UNITED INTERNATIONAL UNIVERSITY

Internship Report on

Treasury Management & Working Capital Management of Akij Cement Company Limited

Submitted To

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Submitted By

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Letter of Transmittal

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Nusrat Farzana

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Subject: Submitting Internship report on 'Treasury Management of Akij Cement Company Limited.

Dear Ma'am,

I am really very pleased to say that I have completed my internship from Akij Resource Limited. I have prepared a report on the topic of **Treasury Management and Working Capital Management of Akij Cement Company Limited.** I have learnt a lot. It will help me in my career development. And also, I enjoyed a lot while I was working on this topic.

In the way of preparing this report, I tried to follow all the instructions given by you.

Regardless of my extreme caution, there could be a few issues. I would be thankful if you consider those from a point to be excused.

Sincerely Yours,

Rakhi Halder

ID: 111 172 053

School of Business and Economics

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Acknowledgement

I need to enlist the help and direction of a few well-known people in order to complete my internship report, and they have my whole gratitude. To begin with, I'd like to thank my respected faculty member, Nusrat Farzana, Assistant Professor (SOBE), United International University, for providing me with direction during the various consultations for the report.

Secondly, I would like to expand my deepest gratitude towards Mr. Raihan Kabir, Finance Manager of Akij Resource Limited, MD Firoz Chowdhury, Assistant Finance Manager of Akij Cement Company Limited and Rakibul Islam Rana, for giving me necessary information of their company, for sharing their knowledge with me and taught me numerous accounts and finance related work of a conglomerate company.

Finally, I'd want to express my gratitude to all who have assisted me in the preparation of this report, both directly and indirectly. Many individuals, including my classmates, colleagues, and responses, provided insightful comments and ideas on this report, inspiring me to enhance and polish my internship report. I'd want to thank everyone involved in this report for their invaluable assistance once more.

Executive Summary

After completing my three-month internship at Akij Resources Limited, I have abled to prepare this internship report. During these three months, I have gathered huge deal of real life experience in the corporate sector.

The major aim of this report is to incorporate a descriptive discussion of Treasury Management and Working Capital Management of Akij Cement Company Limited -Akij Group. To support this study and write the report, both primary and secondary sources were utilized.

I have discussed some basic things in the first chapter of this study, such as the report's background, methodology, objective, and limitations.

In the second chapter, the literature review of working capital management has discussed. I have summarized many journals and articles regarding working capital management in my own language

In the third section, I examined the company's history, mission-vision, product-service details, values, and core competencies. This section will give a good overview of Akij Resources Ltd. People can easily get to know about Akij Resources limited.

In the fourth section, I have discussed about the Treasury Management of Akij Cement Company Limited and brief description of Letter of Credit. The treasury management is divided into 3 procedures. Payment, Accounts Receivables and bank reconciliation. Akij Cement Company Limited pay different types of payments and for that they use different modes of Payment. The important key data of accounts receivables management has given in this third section. Akij Cement Company limited do bank reconciliation by following auto and manual reconciliation. There are 20 banks are involved with |Akij Cement Company Limited. Letter of Credit is the important term for this organization. As different raw material imports from outside of the country, they most use this contract (LC).

In the fifth chapter, I explained about what is Working Capital and Working Capital Management. I did analysis of Working Capital Management. The Working Capital Cycle is given, where it can be understood that how many days it will take to convert inventory into payables. So, this working capital cycle is divided into three parts. One is inventory management. There the economic order quantity and inventory reorder point has described to understand the ACCL's inventory. The second part is accounting receivable management. The main factor of accounts receivable management has also elaborately described in this part which trade credit. This trade credit policy gives a huge advantage to any kind of productive company. How the trade credit is granting, how the decision is taken is also described here. Some mathematical case of Akij Cement Company limited is given here. The final part is Accounts payable where the relationship between cash flow time line and accounts payable of ACCL has shown there.

In the sixth chapter, Finding and Analysis of the report has mentioned. One manual reconciliation has stated and explain the whole mathematical process of doing Bank reconciliation and how the dissimilarities of statements can be solved or recovered has also be explained on this chapter. The credit granting decision of Akij Cement Company Limited has also analyzed in this part by using credit scoring model.

Finally, in the last section, I attempted to come to a conclusion and provide a recommendation for the company.

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Chapter 1: Introduction

Education is no longer solely confined to books and classrooms. Education is the instrument for understanding the actual world and using information to the betterment of society and business in today's world. Theoretical information is obtained from education through courses of study, which is only half of the subject matter. There is no alternative for practical awareness. As a result, United International University's Department of Business Administration offers an internship program that allows prospective BBA degree holders to gain at least three months of practical experience. In addition, the intern is expected to provide a report summarizing the analysis, findings, and knowledge obtained from this program.

As a result, this internship report is an academic need for the accomplishment of bachelor Degree of Business Administration Program in the main subject of Finance at United International University. The report titled 'Treasury Management of Akij Cement Company Limited.' is based on a study completed during the internship period at Akij House, Head Office. It includes a concrete understanding of comprehensive Treasury Management Practices from the perspective of the entire corporation. My supervisor has assigned this topic, which must be reported to both the department and the office.

The internship program is a requirement for graduation in part. It provides a superb opportunity for every student to gain some fantastic and creative thoughts regarding the subject of practice. As a successful graduate, preparing an Internship Report that increases academic skills is also a daunting experience. As the corporate sector has emerged as the most important factor in our economy and also provides a passionate professional growth climate, it has been my primary ambition to complete internships in this sort of business institution since the very beginning of the BBA program.

From November 1st to January 6th, 2022, I worked as an intern at Akij Resources Limited (Akij House) for thirteen weeks in various wings of the Finance and Accounts Department, depending on their needs.

1.1 Objective of Internship Program at Akij Resources Limited

I had the opportunity to execute a variety of activities and responsibilities as an intern at Akij House. Some of the responsibilities are highlighted below:

- Prepare Journal Voucher on EMS
- Create BP, BR and MR for different payments and receivables
- Prepare Bank Reconciliation on Monthly basis
- Find out the dissimilarities of Bank Reconciliation and try to figure out the dissimilarities
- Do the correction of wrong entry on IBOS account
- Face to the audit Department

1.2 Objective of the Study

1.2.1 Broad Objective

The principle objective of this report is to scan Akij Cement Company Limited's Treasury Management.

1.2.2 Specific Objectives

- To assess overall Finance and accounts functions of the company.
- To assess Bank reconciliation statements of the company.
- To evaluate how company's Cash allocation is affected by the management process treasury department of Akij Cement Company Limited.

1.3 Methodology of the Study

I used two sorts of data sources to compile my report. The first is primary data, and the second is secondary data.

For primary data, I conducted a thorough interview with one of my mentors at Akij Resources Ltd and gathered all of the information I required for this research.

For secondary data, I looked at Akij Resources Limited and Akij Cement Company Limited's official websites, past research reports/articles/journals, various textbooks, and various data from the internet.

1.4 Scopes and Limitations of the Study

The analysis was completed from beginning to end, ensuring that it was thorough and accurate. In this sense, other colleagues and interns were also helpful. Most significantly, my reporting supervisor aided me in any way he could.

However, various issues developed during the course of the analysis. The following are some of the study's limitations:

- Due to time constraints, information needed for a much more in-depth examination could not be obtained.
- Most of the time, organizations confine themselves to disclosing internal information. It was tough to gather all of the necessary information for the report.
- Lack of experience in corporate life.

Chapter 2: Literature Review

Working capital is the difference between current assets and current liabilities. It also establishes a healthy balance between profit and firm material procurement. The operation has something to do with accounts receivable, payable, or inventories. As the number of days in the working capital cycle becomes longer, the price for working capital management accelerates. (Johor, 2018) Many businesses spend a significant amount of money on working capital management. As a result, it has a substantial influence on a company's profitability and liquidity. (Deeloof, 2003)

WCM is an important aspect of corporate financial administration. Working Capital is a gauge of a corporation's financial health and is linked to liquidity and profitability (Sagner, 2014). There are three component of working Capital. Those are- Net working capital, operational working capital, and financial working capital. Inventory, Accounts Receivables, and Accounts Payables (Knauer and Wöhrmann, 2013) make up Operational Working Capital. Financial Working Capital refers to net Working Capital that isn't linked to operational Working Capital, such as Cash.

Working capital may be at an optimal level for maximizing a company's worth. Large inventories and a flexible trade credit policy, on the one hand, may lead to increased sales. Stock-outs are less likely with more inventory. As it accepts the consumers to examine products quality before purchasing, trade credit may help boost sales (Long, Malitz and Ravid, 1993; and Deloof and Jegers, 1996). Because the suppliers can have eloquent cost advantages over financial institutions when it comes to giving credit to their clients, it can also be a low-cost source of credit (Petersen and Rajan, 1997).

