything, the improvement of the world. One of the most relevant and valuable sources of knowledge and communication is the Internet. In Bangladesh, the Internet has only lately become a necessity for any form of exchange. This is the simplest and fastest way to go global at the touch of a button.

It opens up a huge route in front of Internet service providers, enabling them to exploit this opportunity. Bangladesh, on the other hand, isn't quite able to use this medium for mobile services. By international standards, the demand for internet services in this underdeveloped country is too small. As a credit management professional, the role entails educating an inexperienced industry. The report focuses on a clear overview of the lighted Department-Credit Control, as well as the constant challenges I encountered while working in this department.

In just a few years, Bangladesh's information and communications technology (ICT) industry has been growing way. It was calm and collected. The industry is no longer on the backburner. The mainstream has entered it. In the last few years, Bangladesh's information and communications technology (ICT) industry has come a long way. It was mature. The sector is no longer on the sidelines. It's joined by the mainstream.

The presence of a large number of startups is one of the hallmarks of this industry. In the last couple of years, many tech-savvy young graduates, some of whom returned from abroad after graduation, have decided to start their IT ventures. In spite of various local and global challenges, these young buoyant entrepreneurs have made a tremendous contribution to creating strong business organizations through their creativity and passion. Indeed, the optimism and resilience of young entrepreneurs is the primary driving force behind Bangladesh's ICT industry.

1.1 Industry Background

Aamra is a merger of companies focused on catalyzing the transformation of Bangladesh by providing technology-driven solutions to the customers across various market segments. Aamra acknowledges the up-to-date idea that Bangladeshi business companies really have to apply ineffective system integration. Our corporate functions aim to provide all our customers with customized and integrated technology-based capabilities that help them to maximize their business potential. As a result, Aamra holds patents, distribution and marketing rights for a number of world-renowned high-tech products. We at Aamra are constantly striving to satisfy our clients and target groups and also to better represent them by delivering them with the same permitted and complete service and maintenance.

Aamra Resources and Aamra Technology are the Group's oldest companies and our flagship in the garments industry. From the very beginning, we have provided high-quality systems, solutions and support to our customers in the Garments and Textile Industries and have established a solid reputation as a renowned supplier and service company. Aamra networks (Corporate ISP), Aamra infotainment (Web Portal and Web Development) and Aamra solutions (Communications Software Developer) are our key ICT investment areas.

We believe that special attention needs to be paid to living standards. In addition to clothing and ICT, we therefore have a range of investments in the lifestyle sector, including Aamra Fitness (Health Club, Gym and Fitness Center) and Aamra Management Solutions (T&D, Consulting, Job Placement, Conference and Business Center) to increase performance and effectiveness of resources (Human and Material) within corporate bodies. We make it our job to understand your needs and link it to today's technology to maximize product satisfaction. With our cost-effective rates and locally unmatched knowledge and expertise, we can provide your business with the right technological infrastructure to achieve higher performance. Aamra customers can feel secure, realizing that we are consistently and repeatedly at work to maximize their satisfaction and protect their capital expenditure through the quality of our products and services.

1.2 Objectives of the Report

This internship has some specific objectives. These objectives are set out below:

- Describing the Receivable Management of ANL.
- To determine the processes used by this department.
- To explore the problems that could be faced.
- Defining both the outputs of this department and the mine.
- Determine the areas that need further concentration for development.

1.3 Scope of the Study

The study is expected to include information on Aamra Networks Ltd's account receivable management. Detailed information on transactions is given to the organization, as well as how these transactions are registered, what records are used to validate the data entered, and the organization's receipt handling guidelines and credit management department processes.

1.4 Methodology

I have followed two kinds of reporting methodology. The two ways I've been collecting information:

1.4.1 Primary Data

With the help of my company supervisor, I have collected this data. I have also received assistance from the members of the Credit Control Department team.

1.4.2 Secondary Data

My secondary method of data collection from various sources. Those are:

- Go through the websites.
- Annual reports of Aamra Networks Ltd
- Different books, journals and newspapers.

1.5 Limitations of the Report

Various points of view and meetings are needed to make a report. In either case, I have faced a few barriers to making a complete and immaculate report. These limits or restrictions that postpone my work are as follows:

- Find it difficult in getting information about its inward operations.
- Non-availability of some of the previous and most current information.
- Some data have been withheld to hold the categorization of the association.
- Limitation of time.

With regard to these limitations, I was unable to execute a more in-depth and more detailed study and to be included in my report. Because of all of these limitations, however, I have tried my level best to provide enough relevant information in order to make the report more insightful and analytical. I believe that the information that I have accumulated in this report will be of real help in any further exploration of this subject.

2 Organizational Profile

2.1 Overview of the Organization

Over the last decade, Aamra Networks Limited (formerly Global Online Services Limited) has consistently provided its customers with state-of-the-art IT communications solutions. Our customers have been able to rely on our ability to deliver stable and consistent connectivity solutions. Using the state-of-the-art backbone and infrastructure, we have ensured that our clients have had minimal concerns about the reliability of their IT communications. That, in turn, provided us with an enviable list of blue-chip customers. When the Internet and related value-added services are critical inputs to business, Corporate Bangladesh has only one obvious choice.

Aamra Networks Limited (ANL) employs more than 150 staff with a wide range of skills and expertise. Through years of experience, ANL is in a position to accurately assess constantly changing customer requirements, offering the most extensive and affordable IT services available. The group has diversified investments in the ICT, Textile and Lifestyle sectors in Bangladesh, starting in 1985 and currently employs more than 2,000 people.(about aamra networks, 2020)

Vision

Become an organization that puts consumers, staff, shareholders, and communities first. (about aamra networks, 2020)

Mission Statement

“To become the most preferred IT and Communication Infrastructure Service Provider”. (about aamra networks, 2020)

Quality Policy

Aamra Networks Ltd. is a supplier of corporate Internet services and IT solutions. We have implemented a quality control framework at Aamra Networks to ensure that our customers follow professional standards. To ensure maximum customer satisfaction, we are committed to continuously improving the performance of our quality control system and services. Management shall be determined to ensure the following in order to achieve our objectives:

- Maintaining 99.9% service uptime
- Ensuring at least 10% yearly revenue growth
- Converting at least 50% of the paperwork to the digital edition

Quality Policy & Strategic goals shall be constructed and reviewed by the Chair on the basis of its continuous suitability. It is our urge to become the country's leading vendor of Corporate IT Solutions through our commitment to customer service, technological innovation and the achievement of our Quality Objectives. Management is committed to providing adequate human resources, good infrastructure, logistical support, etc. for the proper implementation of the Quality Management System (ISO 9001:2008) and to maintaining the same within the organization.

Aspiration

Aamra Networks Ltd's goal is to be the most respected and valued company in the world by exceeding expectations in everything they do, upholding responsible business practices, and bringing value to all stakeholders.

Values

- Integrity in all their dealings
- Excellence in everything they do
- TOTAL Communication to customer satisfaction
- Thinking ahead and taking new initiatives.

2.2 Management Structure

The Chairman and Managing Director along with 2 other directors of the company also own 14 other companies under the banner of Aamra. Aamra networks is run by a Chief Operating Officer who takes care of the overall operation of the company. The company is divided into 10 departments and the departments are: (Management, n.d.)

Core Network:

This department is responsible for ensuring that Aamra networks are well connected to the global web, network security and the proper functioning of all Aamra network-related services. The 3-member team is located in the Aamra Network Operations Center and is headed by an experienced 12-year system administrator.

Sales:

This department is in charge of increasing the company's sales. The team is also in charge of collecting consumer knowledge through informal networks and promoting the company's goods and services to the relevant target market. Dhaka, Chittagong, and the Industrial Zones are the three territories that make up the department. All departments are led by AGMs and professional Sales Managers. The department is populated with 13 members.

Helpdesk:

On a regular basis, the workers of this department are the first point of contact for customers. The department provides a 24-hour call center. This department coordinates with all other departments to address customer service problems. Currently, this is a three-person team led by the Senior Manager.

Credit Control:

The department sends out bills, follows up with clients, and ensures that payments are made as soon as possible. In order to fix and payment-related problems, the department also manages and collaborates with clients. This six-person team is led by the AGM and is based at the Aamra Networks corporate office.

Infrastructure:

This department ensures that the last mile of connectivity to clients from different Aamra network POPs is excellent. The team, headed by the Manager, consists of 9 members and 19 Linemen. This department operates from the Operation Center of Aamra Networks.

Technical Support:

This department is the customer contact point for issues related to the system. They ensure that the system developed for customers by Aamra networks operates smoothly and also ensures that the system is up-to-date. The department also provides the most needed value-added services; Building and maintaining LAN for customers is the department key job. This is a newly developed team consists of 6 members presently. Both teams stationed in networks operation Centre is headed by experienced AGM.

Marketing:

This department is in charge of the branding and marketing activities necessary to keep current and prospective clients updated about the company and its products. This two-person team is located at Aamra Networks' corporate headquarters.

Human Resource:

This group is in charge of bringing the organization's human resource policies into motion. This two-person team consists of two people. This department is stationed in Aamra networks corporate Office.

Admin & Logistics:

This department is in charge of the company's administration, procurement, and logistics. This four-person team is led by a Manager and is based in both the Aamra Networks corporate office and the network operations center.

Accounts & Finance:

This department keeps book of all the accounts of the company. Members of the team also ensure that future funding for the company's growth runs smoothly. Timely payment to suppliers is also a key responsibility of the department. The department is consisting of 6 members and stationed in aamra networks Corporate Office.

Product Development:

This department is responsible for coordinating the activities of marketing, branding and sales departments while planning marketing efforts for a new/existing product or company branding. It is also responsible for estimating the consumer demand for new or existing services, stay informed of any competing products on the market and develop pricing strategies. This is presently a 2-member team headed by a Manager.

2.3 Key Products & Service

Virtual Office:

Enjoy the green benefits of a virtual paperless office by assisting in the development, management and sharing of data, documents, calendar, etc. Enable efficient collaboration-all in a familiar, browser-based, secure environment.

Wide Area Network:

Generate obsolete communication solutions for the exchange of data between separate office stations. Our WAN solution ensures the need to maintain interaction between/among workplaces efficiently.

Biometric Attendance System:

Automate your time attendance with the latest fingerprint recognition solution through our remotely hosted application. All software and data are stored safely off-site, allowing you to capture, manage and access data at no cost to internal infrastructure and software licensing.

Remote Video Surveillance:

Facilitates remote video surveillance. Sends sms, mms, and e-mail if motion or intrusion is detected. Excellent value added to your current security system.

Network Monitoring:

Ensures reliable, early problem and fault detection of multi-stage network equipment, accompanied by real-time SMS alerts.

Web Based Helpdesk:

Outcome the monthly cost of relationship management by subscribing to the Hosted CRM solution that will enable business process automation and analysis of information to better target marketing and an aware sales force, better functioning support and online record keeping service.

Online Survey:

Facilitates a paperless automated survey to improve customer satisfaction, feedback on new products or learn about purchasing behavior, conduct employee performance reviews, monitor employee satisfaction and seek information on corporate issues.

Video Conferencing:

Create the ability to be in a few places at once without exiting your office. Quality assurance, save money and resources through our engaging audio and video conferencing solutions.

Internet:

Experience a world-class network that ensures excellent quality, high capacity and low latency internet connectivity, ensuring fast and reliable access to the World Wide Web.

Colocation Service:

Provides protection in emergency situations by safeguarding your critical data. Data will be backed up in a highly secure, technically serviced, specially cooled environment with 24/7 physical security around the clock by staff who will serve to meet all your technical needs.

IT Infrastructure Management:

Ensure reduced operating costs, increased operational efficiencies and a foundation for future growth. Align your IT system with corporate objectives, all with a single source service, to simplify your IT infrastructure with enhanced reliability and availability.

IPLC & IPVPN:

Enable contact beyond the coast of Bangladesh, Aamra Networks, in partnership with Telecom Malaysia (TM), offers a range of broadband services through TM's extensive international network infrastructure covering all continents.

Data Backup and Disaster Recovery:

Provide ample protection against the risk of wasting precious company data that could damage the efficiency of the entire business. The application recovers and restores data in order to get up and running as soon as possible with minimal interruptions.

Hosted Anti-Spam & Anti-Virus Firewall:

Offers detailed protection against most email threats (e.g. spam, viruses, etc.) that can cripple your network if left unprotected.

Business Email and Hosting:

Organizations looking for an Enterprise-level hosted e-mail system have many factors to consider: servers, software, data redundancy, bandwidth, virus/junk-mail protection, and maintenance and support. Every one of our solutions are delivered at fractions of regular costs.

2.4 Maior Clients:

- Unilever Bangladesh Ltd
- Orion Group
- MasterCard Singapore Holdings
- Arla Foods Bangladesh ltd.
- Microsoft Bangladesh
- ACI Logistics Limited
- RECKITT BENCKISER (BD) LTD
- Nitol Motors Ltd.
- World Cat Ltd
- Nuvista Pharma Limited
- RAK Ceramics (Bangladesh) Ltd
- Bangladesh Air Force
- IPDC Finance Limited
- Biman Bangladesh Airlines
- US Bangla Airlines
- Viyellatex Ltd.
- Schlumberger Seaco Inc.
- Bashundhara Group

- Bank Asia Ltd
- Bangladesh Bank
- Bangladesh Navy

2.5 SWOT Analysis of Aamra Networks limited.

Strengths	**Weaknesses**
▪ 20+ years of experience ▪ Robust national infrastructure ▪ Priority access to best-in-class IIG bandwidth from sister concern aamra technologies limited ▪ Rich clientele in both private and public sector ▪ 4 strategically located data centers in Dhaka, Chattogram and Jashore ▪ Diverse, widespread and versatile products and services ▪ Best talents and employees available in the country ▪ Strategic alliances, i.e. BCB, BEPZA, CRI, DNCC etc ▪ Ability to adapt and innovate in constantly changing market environments	▪ B2B only, no B2C products ▪ Dependencies on 3rd party infrastructure providers such as NTTNs, LSPs ▪ Its expensive to deliver premium customer experience ▪ Expansion and purchase are contingent to profits
Opportunities	**Threats**
▪ Launch commercial vehicle tracking solutions ▪ Increase MPLS business portfolio ▪ Partner with national content providers ▪ Launch B2C internet products ▪ Explore robotics and automation business ▪ Innovate and explore in video/audio communication and collaboration space ▪ Increase businesses in data center, colocation, and other infrastructure products ▪ Collaborate and partner with international companies and investors	▪ Frequent cable cuts by various authorities ▪ Lack of transmission infrastructure and NTTN coverage ▪ Competitive market ▪ Illegal ISPs and unregulated IT companies ▪ High TAX/VAT on various products and services ▪ Illegal and untaxed imports, lowering revenue on equipment sell

3 Credit Control

3.1 Introduction

Credit control refers to the restriction of further service sales to delinquent lenders and the negotiation of payment in return for the restoration of regular service delivery.

Date of due date means the date indicated on the account statement by which payment of the amount on the account is considered necessary.

3.1.1 Definition of Credit Control

Activity designed to serve the dual purpose of (1) increasing sales revenues by extending credit to customers who are recognized to be in good credit risk, and (2) minimizing the risk of losing bad debt by limiting or ignoring credit to customers who are not regarded to be in good credit risk.

The effectiveness of credit control lies in the procedures used to assess the creditworthiness of the prospective rather than in the procedures used to extract the money owed. Also referred to as credit management. (KENTON, 2020)

3.1.2 Background of Credit Control

Sale is not going to be a sale until you have the cash in the bank! The impact of late payment from customers, be it 59 days or 91 days plus, is that your money is used without interest being paid. Currently, numerous customers will withhold rent until the last possible time and pay only on demand. Customers also use different providers, and when you stop lending, They move on to the next vendor and the cycle starts again, but getting your money is far more challenging this time.

Payment Applications are classified by CrediteControlgis, Cut-offs, Arrangements, Reconnections and Legal Functions. The Cut-off' components include prohibitions on services, follow-up on non-responses, no deposits & low-consumption cases. Other component functions of credit control include the indigent management and repaying of closed accounts.