Working Capital (WC) also includes accounts due. Payments are being deferred to vendors provides a business to inspect the quality of goods it has acquired, and it may be a lower cost and flexible source of cash. In contrast, invoices that are not paid on time may be highly expensive if a discount is available for early payment. In 1996, assessment of trade credit practices in Europe, Svensson (1997) reported that for early payment, 75% of Belgian firms offered a discount (within 10 days). On average, a 3% discount was offered. The average contractual credit term was 41 days, compared to 61 days for actual payment, meaning that 49% of all trade credit was not paid on time. According to a 2001 study of Belgian firms' trade credit policies conducted by the Institute for Credit Management at the Vlerick Leuven Ghent School of Management, the average Belgian company gives a 2/10n30 discount for quick payment. In Bangladesh, most businesses provide a 2/10n30 discount if anyone pay on time.

The Working Capital Cycle, or the discrepancy in time across the spending for raw materials and the receipt of completed goods sales items, is a prominent measure of WCM. The more the working capital investment, the longer the time lag. A longer cycle period may boost profitability by increasing sales. However, if the expenses of increased working capital exceed the advantages of restoring more inventory and/or giving greater trade on credit to clients, corporate profitability may suffer.

The cement production is critical to Bangladesh's growth, and its profitability is heavily crucial to the performance of management of working capital. According to Mazumdar, profit and working capital management get a positive relationship (2005). Organizations should enhance their working capital balance, according to Knauer and Wohrmann (2013). They also emphasized what it is by adding that the firm should reduce the quantity of Working Capital necessary in the organization in order to achieve the target profit. They claim that Working Capital Management yields free cash flow and returns to shareholders. Accounts receivable is another component of Working Capital Management, and the amount of account receivable days is the time company takes to collect payment from clients. Day’s sales outstanding, or DSO, is another term for it. DSO is vital to a company's profitability, and the less time it takes, the better (Johor, 2018). Accounts payable, according to Deeloof, is the payment that must be paid to vendors as a result of obtaining raw materials, and the payment period is the time necessary to pay the vendors (2003).

Chapter 3: Organizational Overview

3.1 About AKIJ Group:

The history of the Akij Group dates from the late 1940s. The Group began modestly with jute commerce, which was then known as the country's golden fiber, and earned the most foreign exchange. The Akij Group's never-ending efforts, combined with the support of our many clients, have resulted in the diversification of our company activities. The Group's second phase involved the production of bidis, which are hand-rolled cigarettes. This industry significantly increased the Group's earnings while also contributing significantly to the government's coffers.

The Akij Group has an attractive and long story. Akij inveterate itself as Bangladesh's most recognized and well known industrial clan throughout the years. It is combined of 24 large firms that involved in variety of activities and sell different kinds of products. The Akij Group began more than 50 years ago as a small jute merchant. Since then, it has progressed at a breakneck speed in Bangladesh's industrial sector. The group employs a significant number of employees who are treated as members of the Akij family.

Akij Group has five main business clusters. Those are Akij Holdings limited, Akij Assets Limited, Akij Insaf Limited, Akij Venture Limited, and Akij Resources Limited. The main focus point of this report is Akij Resources Limited.
Akij Resources Limited. ARL is a brand-new business cluster that began operations in 2020 under the leadership of Sheikh Jashim Uddin, managing director of Akij Group. Akij Resources Limited is made up of five core business units: Akij Cement Company Ltd, Akij Shipping Lines Ltd, Bluepill Ltd., iBos, and Magnum Steel Industries Ltd, with a total workforce of over 3300 workers.

3.2 Products and Services of Akij Group

<u>Akij Cement Company Limited</u>

Akij Cement Company Limited (ACCL) was established in 3rd November, 2002. Akij Cement Company Limited employs 1089 people nationwide. In Bangladesh, Akij Cement pioneered a world-class technology which is known as the Vertical Roller Mill (VRM), it ensures the production of 2–50-micron ultrafine cement. Akij Cement can proudly claim to be Bangladesh's pioneer of future VRM technology. They have factories in Nabigonj, Kadam Rasul, Bandar, and Narayangonj. They have their own Sack Plant (Ad*star woven bag factory). The production capacity is 9280 MTs/Day. For product distribution network ACCL use the water and land way. It has 6 Mother Vessel and 45 Lighters for carrying our imported own Raw Materials. There are five unit of ready-mix concrete plant in four different locations of Dhaka. ACCL uses the most modern quality control management system. They imported their raw materials outside of the country. They set their goals to achieve customer satisfaction and to deliver the best quality products on time. To achieve this philosophy, they always concentrate on prevention methods for its quality and perpetuate an attitude of “Do it right the first time”.

- Portland Cement (PC) CEM I: Portland cement is a general-purpose cement that contains more than 95 percent high-quality clinker and is utilized in a variety of applications such as high-rise buildings and bridges.

- Portland Composite Cement (PCC) CEM II/B-M: Superior grade cement based on fly ash free blast furnace iron slag, especially for strong and durable concrete in hostile environments.
- Portland Composite Cement (PCC) CEM II/A-M: This is utilized in mass constructions such as huge piers, hefty abutments, and retaining walls because it contains more clinker and blast furnace iron slag.
- Akij Cement produces ready-mix concrete. Ready-mix concrete is made the highest-quality raw materials, which are thoroughly evaluated in the plant's own laboratory before being allowed for usage.

Akij Shipping Lines Limited

Akij Shipping Line Limited was founded on September 9th, 2010, with a major concentration on dry bulk cargo transportation. ASLL has a total of ten active boats and about 750 employees. Akij Shipping Line Limited also has a branch in Singapore where they provide services.

- SHIP OWNERS
- CHARTERING
- TECHNICAL MANAGEMENT
- CREW MANAGEMENT
- SHIP BROKERS
- TRADING
- SHIP AGENCY
- COASTAL VESSEL

Magnum Steel Industries Limited

Magnum was established in 2007 and focuses on three product categories. Magnum is now a proud member of the Akij Group.

- Mild Steel Billet: Magnum has its own world-class melting factory that produces high quality, low-carbon Mild Steel Billets.
- Magnum Supreme 500W: Magnum Steel offers its Supreme 500W, the highest grade of steel bars included in the Bangladesh Standards and Testing Institution's standards for steel bars for concrete reinforcement (BSTI).
- Magnum 400: Magnum Steel also manufactures Magnum 400, which has minimum yield strength of 415 MPa (equivalent to 60,000 psi)

Blue Pill Limited

Information technology, consulting, customer care and support, and business process outsourcing are just a few of the services offered by BLUE PILL LIMITED. BPL's industry knowledge and they can stay dedicated to offering higher value, better quality, and low-cost Business Processing and IT services to their potential customers because of their well-established offshore liaison(s). They've offered a wide diversity of outsourcing and Information Technology services. Services, providing solutions to both large and small enterprises and industry leaders, since their establishment in 2014. They provide the finest solutions for every department in their business. End-to-end solutions are part of the Business Process Outsourcing offering. They provide it all, and they do it in a way that is both customer-friendly and customizable.

- Microsoft
- Automation & Industrial Engineering
- Document Management Services
- Enterprise Application
- Consulting
- Manage IT Service
- Analysis & Analytics
- Document Management Services
- Cyber Security
- Cognitive Business Operation
- Reference Verification
- Cloud app, Microservices, API
- Contact Center Services
- Digital Marketing

Ibos Limited

Ibos Limited, a subsidiary of AKIJ, is a software corporation with substantial experience in manufacturing ERP solutions, business process optimization, and web development. They describe themselves as business problem solvers who offer complete, integrated, and intelligent industry-specific business solutions.

- iBOS HRM
- iBOS Accounting
- iBOS RTM
- iBOS SME
- iBOS Enterprise

<u>Akij Essentials Limited</u>

Food commodities such as sugar, salt, oil, rice, atta, maida, and others are available through Akij Essentials Limited, a new business unit of Akij Resources Limited.

3.3 Mission and Vision

Because it is difficult to stand out with just one product in this day of mass production, Akij Group concentrates on being the best in all areas. A firm's vision is essentially a hope that the organization pursues to achieve, whether it is possible or not. The Akij Group aspires to grow their business internationally and become world’s market leaders. The Akij Group's objective is to become the market leader by putting maximum effort, developing a competent and antagonistic marketing plan, and gaining support from the customers. They are now in the position of challenger, and their vision is aligned with the missions, also their goals, targets and objectives that will help them to progress from challenger to market leader.