Debt Collection includes the issuance of reminder letters, contracts, summonses, telephone collections and remittances. Legal functions concern prosecutors and collectors of remittances, as well as the administration of deceased and insolvent estates, administrative orders and inactive accounts with related arrears.

3.1.3 Observed in Credit Control Department

The credit functions are an important part of the business operations of any company. Using sophisticated methods when necessary to structure transactions so that sales can be approved, the credit department can make a significant contribution to maximizing sales and profits. The key is to know when and how to make a sale safely. The step is to find the best way to help reduce the risk of late payment or non-payment by the customer. The core activities of the credit department shall include:

- Maximizing sale,
- Accelerating cash inflow,
- Minimizing bad debt losses,
- Review & approval of new accounts,
- Develop & update billing & collection policies,
- Establishing appropriate credit limits and contract terms to latest and active customers,
- Creation of new or more appropriate terms of payment [terms of sale],
- Adding accounts in the credit hold and releasing orders from the credit hold,
- Managing the collection function,
- Maintaining up-to-date information on each active customer in the credit file,
- Communication with other departments within the company, such as order entry, sales and shipping,
- Management reporting, and
- Safeguarding the company's investment in receivable accounts.

Collections and Credit Holds: Customers sometimes override a creditor company's decision to place credit orders. However, most lenders understand the collection methods that creditors use, and they understand the risk they face when they delay payment. Occasionally, the penalty for delaying payments to creditors involves the holding of credit.

Collections and Credit Risk Management: The majority of collection issues and bad debts stem from a faulty or ineffective initial credit inquiry. It could be beneficial to see the loan extension as a loan to the borrower. We realize that a bank would not make a loan without a completed and signed application and without a clear explanation of the applicant's creditworthiness and financial value. The care taken by banks to approve loans should not be lost to commercial creditors. The creditor should not approve the terms of the open account until sufficient documentation exists to show that the applicant is creditable.

4 Accounts Receivable Management

4.1 Definition of Accounts Receivable management

Accounts receivable is a legally binding payment claim held by a business for goods delivered and/or benefits received by customers that have been tried to order but not paid for.

Accounts receivable management has more to do with ensuring that clients pay their invoices. Good debt management helps to avoid late payment or default. It is therefore a quick and effective way to strengthen the company's financial or liquidity position. This Wiki explains the importance of managing receivables, the rewards and how to start preparing a solid strategy for receivables. (Accounts Receivable Management, n.d.)

4.2 Functions of Accounts Receivable Management

4.2.1 Invoicing

The timely issuance of error-free and easy-to-understand invoices is an important aspect of receivable management. If a mistake is made, it should be corrected as soon as possible to prevent the debtor from using it as an excuse for non-payment.

Aamra is a limited network provider of internet services. They generate recurring monthly revenue from customers. They always deliver invoices to the customer in a timely manner and also in a correct manner.

4.2.2 Statements

Statements to all debtors must be sent out within five days of the month's end. This serves as a reminder to the debtor of the amount owed, as well as a second opportunity to make the payment. Issuance of the statement and invoice together.

4.2.3 Asking for payment

When a customer is under credit monitoring, it is important to keep track of all interactions with them, as this will enhance the ability to collect payment.

Letters and e-mails are useful records for demonstrating that a debt has been accrued and informing the debtor that payment is due. One of the most common methods of receiving payment is to call for payment over the internet. When you ask to pay by phone, your previous experience is crucial. In general, we must maintain a professional demeanor, be courteous yet firm, and always demand payment. Telephone calls are still kept on tape.

Aamra networks limited has professional call agent for asking for payment. After sending invoice to client they start asking for payment.

4.2.4 Can’t pay Verses won’t pay

One of the abilities that a successful credit controller develops is the ability to say the difference between a debtor who has the resources to pay a debt but refuses to and a debtor who actually cannot afford to pay a debt. Depending on the type of debtor you're dealing with, you'll need to take a different approach.

A debtor who simply does not pay without justification must be made aware of the consequences of non-payment. Issuing legal proceedings should be the last resort, but if you have compiled a water-restricted case by following the above-mentioned receivable management procedures, you will increase your chances of winning a court case.

4.2.5 Receivable Management Function Review

A review of the receivable management function may be useful for a business or organization with an established credit control department. This review will identify issues requiring remedial action and a template for action.

Step 1

Identify receivable management issues that relate to internal organizational issues that have a negative impact on the collection of monies from debtors. Examples of such issues would be whether the organization has a documented policy on receivable management? Is the policy on receivable management appropriate and appropriate for the purpose? Is the receivable management policy being enforced effectively? Is the billing system error free? The next step is to identify remedial actions that are needed to rectify problems noted.

Step 2

Identify the issues of receivable management relating to the individual credit controller(s) that have a negative impact on the collection of monies from the debtor. Examples of such issues would be whether personal credit controllers have the suitable level of skills needed to perform their duties effectively? Do individual credit controllers have the appropriate level of debt gathering experience? Are credit controllers evaluated on the basis of appropriate performance measures? The next step is to identify the remedial measures needed to address the identified problems.

Step 3

Identify the issues of receivable management that relate to external factors that have a negative impact on the collection of funds from debtors. Examples of such issues would be whether the economy is growing or in recession? Do the debtors understand the invoices issued in full? Do the debtors have no money to pay for? Is your organization's money a priority for your debtors? The next step is to identify the remedial actions needed to address the problems identified.

4.3 Receivable Management Policies

Many people are put off by the word "regulation," but it can actually be used to describe your desired method of doing stuff. The realistic introduction and application of the protocol within a credit regime is the major challenge.

A written document should be created to outline the company's receivable management strategy. This document should specify the kinds of customers that are eligible for credit:

4.3.1 SME Organization

- Who bought a minimum of.5 mbps of Internet orders in cash on delivery before applying for credit,
- Who are in business for an excess of two years,
- Who have provided at least two trade references,
- Who have provided a bank reference,

- Who is willing to sign an agreement on adherence to the credit terms on offer,

4.3.2 Large or Multinational Companies

- Who bought a minimum of 3Mbps internet bandwidth orders in cash payment basis before applying for credit,
- Who are in business for an excess of two years,
- Who have provided at least two trade references,
- Who have provided a bank reference,
- Who is willing to sign an agreement on adherence to the credit terms on offer,
- In the case of the company's liquidation, the directors are able to sign a personal pledge on any debts owed by the company.

By sticking to the above, our business will reduce the risk of non-payment. Clients who are not inclined to follow such guidelines should be treated with extreme caution as they may have something to hide from them. It is a standard procedure for a bank to have similar criteria before a loan is issued, so why your business should be put at risk for not doing the same thing. If customers completely oppose any attempt to change your debt management procedure, it may be worth allowing them to do business elsewhere, allowing your competitors to deal with the risk of significant bad debt.

4.3.3 Credit limits

Each customer's credit limit must be determined on an individual basis. The customer's credit cap should be carefully considered, as it is theoretically the sum of money that would not be paid in the future if the client has financial difficulties.

Criteria for the assessment of credit limits may be based on a combination of factors.

- How long is the customer in business?
- If the customer is a limited company, their accounts shall be filed at the registration office of the company at the latest?
- If the client is a ltd. company, are ready to accept personal guarantees for the money due?

4.3.4 Objective of the Policy

- Good Cash Flow

Reduce and maintain our Debtor Days Outstanding below the stated target of the company, which will be constantly reviewed and updated to reflect the needs of the company and the trading conditions we face.

- Minimal Bad Debts

To decries and maintain bad debts to agreed and annualdtargets.

- Good customer Service

Customers should be notified within three working days of our decision to apply for a credit account, and all questions should be answered within the timeframes stated.

- Team Approach

To ensure that all staff work together and operate the Credit at all times to achieve these objectives.

- Clear Management Information

Providing and distributing timely and accurate reporting on our achievement against our key performance indicators and providing additional management information and our debt and trends on a continuous basis.

- Communications to Staff

Keep staff informed of their achievement; key performance indicators on a daily, weekly and monthly basis.

4.4 Reporting

A report will be forwarded to the Manager on a daily basis, providing a synopsis of discussions with 60-and 90-day customers and also showing the promised dates for the payment of debt.

A detailed report of the actions and results achieved during the month will be forwarded to the manager at the end of the month, together with recommendations for further recovery action.

A report with achieved results will be drawn up on a quarterly basis with key performance indicators.

4.4.1 Performance Analysis

Figure: 01

Year	Jul-June 2017	Jul-June 2016	Jan- Dec 2015	Jan- Dec 2014	Jan- Dec 2013
Revenue	795.52	739.04	662.95	595.09	515.11

Revenue: If we look at the graph, we can see that the amount of revenue is increasing year after year. In 2013 revenue was Taka 515.11 million and in 2017 revenue was Taka 795.52 million.

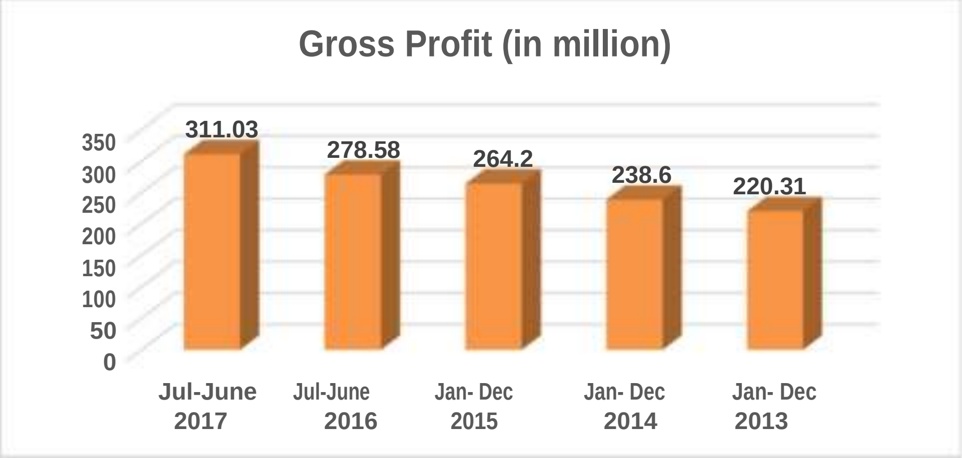

Figure: 02

Year	Jul-June 2017	Jul-June 2016	Jan- Dec 2015	Jan- Dec 2014	Jan- Dec 2013
Gross Profit	**311.03**	**278.58**	**264.2**	**238.6**	**220.31**

Gross Profit: Here, we can see that there is an upward trend in the profit growth. The highest Gross profit was recorded at 2017 of Taka 311.03 million.

Figure: 03

Year	Jul-June 2017	Jul-June 2016	Jan- Dec 2015	Jan- Dec 2014	Jan- Dec 2013
Net Profit after Tax	**122.27**	**121.11**	**120.08**	**84.89**	**82.54**

Net Profit after Tax: If we look at the graph, we can see that initially profit was growing very faster but in the last three years changes were very little. In 2017 the profit was Taka 122.27 million.

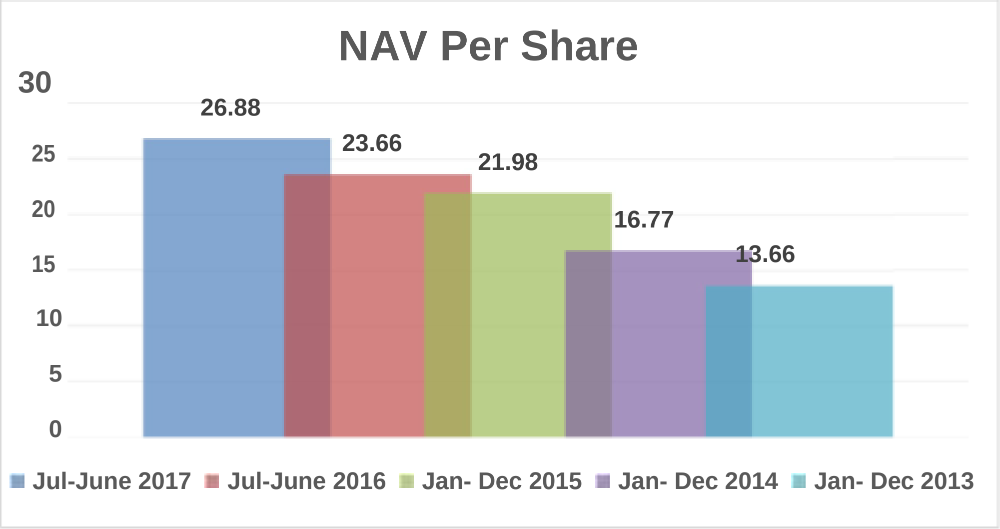

Figure: 04

Year	Jul-June 2017	Jul-June 2016	Jan- Dec 2015	Jan- Dec 2014	Jan- Dec 2013
NAV Per Shares	26.88	23.66	21.98	16.77	13.66

Net Asset Value: As the company becomes stronger the net asset value per share reaches its top in 2017. The highest value is 26.88 Taka.

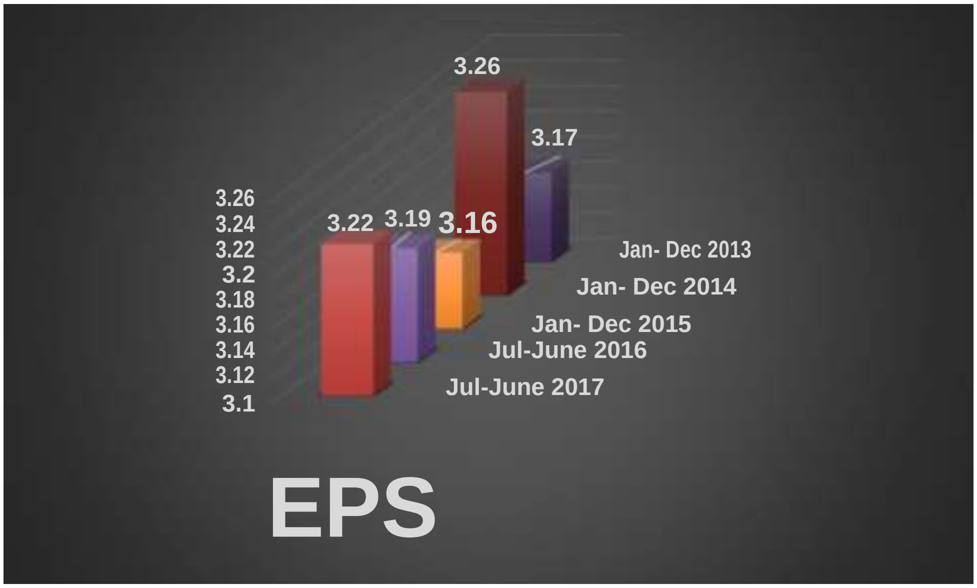

Figure: 05

Year	Jul-June 2017	Jul-June 2016	Jan- Dec 2015	Jan- Dec 2014	Jan- Dec 2013
EPS	**3.22**	**3.19**	**3.16**	**3.26**	**3.17**

EPS: Earning per share was quite stable in the last five years. Changes were very low. The maximum EPS was 3.26 Taka in 2014.