3.3.1 Mission Statement

"Ensure best quality products and services through continuous improvement that benefits society and environment"

3.3.2 Vision Statement

"Be the benchmark of customer's choice"

3.4 Values

- Customer Centric
- Positivity
- Ownership
- Innovative
- Teamwork

3.5 Core Competencies

- Process Orient
- Quality Focused
- Compliance
- Cost Efficiency

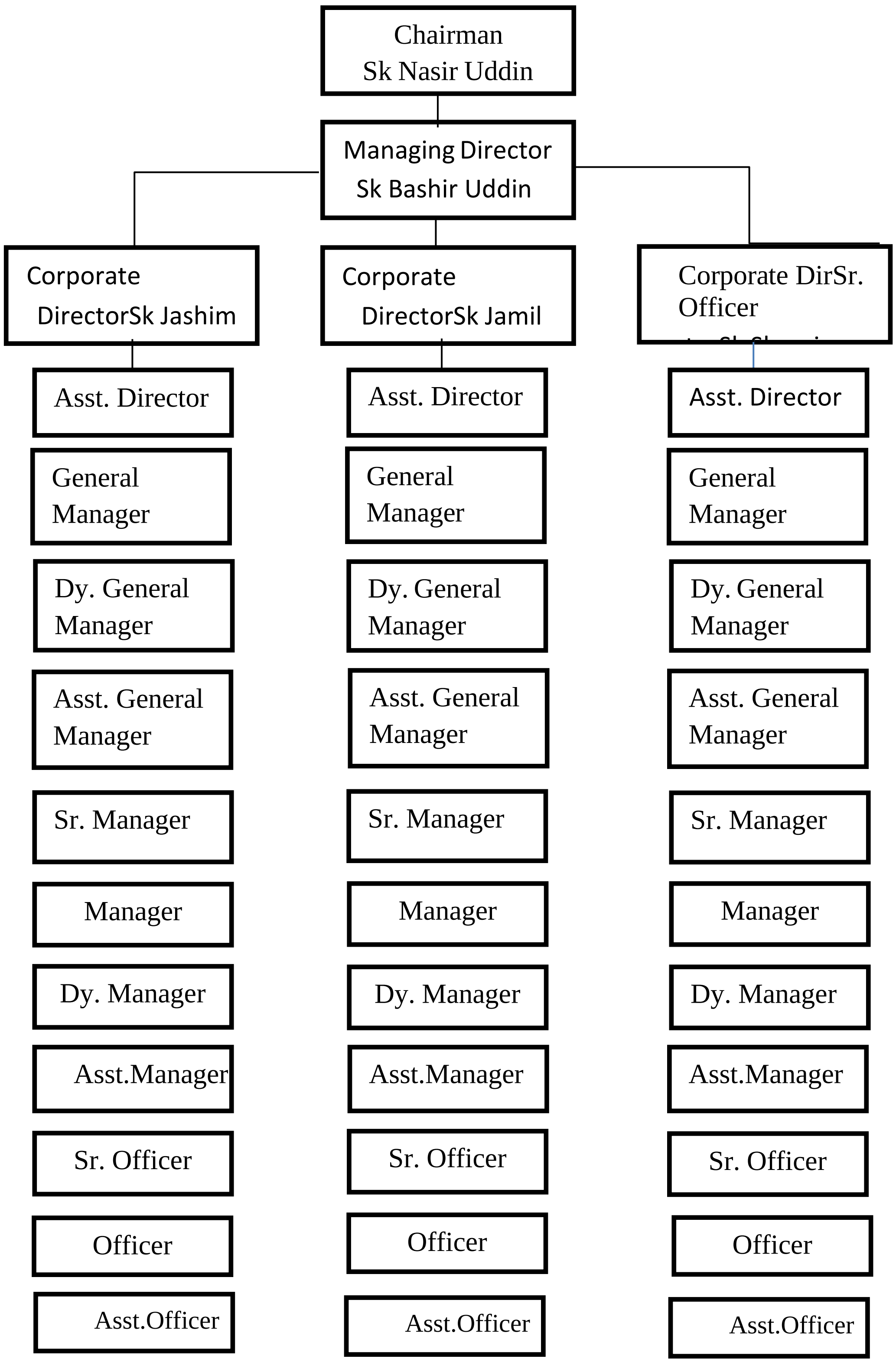
3.6 Akij Brand

Akij has built a solid brand image in the market over the years. Akij focuses on delivering the best in all industries in these competitive times, where it is impossible to stand out with just one product. All of these businesses continuously prioritize their brands. The vision of a firm is simply a dream that the company aspires to realize, whether or not it is feasible. Akij is focused on growing the company internationally and becoming one of the largest market leaders in the globe.

3.7 Akij Resources Limited's Management Process

Management at Akij Resources ltd is very centralized. Each employee is directly responsible to his or her immediate supervisor. Supervisors are expected to lead and make choices on behalf of their subordinates. The company's top management scrutinizes every decision. Akij Group employs a multi-channel, multi-communication strategy. Every two months or on a set day, the company's management has a conference to comprehensively examine the current and near-future state of the organization and its activities. All sibling companies are connected to the central office through the internet in order to make timely judgments.

3.8 Organogram



Chapter 4: Treasury Management of ACCL

4.1 Treasury Management:

Treasury management is very important for a company. It refers to manage all kind of cash, investments and other financial assets. All of these operations are aimed at minimizing short-term and medium-term liquidity and make pure financial judgments involving investing commodities. Treasury management is defined as the corporate administration of all financial issues, generating external and internal money for the company, the management of all cash flows and currencies and the involvement of company's finance strategies, regulations, and processes."

The Treasury manager is responsible for managing the treasury management. A treasury manager looks after all the currency flows and turnover of a business. They are in charge of the general finances of the organization. Their primary responsibilities include coordinating long-term financial planning and monitoring day-to-day operations. That means they have to manage the organization's working capital management.

The Treasury Management is combined with 3 procedures. Those are-

i) Payment procedure,

ii) Receivable procedures and

iii) Reconciliation

By maintaining these three procedure AKIJ Cement Company Limited (ACCL) is able monitor and trace their daily-to-daily cash-flows easily

4.2 Payment Procedure:

The first procedure of treasury management is the Payment procedure. It is the term in which one individual or a group can pay the amount against buying products or consuming any service. AKIJ Cement Company Limited (ACCL) import their raw material from outside of the country. They also buy some other materials from the national border's suppliers. ACCL has many other expenses too. Those expenses also be paid by them. For making all kinds of payment be cleared, they have categorized their payments and they use different mode of payment.

4.2.1 Types of Payment:

There are different types of expenditure in a company and according to that the payments are paid. Like in Akij Cement Company limited, they do the Duty payment means they paid taxes on purchased raw material like clinker. The cement makers in Bangladesh pays a 3percent annual advance income tax on raw materials imported and a 3percent annual tax on sales. So, this amount has to be paid by Akij Cement.

Akij Cement Company Limited have their Capital Expenditure (CAPEX). A capital expenditure is when money is spent on an asset that will be useful to a company for more than one reporting period. CAPEX includes investment on physical assets, such as buildings, equipment, machinery, and vehicles. Akij Cement do different Investments on different sister concern's project like Akij Cement Company Limited do investment on Akij Rice Mills and Bongo Trader's project. ACCL purchase capital machineries for their production purpose.

There are some other regular expenses which are incurred by Akij Cement Company Limited to operate regular operations. Those expenditure are known as Operating Expenditure (OPEX). Operating expenditures include rent, entertainment cost equipment, inventory costs, supplier payment, advance payment, overheads marketing, wages, health coverage, escalation charges, and funds set aside for research and development.

4.2.2 Mode of payment:

Different types of mode are being used for different types of payment in Akij. Such as Akij Cement Company Limited Use Cash (Entertainment), BEFTN, RTGS (Capex, OPEX), Pay Order (Tender Submission), and cheque for their payments. They use **Cash** method only for regular entertainment cost of the office. They use BEFTN and RTGS for company's capital expenditure and operating expenditure. **Bangladesh Electronic Funds Transfer Network (BEFTN)** stands for Bangladesh Bank's electronic payments and collection system, which moves monies between different accounts in different banks via the Originating Bank and Receiving Bank. And **Real-time gross settlement (RTGS)** systems are specialized funds transfer systems that allow money or securities to be transferred in real time and on a "gross" basis from one bank to another. RTGS systems are often used for high-value transactions that need to be cleared right away. An EFT is not instant because the beneficiary receives the money after two working days, but an RTGS is a real-time transaction in which the beneficiary receives the money the same day. When the suppliers need their payment on daily basis that time ACCL use RTGS. But in general, Akij Cement Company Limited pay their all kinds of payment like employee salaries, rent, utilities, and property taxes etc.by using BEFTN. Some payments are cleared by using **Pay Orders** like tender submission. They also use **Cheque** if any supplier wants their payment by cheque. Generally, those suppliers come to the office and take cheque directly. When raw materials are imported from outside, then **LC** is required. **A letter of credit (LC)** is a financial agreement. It is entered into by bank, its customers, and their beneficiary. The letter of credit, which is frequently supplied by a bank of importers, which secures that the recipient is compensated whenever the requirements of letter of credit is met. For example, Akij cement import clinker from Singapore. There the payment is clear by Letter of credit. So, in Bangladesh Islami Bank is working for Akij Cement Company limited and the Bank of Singapore is working for the suppliers of Singapore.so Between the contract will be made. And finally, after getting the materials the suppliers will get their money though Bank of Singapore.

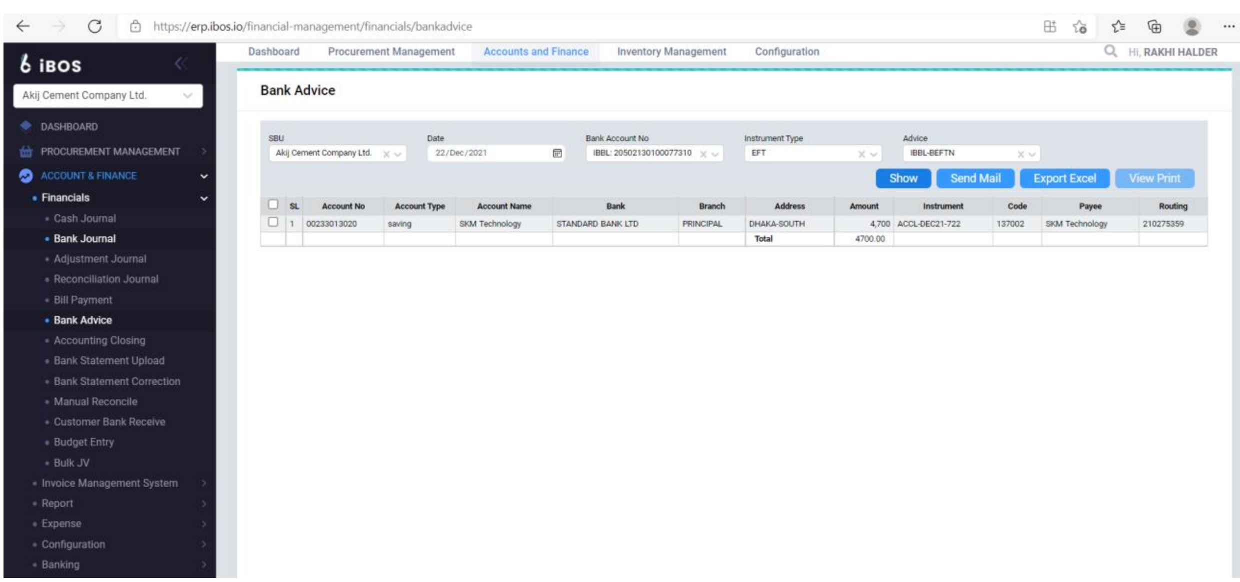


Figure 1 Mode of Payment

4.2.3 A brief description about Letter of credit (LC):

Comparing to any other paying options for international trade, the safest option is letter of credit. Letters of credit, on the other hand, have one major drawback. It's quite costly. In a letter of credit transaction, numerous banks are involved, and each bank charges a fee for each activity.
The following are typical letter of credit costs imposed by banks:

- **Letter of Credit Issuance Fee:** The amount of money which is demanded by the issuing bank. It is charged for opening a letter of credit.
- **Advising Fee:** This amount of fee is demanded by the advising bank to advise the credit to the beneficiary.
- **Handling Fee:** There are many reasons for which some amount of fees are collected by banks. Such as holding documents, sending swift messages etc. Those are known as Handling Fee.
- **Confirmation Fee:** This amount of fee is given by the confirming bank to add its confirmation to the credit.
- **Discrepancy Fee:** When the beneficiary presents any discrepant documents the issuing bank offers some amount of money to proceed the letter of credit which is known as discrepancy fee.
- **Amendment Fee:** When the letter of credit is reconstituted, the bank of issuer or confirmer can demand for this amendment fees.
- **Reimbursement Fee:** This amount of fees is used for settling the credit amount.

The costing of opening a letter of credit varies based on different cases, as the cost amount of issuing a letter of credit are influenced by a variety of circumstances.

The Main Factors Effecting Letter of Credit Issuance Costs:

- **Issuing Bank Charges:** Many banks are dealing this issue on everyday basis. Basically banks open L/Cs to make profit. That is reason they impose bank charges for issuing letter of credit.

- **How Letter of Credit is financed?**

  Importers can fund the amount of the letter of credit by using cash or trade finance loans. Normally a cash-backed letter of credit should be less expensive than a loan-backed letter of credit. **Payment Term:** As the payment time period go longer, the cost of obtaining a letter of credit increases. The bigger the fees, the longer the payment is past due.

  - **Letter of Credit Amount:** Banks select the insurance charges for letter of credit according to the percentage of the letter of credit amount. When the L/C amount is higher, then the charges are also higher.

- **Share letter of credit charges between the Importer and the Exporter:** The way by which the full cost of a letter of credit is divided between the importer and the exporter varies from one letter of credit to the next.

Process of Letter of credit:

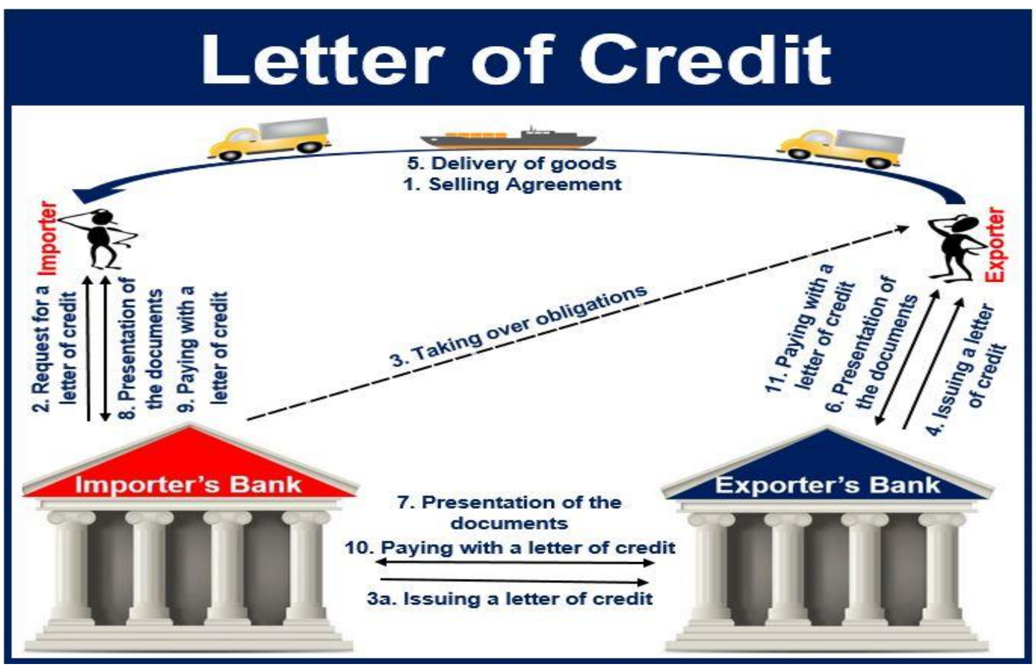


Figure 2 Process of Letter of Credit

4.2.4 Visual Presentation:

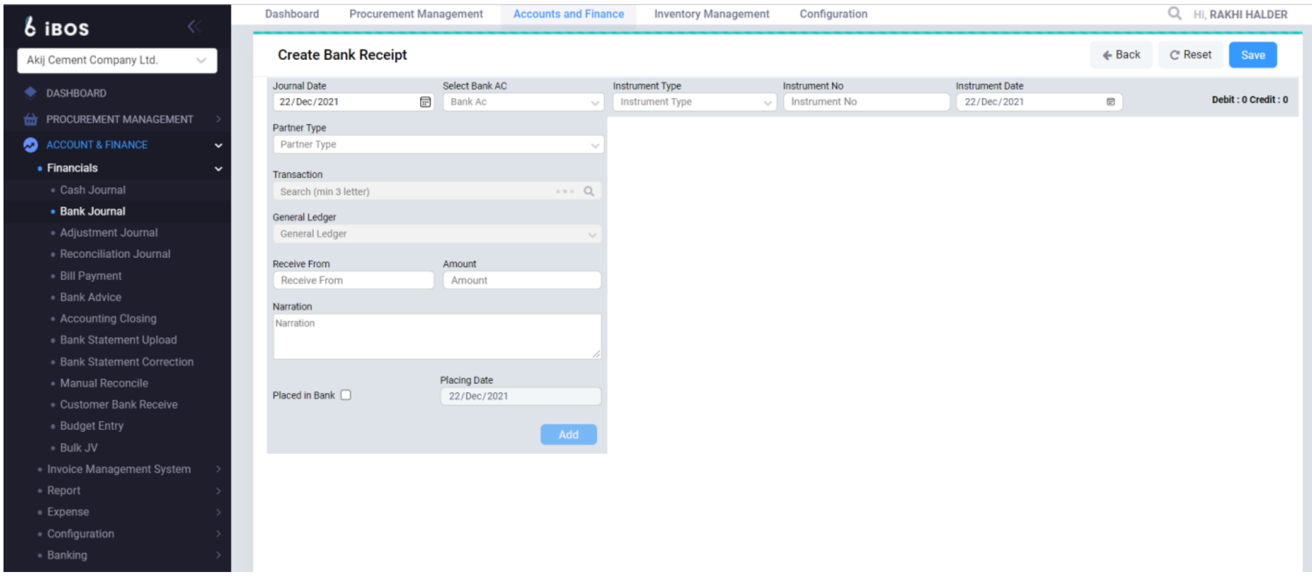


Figure 3 Visual presentation of creating bank receipt

4.3 Accounts Receivable Procedure:

Accounts receivable is a legally binding payment claim kept by a company for items delivered and/or benefits obtained by customers who attempted to order but did not pay for them. The goal of accounts receivable management is to ensure that consumers pay their invoices. Debt management is important for avoiding late payments and default. This Wiki outlines the importance of receivables management, the benefits, and how to begin developing a sound receivables strategy. (Management of Accounts Receivable)

4.3.1 Different parts of Account Receivable management:

Account Receivable management includes ensuring that invoices are issued on time, that there are no errors, and that they are easy to understand. Invoicing is critical for improving the accuracy of the bill receivable.