Financial Data for Last Five Years

(Figures are in million except ratio and per share)

Particulars	Jul-June 2017	Jul-June 2016	Jan- Dec 2015	Jan- Dec 2014	Jan- Dec 2013
Revenue	795.52	739.04	662.95	595.09	515.11
Gross Profit	311.03	278.58	264.20	238.6	220.31
Net Profit before Tax	131.71	132.6	130.79	89.88	89.37
Net Profit after Tax	122.27	121.11	120.08	84.89	82.54
Total Asset	1336.63	1080.43	943.15	858.82	601.24
Net Asset Value	1021.43	899.16	835.16	569.81	355.27
NAV Per Shares	26.88	23.66	21.98	16.77	13.66
No. of Share	38	38	38	26	26
EPS	3.22	3.19	3.16	3.26	3.17
EPS (Restated)	3.22	3.19	3.16	3.23	2.17
Dividend	10% Cash (Proposed)	-	-	-	381% (Stock)

(Based on current number of shares)

Particulars	2017	2016	Ratio	Formula
Current asset	571,543,564	389,935,757	Current Ratio	Current asset / Current Liability
Current Liability	298,953,182	165,457,024		
Net profit after tax	122,274,505	121,106,312	Return on Equity	NPAT/ Shareholders' equity
Shareholders' Equity	1,021,431,770	899,157,265		

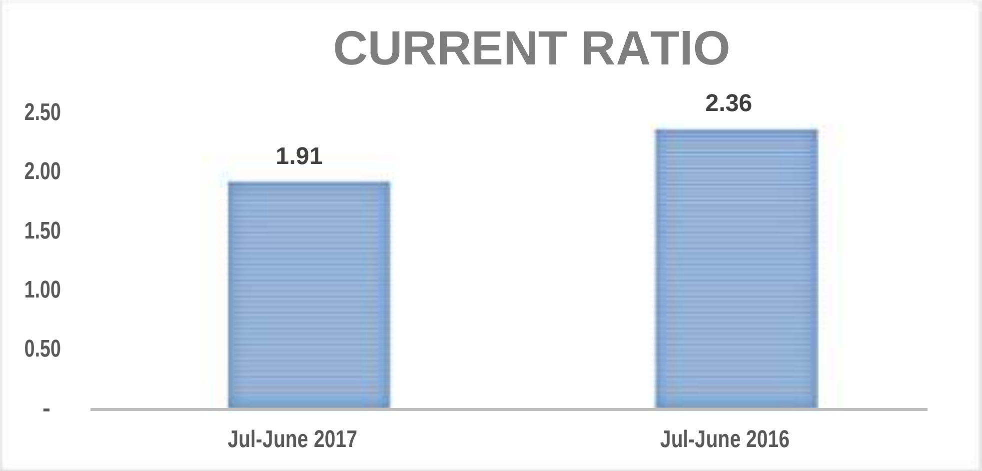

Figure: 06

Year	Jul-June 2017	Jul-June 2016
Current Ratio	1.91	2.36

Figure: 07

Year	Jul-June 2017	Jul-June 2016
Return on Equity	12%	13%

Ratio: Between the last two years 2017 has the highest return on investment which was 13% and the highest current ratio that was 2.36 times.

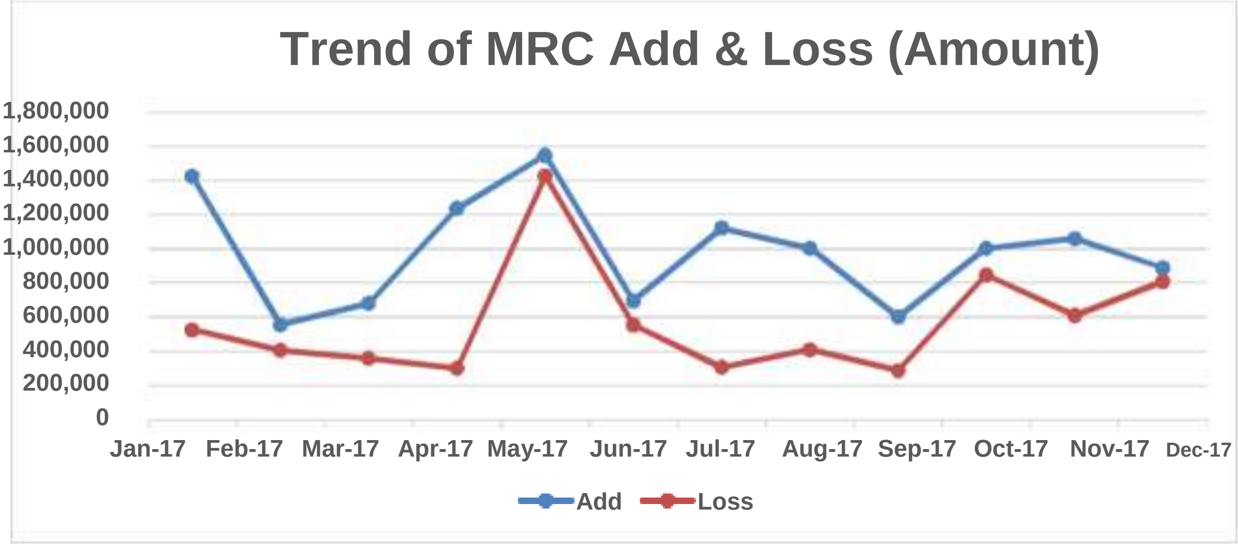

Figure: 08

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Add	1,424,640	555,428	680,605	1,236,713	1,547,338	694,155	1,120,242	1,002,728	600,004	1,002,550	1,059,640	887,015
Loss	525,302	405,728	357,479	300,544	1,427,141	552,663	305,973	409,052	286,714	846,477	609,838	808,061

MRC add & loss: Here we can see that in 2018 new MRC service was added and some was lost. In comparison of add & loss we can say that more service was added and less service was lost. At May 2018 MRC service of Taka 1,427,141 was lost which was a significant amount.

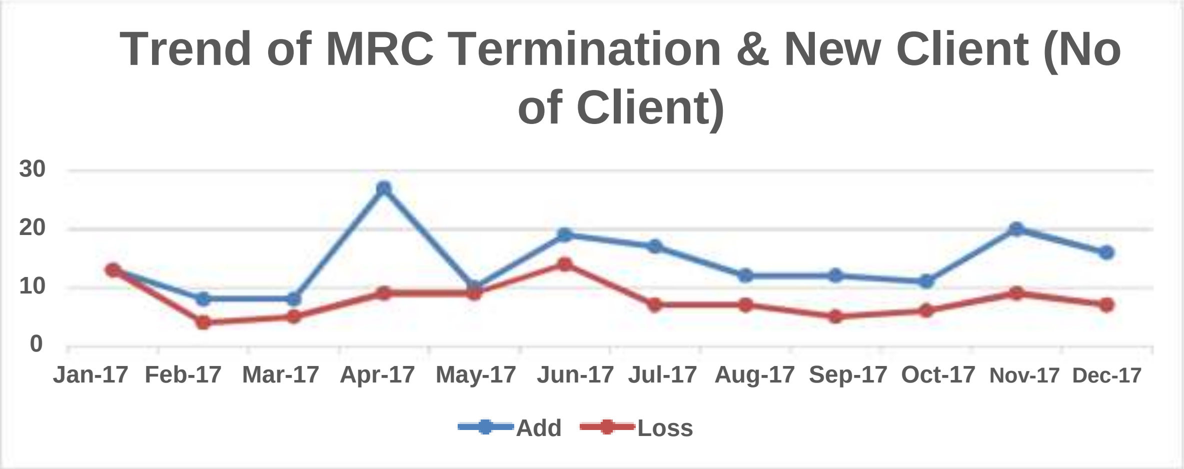

Figure: 09

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Add	13	8	8	27	10	19	17	12	12	11	20	16
Loss	13	4	5	9	9	14	7	7	5	6	9	7

MRC Termination and New Client: In 2018 ANL terminated some clients on the other hand they also added new clients. In January 13 new clients were added where 13 old clients was terminated. In December 16 new clients were added and 7 clients were terminated. In April 27 new clients were added which was the highest addition of last year.