Statement must be sent by the customer within their payment date without the statement person who is responsible for receivable management cannot receive the payment properly. Statement makes the operation more accurate and error free.

For making payment more accurate and faster sales team always get in touch with their customer. If the customer didn’t pay properly and they take their goods in time the credit team put pressure on receivable team. It’s been a great liability for the company if they can’t collect all their debt in right time.

One of the skills that a competent credit controller learns is the ability to distinguish between a debtor who has the financial means to pay a debt but refuses to do so and a debtor who can't pay a bill. The credit controller team must determine which customers are reliable and which are not, and then set a credit limit for each client based on their reliability.

4.3.2 Visual Presentation of Accounts receivables Procedures

Figure 4 Visual presentation of accounts receivable procedures

4.4 Reconciliation

An entity’s bank account can be reconciled with the help of financial record which can be found the bank statement. According to bank reconciliation data, transactions should be happened, and the collected cash amount should be retained into a bank account. Bank reconciliation is an important controlling tool which is used for finding and avoiding fraud. It also gives the advantages in the discovery of accounting and banking issues by determining the gap between the cash balances on the bank book and the bank balance on the bank statement. Every organization does bank reconciliation to find out the error between bank statement and cash balance of the organization. **Akij Cement Company Limited** also prepared bank reconciliation. Generally, they do their reconciliation on monthly basis. And after that those reconciliation reports go for audit.

4.4.1 Importance of bank Reconciliation:

- It is simple to locate any errors that may have occurred in the cash book as a result of bank transactions.
- It assures the correctness of the balances reflected in the pass book and cash book.
- Continuous examination of bank reconciliation statements helps to avoid forgery.
- It helps to keep records up to date and strives to eliminate delays in collection and payment.
- It implicitly puts moral checks on the accounting personnel.
- The establishment of bank reconciliation aids in the discovery of inaccuracies in the company's or bank's accounting records.
- The bank reconciliation statement assists in updating the cash book by exposing undocumented entries.
- It contributes to the maintenance of positive relationships between banks and their clients.

4.4.2 No. of Bank Associated with ACCL

Akij Cement Company Limited (ACCL) is connected with 20 Banks. The list of the bank is given below:

Bank Name

Brac bank (1)	
Commercial bank of cylon (2)	
Dutch bangla bank ltd. (1)	
Eastern bank ltd. (1)	
Hsbc (2)	
Islami bank bangladesh ltd (1)	
Jamuna bank ltd (1)	
Janata bank ltd (1)	
Mutual trust bank ltd (1)	
National bank ltd (1)	
Prime bank ltd (2)	
Pubali bank ltd (1)	
Rupali bank ltd (1)	
Standard bank ltd (1)	
Standard chartered bank (1)	
The City bank ltd (2)	

Table 1 Number of banks associated with ACCL

Bank Reconciliation can be done in two ways. One can be done manually or the other can be done auto. In ACCL there are 5 banks available which bank's reconciliation is prepared by using software that means auto reconciliation. Those Banks are-

Auto Reconciliation	
1.	Islami Bank Bangladesh Limited (IBBL)
2.	Dutch Bangla Bank Ltd. (DBBL)
3.	Standard Chartered Bank (SCB)
4.	Mutual Trust Bank Ltd. (MTBL)
5.	Pubali Bank Limited (PBL)

Table 2 Banks lists for auto reconciliation

They do **Auto reconciliation** because the number of transactions is vast for these banks. It is difficult to maintain and keep records of huge numbers of transactions.

The rest of the banks follow **Manual reconciliation**. Among these banks Jamuna Bank, Rupali Bank, Commercial Bank of Ceylon, National bank and Janata Bank are mostly transacted banks. So, it requires more time to do the bank reconciliation and make the correction of any kind of error.

4.4.3 Bank Reconciliation Process:

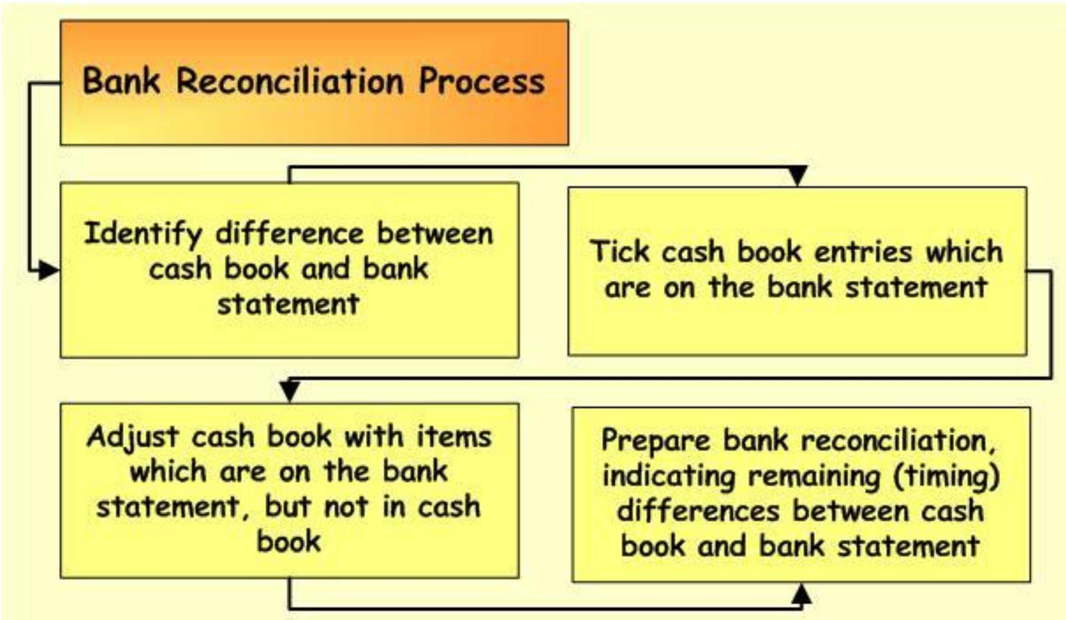


Figure 5 Bank reconciliation process

4.4.4 Reconciliation Equation:

The format of reconciliation report is given below:

		AKIJ CEMENT COMPANY LTD.			
		Akij House,Tejgaon,Dhaka			
		Dhaka-1208			
		Bank Reconciliation Statement As On 31.12.2021			
Particulars					Amount Tk.
Balance as per Bank Book as on 31.12.2021					XXX
					.
1. Add : Cheque issued but not yet presented in Bank:					
Date	Cheque no.	Name of the party	Ref.	Taka	-
		Total		-	XXX
2. Less : Amount Debited in the Bank Book But Not Credited in Bank Statement:					
Date	BR no.	Name of the party	Ref.	Taka	
		Total		-	XXX
3. Add: Amount Credited in Bank Statement But Not yet Debited our Bank Book:					
Date	Cheque no.	Name of the party	Ref.	Taka	
		Total		-	XXX
4. Less: Amount Debited in Bank Statement But Not yet Credited our Bank Book:					
Date	Cheque no.	Name of the party	Ref	Taka	
		Total		-	XXX
Balance as per Bank Statement as on 31.12.2021					XXX

Figure 6 Format of reconciliation

4.5 Cash position:

After coming to the office, the first work is in the office to see the cash amount is available in different bank accounts. Because it will determine what amount of cash is available in its account to pay their payables and what amount of products have to be sold to remain positive NPV. The positive will indicate that the valuation of Akij Cement Company Limited is good in the market. So, more sales and more promotion will be occurred.

AKIJ RESOURCES LTD.

AKIJ HOUSE, 198 BIR UTTAM, GULSHAN LINK ROAD, TEJGAON, DHAKA-1208.

Cash at Bank **February 8, 2022**

IBBL & SND Balance **Amounts in BDT (Crore)**

Bank	ACCL	ARL	ASLL	MSIL	MTS	APFIL	AEL	Grand Total
Jamuna	26.9	114.7		1.9		-	13.4	**156.8**
CBCL	37.7	8.0				3.0	0.1	**48.7**
HSBC	0.1	-				-	-	**0.1**
IBBL	5.1	0.4	3.7		0.2	2.2	4.0	**15.5**
Total	**69.8**	**123.1**	**3.7**	**1.9**	**0.2**	**5.1**	**17.4**	**221.2**

FDR Balance **Amounts in BDT (Crore)**

Bank Name	ACCL	ARL	ASLL	MSIL	MTS	AEL	AEL	Grand Total
AIBL	50.9	65.0						115.9
Bank Asia		50.0						
CBCL		205.8	50.0					255.8
IBBL		52.7			.1			52.8
Jamuna, Gulshan Br.		101.2		50.0				151.2
SBL		28.8						28.8
SCB		20.8						20.8
Grand Total	**50.9**	**524.3**	**50.0**	**50.0**	**.1**	**.0**	**.0**	**675.3**

Grand Total (Cash+FDR)	**120.7**	**647.4**	**53.7**	**51.9**	**0.3**	**5.1**	**17.4**	**896.5**

Figure 7 Cash Position

Chapter: 5 Working Capital Management of ACCL

5.1 What is Working Capital?

Working capital is defined as its investment in short-term assets like cash and marketable securities. Net working capital is the difference between current assets (CA) and current liabilities (CL). In accounting, working capital is defined as the difference between the input and outflow of cash.

Symbolically, it means, Net Current Assets = Current Assets- Current Liabilities

5.2 Working Capital Management

Working Capital Management encompasses all of these processes which performed by a company to ensure that all the daily operating expenses by having enough resources. Working Capital Management helps to keep the trace of company’s assets and liabilities in order to keep cash flows flowing in order to fulfill short-term existing debt and operational expenditures. Working capital management deals with only current assets and current liabilities. Current assets that can be turned into cash in less than a year. The examples of current assets are cash, accounts receivable, inventory, and short-term investments. Current liabilities are debts which are nonpaid inside the next twelve months.

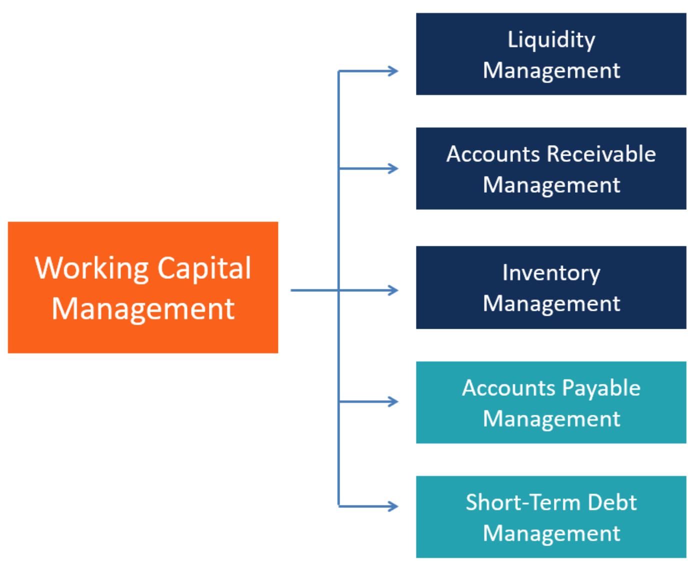


Figure 8 Branches of working capital management

5.3 Analysis of Working Capital Cycle:

5.3.1 Working Capital Cycle

The Working Capital Cycle is the amount of time that takes for a company to convert total net working capital (current assets minus current liabilities) into cash. The working capital cycle involves with three stages. Those are inventory turns, accounts receivables and accounts payable. These three should be expressed in days. Businesses usually sell their inventory quickly, collect their receivables from customer very swiftly and always try to pay their debts on late basis to maximize their cash flows.

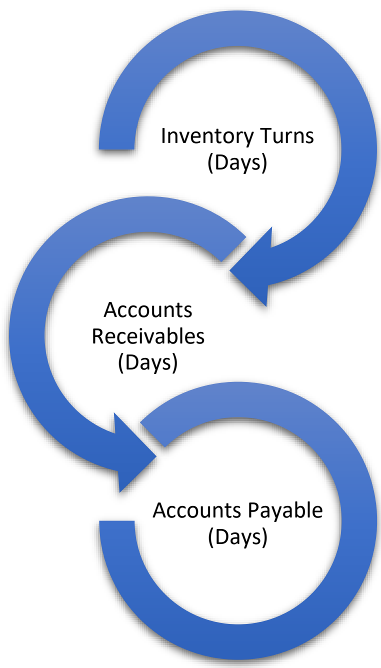


Figure 9 Working Capital Cycle

5.3.2 How the working Capital Cycle works?

1. The corporation purchases materials on credit. For example- The raw materials must be paid for within 90 days (days reimbursed).
2. The company sells items within 85 days on an average (inventory days).
3. In 20 days, the company earns money from clients for the items sold. (receivable days).

4. In the first step of this process, the company acquires all ingredients needed for generating inventory, but it will not promptly release no other funds (purchased on credit under accounts payable). It should be paid for those materials within 90 days.
5. The finished goods are created and sold within 85 days after raw materials are bought, but the company yet receive any payment since they are sold on credit (recorded under accounts receivable). The company receives the amount of cash at 20th days after selling all items. And after that finally the cycle is completed.

5.3.3 Working Capital Cycle Formula:

Working Capital Cycle = Inventory Days + Receivable Days - Payable Days

Here,

Inventory Days = How much time it takes to sell the inventory = (Average Inventory/COGS) * 365 Days

Receivable Days = The time it takes to receive payments from the clients = (Accounts Receivable/ Credit Sales) * 365 days

Payable Days = The time it takes to pay the suppliers = (Accounts Payable/ COGS) * 365 Days

5.4 Inventory Management

Inventory refers to the commodities or resources that a business wants to sell to clients for a profit. Inventory is a tough thing to manage since it covers too many departments, including manufacturing, purchasing, treasury, and marketing. Goods management is the process of managing inventory from manufacturers to warehouses and from these facilities to a point of sale. The aim of inventory management is to have the correct items in the correct location at the correct time.

There are three types of inventories which must be managed by a company. Those are-

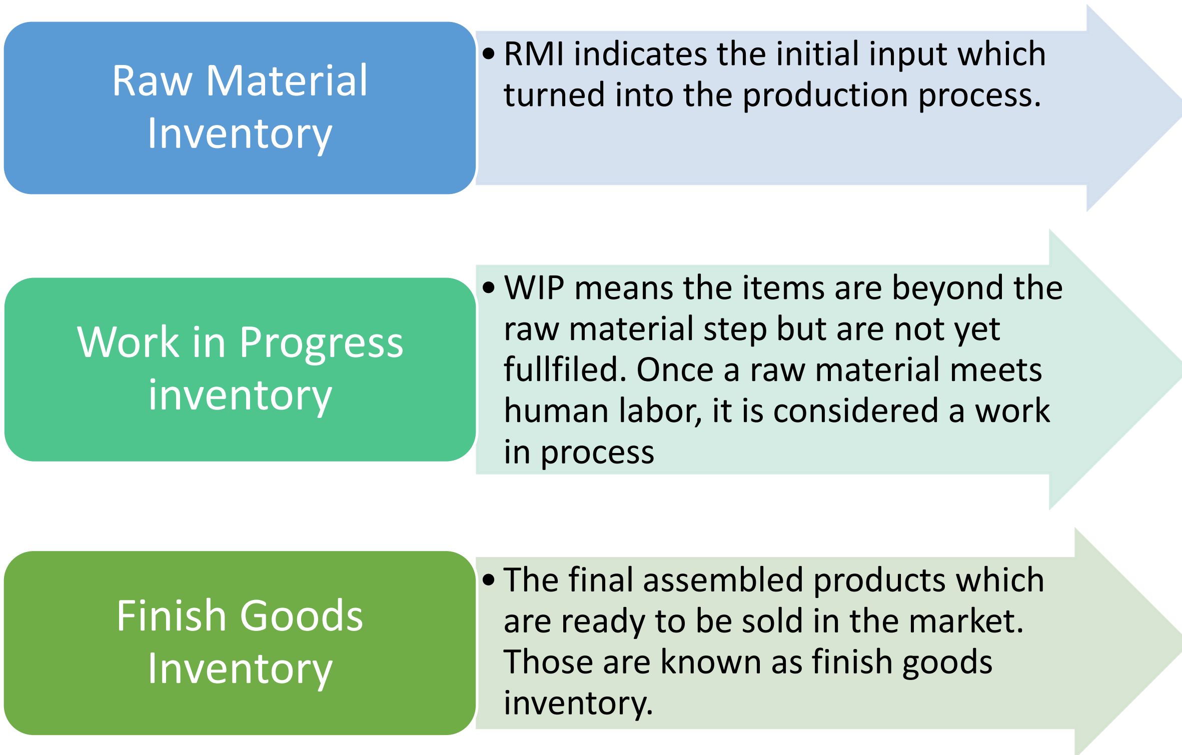


Figure 10 Types of Inventory

5.4.1 Why does Inventory Management important?

One of the precious assets is inventory. Inventory management is the connection of all components of the supply chain. Customers may be displeased if there is inadequate merchandise when and where it is essential. Handling a large inventory is very much hazardous, such as the cost of keeping and insuring it, the possibility of spoilage, theft, and damage. Companies with complicated supply chains and manufacturing processes must strike the proper equilibrium between having too much and too little goods on hand.

5.4.2 Economic Order Quantity (EOQ)

Economic Order Quantity is an inventory management technique. It helps to make inventory management decision. Producing this amount of quantity reduce the cost. It is the best quantity of inventory a firm should buy to fulfill demand while lowering holding and storage expenses.

$$\textbf{Economic Order Quantity (EOQ)} = \sqrt{\frac{2DS}{H}}$$

Here,

D= Demand in Units

S= Ordering Cost

H= Holding Cost

Ordering Cost

Ordering costs are the costs of creating and processing an order to a supplier.