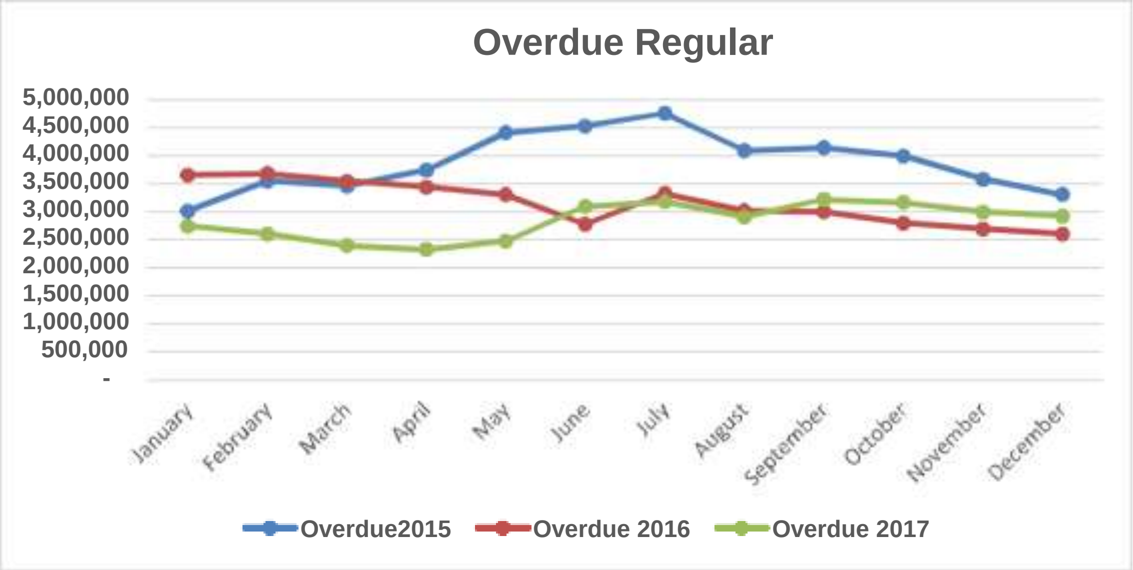

Figure: 10

	January	February	March	April	May	June	July	August	September	October	November	December
Overdue 2015	**3,014,422**	**3,546,371**	**3,455,228**	**3,743,218**	**4,411,401**	**4,526,580**	**4,754,480**	**4,087,579**	**4,140,796**	**3,992,267**	**3,576,386**	**3,311,353**
Overdue 2016	**3,655,125**	**3,677,602**	**3,541,488**	**3,438,757**	**3,301,494**	**2,781,040**	**3,326,055**	**3,019,521**	**3,000,384**	**2,796,076**	**2,693,239**	**2,602,144**
Overdue 2017	**2,747,657**	**2,603,005**	**2,398,414**	**2,325,962**	**2,477,624**	**3,093,288**	**3,180,226**	**2,902,471**	**3,219,736**	**3,164,712**	**2,993,895**	**2,924,200**

Overdue: Overdue of an organization and the control over it shows the impact of the receivable management policy. If we look at the graph, we can see that the condition or situation was better in December 2017 compared to last two years. It shows that the implementation of the policies helps to hold the control over it.

5 Intern Role and Responsibilities

5.1 Nature of the Job

Aamra Networks Limited (ANL) provides both prepaid and postpaid services. Every day different transactions occur based on the collection. Those transactions are recorded in different Excel files. Any of these files were meant to be prepared for the Credit Management Department by me.

5.2 Responsibilities and different aspects of the job

In the Credit Control department as an intern, I was required to participate in a range of activities.

5.2.1 Cheque information entry and Cash & Cheque deposit

In the first hour of office, I was supposed to maintain an excel sheet of the cheques to be deposited; which have been received against accounts receivable. The information I was required to maintain about the cheques were;

- Bank name of the cheques which are going to be deposited.
- The code of the money receipt.
- Number of each cheque
- Amounts mentioned in the cheques
- Specific bank name and account number where all the cheques are going to be deposited
- Deposit slip for the transfer cheques, non MICR cheques and cash.

5.2.2 Daily Collection Entry

The collection team hands me the collection voucher, which is filled out with various details and checks. The vouchers and checks were organized by service. Then, using a device entry port, data was inserted into the software.

5.2.3 Preparing List of Invoice

ANL sends its bill and invoice through e-mail and courier service. ANL takes the courier service from Pathao. I was supposed to prepare a list containing the company name, address, contact number, and e-mail address. Pathao used that list for delivery.

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5.2.4 Preparing TAX Letter

It is another part of the Credit Control Department. ANL is authorized by Bangladesh Government for deducting or collecting VAT and TAX from the client. Every year ANL sends a TAX letter with the invoice. I was instructed to prepare a TAX letter for more than 350 clients.

5.2.5 Managing Company Database

ANL has more than a thousand clients and it is increasing day by day. So maintaining the database of the clients is very important. I was asked to maintain the clients' information for the last three months. Their main software for the database is Quick-Book Enterprise Solution and they store information on the website named Aamra EMS. I worked with Quick-Book and updated customer information.

5.2.6 Preparing WIFI Agreement

ANL provides free WIFI in different locations all over the country. They made a new agreement for the next three years for a specific bandwidth in 2018. I was directed to prepare those agreements. The agreement contains the name and address of both ANL and client, duration of the agreement, bandwidth, and the sign of authority.

6 Observations and Findings

6.1 Deposit date of cheques

If a cheque is denied, the deposit date is critical; otherwise, when it comes time for bank reconciliation, a problem occurs because the bank book and bank statement display different amounts. However, the program does not keep track of the deposit date, so it must be done manually.

6.2 High bank charges for rejected cheques

Cheques deposited in the bank may be refused if the account balance is inadequate. The majority of postdated cheques are refused because the party is supplying them without adequate funds. The charge applies for rejected cheques is 20-250 Tk in Standard charted bank Rejection for insufficient balance bank charge within Dhaka City is 150 Tk and outside Dhaka City 250 Tk. The charge for a bounced cheque in Bank Asia is 200 Tk. Bounced cheque in DBBL is 200 Tk and returned cheque is 100 Tk.

6.3 Party name similarity

When it comes to circulation receivables, agents' names may be confusing. When writing money receipts, the name used by the specific party in the accounting software is not always the same as the name written on the money receipts. It causes uncertainty when entering data into apps,

7 Recommendation

7.1 Structure and accountability

I recommended that refocusing operational accountability on one individual and establishing central control of credit management and collection management would benefit the aamra networks ltd.

7.2 Confirmation of balance

Occasionally, a party will submit postdated cheques well in advance of the deposit date. To prevent a high bank fee for insufficient credit in the account, check that there is enough balance when depositing this postdated cheque to the bank over the phone.

7.3 Reduction of Communication Gap among Company, Courier Service and Client

ANL uses courier for invoicing. But there is a gap among the process. Though the courier boy takes the invoices timely for delivery but some clients do not get it within the estimated time. This situation creates misunderstanding between the company and the client. Sometimes ANL sends office assistants for the collection of invoices but they become surprised when the client says that they (client) did not get the invoice copy. I think ANL should consider the fact and reset the agreement with strict rules and regulations which will help them getting earlier payment.

7.4 Updating Old Database

The Database is a basic component for the organization to run. A company like ANL is very concerned about this. They keep their database and always try to update it. But not every piece of information is constant. Different companies change their address, employees leave their jobs, information changes sometimes for some other reason, and this should be updated on time. I think ANL should focus on this area which will help them to reduce communication problem.

8 Conclusion

A systematic approach to credit control, while helping to focus relationships between employees and clients. An analysis of customers applying for credit, an assessment of their account balances, creditworthiness and previous associations of companies, together with information from industry, allows enlightened action to be taken prior to the issuing of credit.

In order to reduce outstanding accounts and write off bad debts of your company, you need a system of debt control and management throughout the year, there is no single stage in debt reduction, there is only one way – a constant and integrated management system that provides you with tools for controlling your customer information and communication systems.

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about aamra networks. (2020, october). Retrieved from aamranetworks.com: https://www.aamranetworks.com/company/about-us-2/

Accounts Receivable Management. (n.d.). Retrieved from Billing Tree: https://mybillingtree.com/glossary-terms/what-is-accounts-receivable-management/

KENTON, W. (2020, september 23). *Credit Control*. Retrieved from Investopedia: https://www.investopedia.com/terms/c/credit-control.asp

Management. (n.d.). Retrieved from https://www.aamranetworks.com/company/meet-our-manageme/

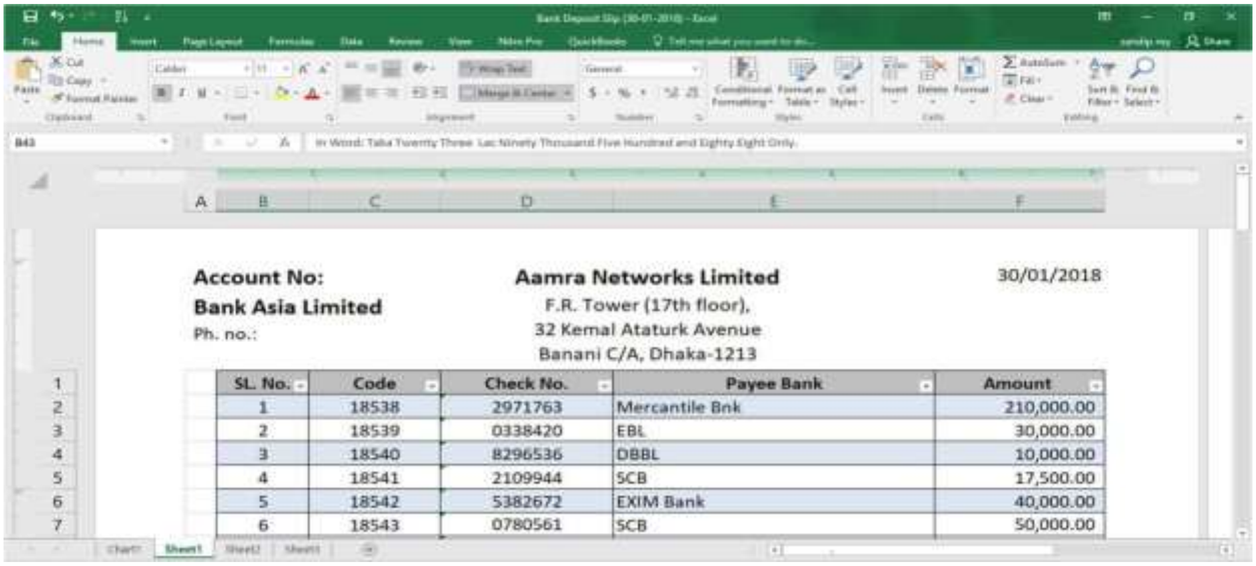
What is Accounts Receivable Management. (n.d.). Retrieved from Billing Tree: https://mybillingtree.com/glossary-terms/what-is-accounts-receivable-management/

Appendix

Abbreviation

ANL	Aamra Networks Limited
ICT	Information and Communication Technology
MICR	Magnetic Ink Character Recognition
VAT	Value Added Tax
ISP	Internet Service Provider
AGM	Annual General Meeting
WAN	Wide Area Network
CRM	Customer Relationship Management
MRC	Monthly Recurring Charge
YTD	Year To Date

Sample 01: Cheque information entry



In Word: Taka Twenty Three Lac Ninety Thousand Five Hundred and Eighty Eight Only.

Account No:

Bank Asia Limited

Ph. no.:

Aamra Networks Limited
F.R. Tower (17th floor),
32 Kemal Ataturk Avenue
Banani C/A, Dhaka-1213

30/01/2018

SL. No.	Code	Check No.	Payee Bank	Amount
1	18538	2971763	Mercantile Bnk	210,000.00
2	18539	0338420	EBL	30,000.00
3	18540	8296536	DBBL	10,000.00
4	18541	2109944	SCB	17,500.00
5	18542	5382672	EXIM Bank	40,000.00
6	18543	0780561	SCB	50,000.00

Sample 02: TAX letter

July 01, 2018

Lafarge Surma Cement Ltd.

Attention: Accounts & Finance Department

Subject: **Regarding TAX Challan(s) copies from 01-January-2018 to 30-June -2018**