Holding Cost

The cost of processing and storing an entity's unsold inventory during the accounting period is referred to as the holding cost. It is also known as the carrying cost. (monthly, quarterly, and annual)

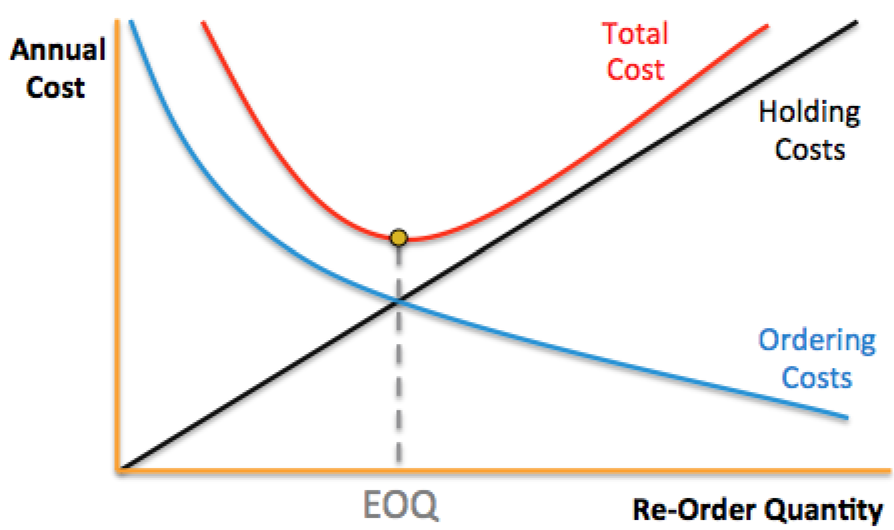


Figure 11Economic order quantity

Case of Akij cement Company Limited

Akij Cement Company Limited produce cement. To produce their product they order their raw materials from inside and outside of the country. They stock their inventories. They try to order minimal amount of inventory to reduce cost and best return. After analyzing their inventory need, they decided that they need 20000 tons of gypsum for their production. Ordering cost average 120 Tk. per order. Holding cost for per ton of gypsum is 10 Tk. Here the costs are minimal given that the raw material can be stored outside and the management has never insured the inventory.

Given the information,

$$\text{EOQ}= \sqrt{\frac{(2)(20000)(120)}{10}} = 480000 \text{ tons}$$

The order size that minimizes the cost for Akij Cement Company limited is 480000 tons per order.

After ensuring the EOQ, it is time for ensuring the purchasing the raw material before the inventory will be stocked out.

4.4.2 Inventory Reorder Point

A reorder point (ROP) is the point at which your inventory must be restocked. A company's ability to determine the appropriate reorder point is critical. Inventory management must be smart, as buying too early might result in excessive costs, while buying too late can result in a stock out.

The Formula of Reorder Point-

ROP = (Daily Average Usage x Lead time) + Safety Stock.

Here,

Lead time: Time duration of completing an order

Safety stock: the amount of inventory in the warehouse that can be used to prevent stock outs.

Daily average usage: Total number of sales happened in a single day.

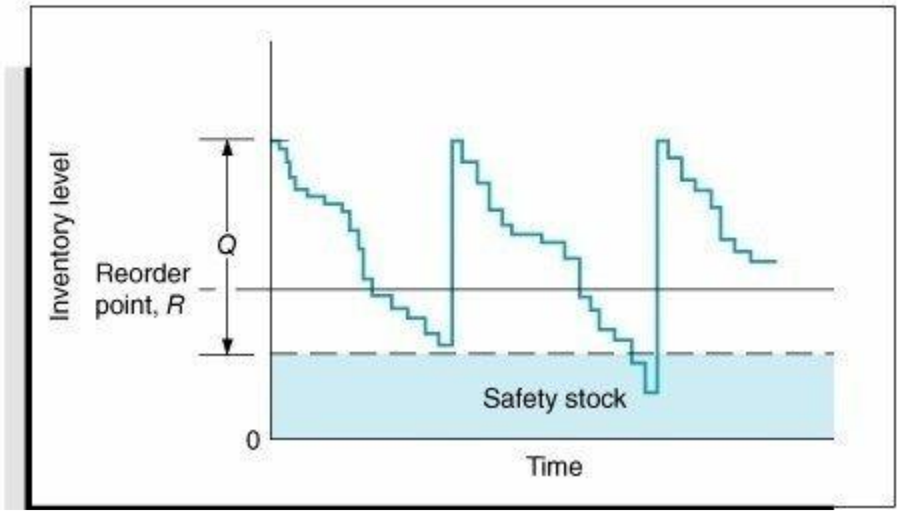


Figure 12Inventory reorder point

Case of Akij cement Company Limited

Akij Cement Company Limited produce and sell cement to many companies, vendors, and retailer and so on. Suppose they sell tons of bags of cement every day. To meet the demand of the cement they have to produce cement that much and they need one material called gypsum about 20000 tons of gypsum. But the supplier takes one week to deliver each tons of gypsum that Akij has order. In case of unanticipated delays, Akij Cement keeps enough excess stock for 5 days of output. So the Inventory reorder point will be-

Here,

Lead time = 7 days

Safety stock = 5 days x 20000 tons = 100000 tons

ROP = (20000 x 7) + 100000 = 240000 tons

When there are 240000 tons of gypsum left in the inventory, the next batch should be ordered.

5.5 Accounts Receivable Management

Accounts receivable management refers to the strategies and procedures used by businesses to 1) determine how much money is owed to them by their customers from a financial standpoint and 2) collect the money owed. The policies, methods, and practices used by a corporation to handle credit sales are referred to as Account Receivables Management.

Collecting revenue is a key part of practicing accounts receivable management. It will aid in improving cash flow and safeguarding a business against bad debt. Slow-paying customers can have a detrimental impact on a company's monthly cash flow. A company that does not efficiently covert its receivables into cash can find itself in a severe liquidity scenario, affecting its working capital and producing unpleasant operational issues.

One important factor of accounts receivable management is trade credit.

5.5.1 Trade Credit

When items are sold with payment terms that are delayed, trade credit is created. A trade credit arrangement allows a customer to purchase goods avoiding paying the provider in cash up advance, and then paying the provider afterwards. On credit purchases are frequently offered 30, 60, or 90 days to pay, with an invoice confirming the transaction. Trade credit can be used to free up cash flow and fund narrow expansion.

A trade credit can enable a company get items, produce them, and sell them without having to pay for them up front. International business deals are also involved with trade credit terms. It will both help the buyer and seller. Akij Cement Company limited have relation with many international suppliers to bring raw material on trade credit. In general, giving a buyer trade credit enhances the company's cash flow.

When trade credit is involved, many suppliers provide discounts to encourage early payment. If a consumer pays the amount within a certain length of time of the deadline, then supplier may offer discount.

5.5.2 Credit Period

For trading on credit, determine the credit period is very important. The credit period refers to the amount of time a client has to settle an invoice before it is due. The concept is unusual in that it indicates the amount of working capital a firm is ready to invest in accounts receivable in order to produce revenue. As a result, a longer credit duration is associated with a greater receivables investment. The credit term does not relate to how long it takes a consumer to pay an invoice; rather, it refers to how much time the seller gives the buyer to pay the invoice.

For example- If a customer chooses to take advantage of a 2% early payment discount, Akij Cement Company Limited offers terms of 2/10 net 30, which means the credit period is 10 days. And if the consumer chooses to pay the entire amount of the invoice, the credit term is 30 days.

The Credit Period formula,

$$\text{Credit period} = \frac{365}{Receivables\ Turnover}$$

$$= \frac{365}{\frac{Sales\ Revenue}{Unpaid\ Invoices}}$$

$$= 365 \text{ X } \frac{Unpaid\ Invoices}{Sales\ Revenue}$$

By using this formula ACCL calculate their credit period and on that basis, they do their transactions with their suppliers and also with their sellers.

5.5.3 Credit Granting Decision

Credit granting decision involves with how much credit has to be fixed for the customers. There are four distinctive steps which will help to make credit granting decision. Those steps are-

Figure 13 Credit generation decision

- **Development of Credit Standards:**

There are some standards that must be followed by the customer minimally. The 5 C's of Credit are frequently used to determine who is eligible for credit. Those are- Character, Capital, Capacity, Condition and Collateral.

- **Character:** This is the most important criterion. It relates to the moral uprightness, integrity, and trustworthiness of customers, as well as the management quality. The customers are willing to pay or not in their bad time is also tested. By analyzing customer's past payment records and relationship with their suppliers, a company can assume the character of the customer and against that the credit should be given or not can be decided.
- **Capital:** The net worth, or difference between total assets and total liabilities, is referred to as capital. Capital includes customers' savings, investments and assets that they are willing to put toward the loan. It measures how much total the assets the customer has to pay his creditors in the need of time. If the liabilities are greater than the total assets then it will not a good decision to go with trade on credit.
- **Capacity:** The ability to repay debts is referred to as capacity. It measured by company's ability to generate cash flows.
- **Condition:** There are some external factors which will affect the ability to pay on time. For example the Covid 19 was a critical condition for everyone. On that time

all the people were facing economic crisis. So on that time it will not be a good decision to give any customer credit. On the other hand when economy is facing booming then that is good time for evaluate.