Dear Sir/Madam,

With best regards,

Muhammed Yusuf Miah
Senior Executive, Credit Control

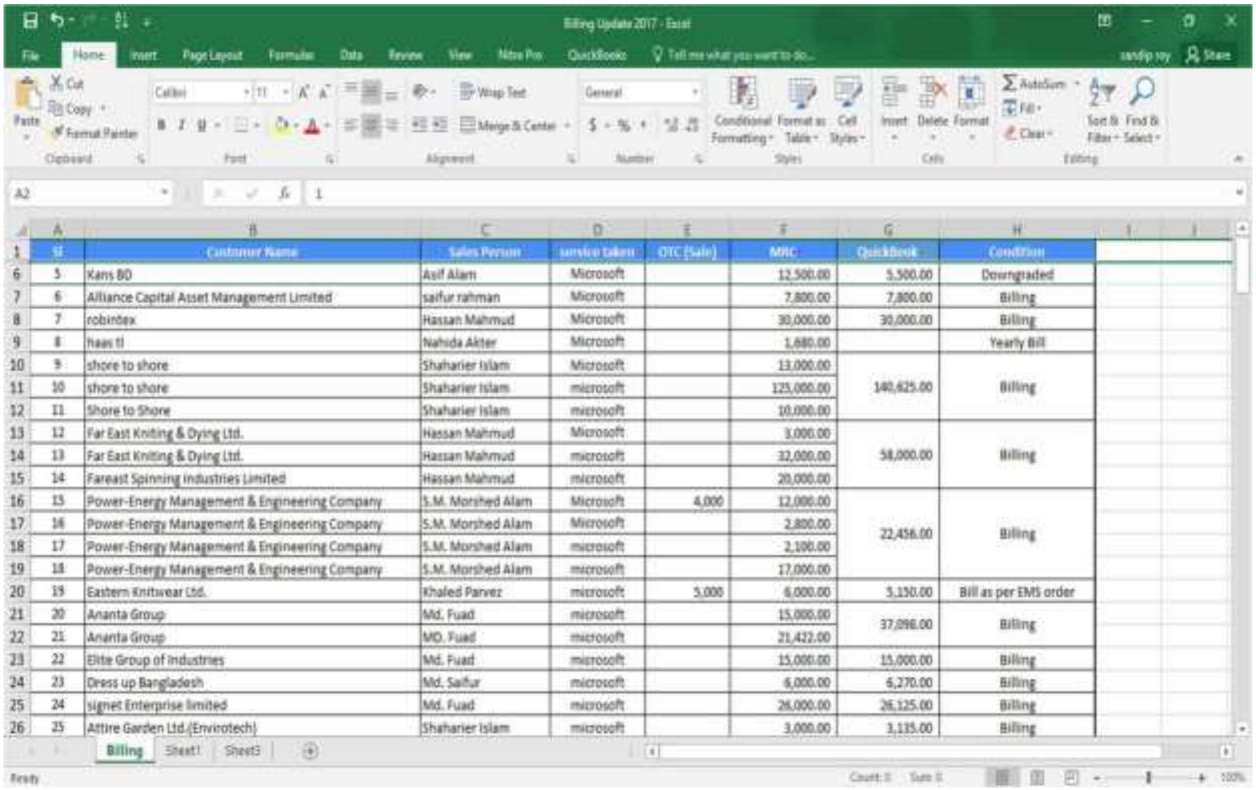
Sample 03: WIFI Agreement

CONTRACT

BETWEEN

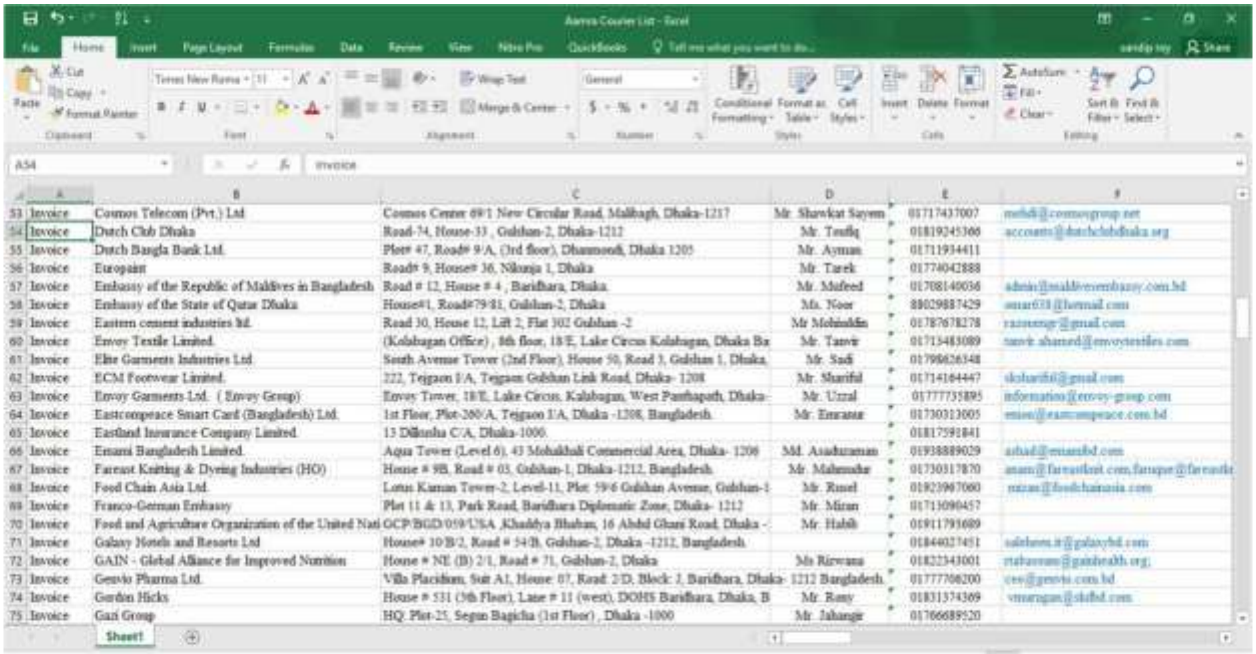
AND

Sample 04: Billing Update



Sl	Customer Name	Sales Person	service taken	OTC (Sale)	MRC	QuickBook	Condition
5	Kans BD	Asif Alam	Microsoft		12,500.00	5,500.00	Downgraded
6	Alliance Capital Asset Management Limited	saifur rahman	Microsoft		7,800.00	7,800.00	Billing
7	robintex	Hassan Mahmud	Microsoft		30,000.00	30,000.00	Billing
8	haas tl	Nahida Akter	Microsoft		1,680.00		Yearly Bill
9	shore to shore	Shaharier Islam	Microsoft		13,000.00	140,625.00	Billing
10	shore to shore	Shaharier Islam	microsoft		125,000.00		
11	Shore to Shore	Shaharier Islam	microsoft		10,000.00		
12	Far East Kniting & Dying Ltd.	Hassan Mahmud	Microsoft		3,000.00	58,000.00	Billing
13	Far East Kniting & Dying Ltd.	Hassan Mahmud	microsoft		32,000.00		
14	Fareast Spinning Industries Limited	Hassan Mahmud	microsoft		20,000.00		
15	Power-Energy Management & Engineering Company	S.M. Morshed Alam	Microsoft	4,000	12,000.00	22,456.00	Billing
16	Power-Energy Management & Engineering Company	S.M. Morshed Alam	Microsoft		2,800.00		
17	Power-Energy Management & Engineering Company	S.M. Morshed Alam	microsoft		2,100.00		
18	Power-Energy Management & Engineering Company	S.M. Morshed Alam	microsoft		17,000.00		
19	Eastern Knitwear Ltd.	Khaled Parvez	microsoft	5,000	6,000.00	5,150.00	Bill as per EMS order
20	Ananta Group	Md. Fuad	microsoft		15,000.00	37,098.00	Billing
21	Ananta Group	MD. Fuad	microsoft		21,422.00		
22	Elite Group of Industries	Md. Fuad	microsoft		15,000.00	15,000.00	Billing
23	Dress up Bangladesh	Md. Saifur	microsoft		6,000.00	6,270.00	Billing
24	signet Enterprise limited	Md. Fuad	microsoft		26,000.00	26,125.00	Billing
25	Attire Garden Ltd.(Envirotech)	Shaharier Islam	microsoft		3,000.00	3,115.00	Billing

Sample 05: Courier List



A	B	C	D	E	F
Invoice	Cosmos Telecom (Pvt.) Ltd	Cosmos Center 69/1 New Circular Road, Malibagh, Dhaka-1217	Mr. Shawkat Sayem	01717437007	mehdi@cosmosgroup.net
Invoice	Dutch Club Dhaka	Road-74, House-33 , Gulshan-2, Dhaka-1212	Mr. Toufiq	01819245366	accounts@dutchclubdhaka.org
Invoice	Dutch Bangla Bank Ltd.	Plot# 47, Road# 9/A, (3rd floor), Dhanmondi, Dhaka 1205	Mr. Ayman	01711934411	
Invoice	Europaint	Road# 9, House# 36, Nikunja 1, Dhaka	Mr. Tarek	01774042888	
Invoice	Embassy of the Republic of Maldives in Bangladesh	Road # 12, House # 4 , Baridhara, Dhaka	Mr. Mufeed	01708140036	admin@maldivesembassy.com.bd
Invoice	Embassy of the State of Qatar Dhaka	House#1, Road#79/81, Gulshan-2, Dhaka	Ms. Noor	88029887429	amar633@hotmail.com
Invoice	Eastern cement industries ltd.	Road 30, House 12, Lift 2, Flat 302 Gulshan -2	Mr Mohiuddin	01787678278	razoumge@gmail.com
Invoice	Envoy Textile Limited.	(Kalabagan Office) , 8th floor, 18/E, Lake Circus Kalabagan, Dhaka Ba	Mr. Tanvir	01713483089	tanvir.ahamed@envoytextiles.com
Invoice	Elite Garments Industries Ltd	South Avenue Tower (2nd Floor), House 50, Road 3, Gulshan 1, Dhaka,	Mr. Sadi	01799826348	
Invoice	ECM Footwear Limited.	222, Tejgaon I/A, Tejgaon Gulshan Link Road, Dhaka- 1208	Mr. Shariful	01714164447	skshariful@gmail.com
Invoice	Envoy Garments Ltd. (Envoy Group)	Envoy Tower, 18/E, Lake Circus, Kalabagan, West Panthapath, Dhaka-	Mr. Uzzal	01777735895	information@envoy-group.com
Invoice	Eastcompeace Smart Card (Bangladesh) Ltd.	1st Floor, Plot-280/A, Tejgaon I/A, Dhaka -1208, Bangladesh	Mr. Emranur	01730313005	emon@eastcompeace.com.bd
Invoice	Eastland Insurance Company Limited	13 Dilkusha C/A, Dhaka-1000.		01817591841	
Invoice	Emami Bangladesh Limited.	Aqua Tower (Level 6), 43 Mohakhali Commercial Area, Dhaka- 1208	Md. Asaduzaman	01938889029	arshad@emamibd.com
Invoice	Fareast Knitting & Dyeing Industries (HO)	House # 9B, Road # 03, Gulshan-1, Dhaka-1212, Bangladesh	Mr. Mahmudur	01730317870	anam@fareastknit.com,faruque@fareastk
Invoice	Food Chain Asia Ltd.	Lotus Kamal Tower-2, Level-11, Plot: 59/6 Gulshan Avenue, Gulshan-1	Mr. Rasel	01923987080	mizan@foodchainasia.com
Invoice	Franco-German Embassy	Plot 11 & 13, Park Road, Baridhara Diplomatic Zone, Dhaka- 1212	Mr. Miran	01713090457	
Invoice	Food and Agriculture Organization of the United Nati	OCP/BGD/059/USA ,Khaddya Bhaban, 16 Abdul Ghani Road, Dhaka -	Mr. Habib	01911793689	
Invoice	Galaxy Hotels and Resorts Ltd	House# 10/B/2, Road # 54/B, Gulshan-2, Dhaka -1212, Bangladesh		01844027451	salehsen.it@galaxybd.com
Invoice	GAIN - Global Alliance for Improved Nutrition	House # NE (B) 2/1, Road # 71, Gulshan-2, Dhaka	Ms Rizwana	01822343001	rtabassum@gainhealth.org;
Invoice	Genvio Pharma Ltd.	Villa Placidium, Suit A1, House: 07, Road: 2/D, Block: J, Baridhara, Dhaka- 1212 Bangladesh		01777708200	ceo@genvio.com.bd
Invoice	Gordon Hicks	House # 531 (5th Floor), Lane # 11 (west), DOHS Baridhara, Dhaka, B	Mr. Rony	01831374369	vmurugan@slsbd.com
Invoice	Gazi Group	HQ: Plot-25, Segun Bagicha (1st Floor) , Dhaka -1000	Mr. Jahangir	01766689520	