- **Collateral:** Collateral is something that a consumer can put up as security for a secured loan or a secured credit card. Customers' collateral may be taken by the lender or credit card provider if they are unable to make payments. If you don't qualify based on your customers' creditworthiness, providing collateral may assist them get a loan or credit card.

Getting Necessary Information about customers

By developing the credit standards, available information should be gathered to help evaluate credit applicants. Based on all these information the company will take decision whether the credit should be approved and how much it should be extended. So, all these information is very important to make credit decision. This information should be collected very delicately. The information sources can be credit reporting agencies, financial statements, bank letters, reference from other suppliers and other applicant supplier data.

Application of Credit Standards

Once the essential information has been acquired. It must be decided whether or not to give credit to the applicant, and if so, then how much to extend. When deciding whether to offer credit and how much credit to extend, a company's credit executives examine both non-financial and financial variables. Non-financial analysis is mainly focused on the willingness to pay and evaluate the character of the applicants. The ability to pay is addressed by the other four C's, which are analyzed in financial ratio analysis. By applying this credit standards, credit scoring model can help to determine the credit should be extended or not.

Credit Scoring Model

A risk management tool which evaluates a loan applicant's credit worthiness by estimating the probability of default using past data is known as credit scoring model.

$$Y=0.000025(INCOME) + 0.50\ (PAYHIST) + 0.25(EMPLOYMT)$$

Where,

Y = the applicant's weighted Score

INCOME = the applicant's income for past year

PAYHIST = the number assigned to represent the applicant's past payment habits. With 0 being poor, 0.05 Okay and 1 good

EMPLOYMT = the employment status, with 0 meaning unemployed, 0.5 meaning employed part time and 1 meaning employed Full-Time.

- **Setting Credit limits**

When the decision has taken to grant the credit then it is time for fixing the mount of credit limit. If the score is positive then it is expected that the credit amount can fix at higher. But in case of negative result the fixed amount can be very less or no grant for credit.

Case: Akij Cement Company Limited and Mr. X

The Customer of ACCL named Mr. X who purchase cement from Akij. They purchase cement on credit. But before trading on credit Akij has gone through the credit granting decision process. They evaluate the character of the customer, observe the nature of paying their other liabilities, seen their financial reports, their ratios of assets and liabilities, ability to pay. Akij has also concerned about the economic condition. When there was Covid 19 situation Akij didn't do any trade on credit agreement with Mr. X. Though the other 4 C's were in good position. But after the pandemic situation came under control, Akij again started to sell their products to Mr. X on credit.

Mr. X’s credit eligibility can be tested through credit scoring model. By analyzing his financial statement it is found that his earned income for 2021 was 1, 20000 Tk. He has a good payment history and is employed full time. His Scored will be-

Y=0.000025(INCOME) + 0.50 (PAYHIST) + 0.25(EMPLOYMT)

Y = (0.000025*120000) + (0.50*1) + (0.25*1)

= 3.75

Assuming the past experience it is shown that the score of at least 1.25 are good credit risk. So here the score is 3.75. This is pointing the approval situation. So Akij will definitely accept the proposal of credit and they will also exceed the credit.

5.6 Accounts Payable

Accounts Payable is the term used when a company purchase products on credit and must pay them back within a short amount of time. Accounts Payable is a short-term obligation that must be paid to prevent default. Sometimes it is good to pay the payables in later times when buy on credit. Because the payable amount can be used in some other sectors to generate other incomes from that amount. Such as **Akij Cement Company limited** Purchase raw material from their suppliers on credit. Sometimes they avail discounts but sometimes they just wait for the last date to pay. Within that period they use that money. They deposit that money on different banks. So that they can generate interest income by depositing the money. So there revenue will increase.

By understanding the cash flow time line and accounts payable, a company can take the decision when will be profitable to pay their payables when they purchase on credit.

5.6.1 The Cash Flow Time line and Accounts Payable

Positive float refers to the time between the receipt of goods and services and the date on which cash payment is made. The longer the payment delay, the better off the buyer is, as long as payment is not delayed past the credit period. Suppliers may impose penalty for payments not made within the credit period.

The buyer has different payment options. Buyers can pay 1) on the day of purchase, 2) before or during the cash discount period, and 3) after the cash discount period but before or during the credit period. Companies can use the present value technique to establish the best payment strategy by accounting for differences in marginal benefits and costs across these payment choices. The equation of the model is-

$$PV= - \left[\frac{IP(1-d)}{1+(\frac{i}{365})(DD)}\right]$$

Here the variables are defined as:

PV = Present Value

IP = Invoice price

DD = Amount of days until payment is made

d = Received discount percentage if paid during discount period

i = Annual opportunity cost

Case: Akij Cement Company Limited and M/S Rabbani Ready Mix Company Limited

Akij Cement Company Limited purchase raw materials like clinker from M/S Rabbani Ready Mix Company Limited on 2/20, net 90 credit. Assuming that the invoice is for Tk. 200000 and obviously ACCL is liquid enough to pay the invoice upon delivery. ACCL can deposit the fund in the bank with expected yield of 5%.

There are three possible scenarios for payment are showing in the following -

Scenario 1: Payment upon delivery

The benefit of this payment strategy is that ACCL will receive 2% cash discount, but the payment will occur on delivery date. The present value will be-

$$PV = -\left[\frac{200000(1-0.02)}{1+(\frac{0.05}{365})(0)}\right] = -\ 196000\ Tk.$$

Scenario 2: Payment on the last day of discount period

If anyone pays on the last day of the discount period, the cash discount is retained and payment is not made until 20 days later, which implies present value savings.

$$PV = -\left[\frac{200000(1-0.02)}{1+(\frac{0.05}{365})(20)}\right] = -195464\ Tk.$$

This payment strategy provides 535 Tk. savings relative to paying upon delivery.

Scenario 3: Payment on last day of credit

The payment is made on the day 90, meaning the cash discount is not applicable. So the value will be-

$$PV = -\left[\frac{200000(1-0)}{1+(\frac{0.05}{365})(90)}\right] = -197564Tk.$$

These three calculations show that taking the discount and paying on the 20th day is the best payment method. This step will minimize the present value of cost of all invoices. For Akij Cement Company Limited, paying on other days may result in a higher present value cost.

Chapter 6: Findings and Analysis

6.1 Analyzing the Bank Reconciliation Statement

AKIJ CEMENT COMPANY LTD.					
Akij House,Tejgaon,Dhaka					
Dhaka-1208					
Bank Reconciliation Statement As On 24-01-2022					
National Bank Ltd. CD AC NO. 099933151949					
Particulars					**Amount Tk.**
Balance as per Bank Book as on 24-01-2022					**3,615,900**
1. Add : Cheque issued but not yet presented in Bank:					
Date	**Cheque no.**	**Name of the party**	**Ref.**	**Taka**	-
		Total		**-**	**3,615,900**
2. Less: Amount Debited in the Bank Book but Not Credited in Bank Statement:					
Date	**BR no.**	**Name of the party**	**Ref.**	**Taka**	
12/13/2021	BR-ACCL-DEC21-891	Being the amount received from sales.		146,000	
1/31/2022	BR-ACCL-JAN22-5452	Being the amount received from sales.		**340,000**	
		Total		**486,000**	**3,129,900**

3. Add: Amount Credited in Bank Statement but Not yet Debited our Bank Book:					
Date	**Cheque no.**	**Name of the party**	**Ref**	**Taka**	
12/12/2021		ANGARIA BRANCH	TT2134655NB0\KUA	140,000	
1/24/2022		FT220249TMRD\BIR	4619317	200,000	
		Total		**340,000**	**3,469,900**
				.	
4. Less: Amount Debited in Bank Statement But Not yet Credited our Bank Book:					
Date	**Cheque no.**	Name of the party	**Ref**	**Taka**	
		Total		**0.00**	**3,469,900**
Balance as per Bank Statement as on 24-01-2022					**3,469,900**

Table 3 Analyzing the bank reconciliation statement

This the Bank Reconciliation of National bank for the month of January 2022. It is seen that there is mismatched amount where the bank book credited that amount but in bank statement that was debited. So, it is absolutely clear. But there are 486,000 amounts of money stated in the bank book's debit side but not in Bank statements credit side. That means this amount stated there by mistakenly by The Company or bank has done the mistake. It can be recovered by rolling over the amount. Then the Bank statement's value and the bank Book's value will be nit means zero.

In the third part 340,000 amount has been credited from the bank but not debited in bank book. For this the accountants will make a bank receipt and make the adjustment. Finally, if an amount is credited in the bank statement but not in the bank book for that purpose, the company must create a bank payment voucher and make the necessary adjustments.

6.2 Credit Granting Decision Analysis of Akij Cement Company Limited

There are many customers of ACCL who purchase bags of cement on daily basis. Among them most of the customer purchase product on credit. They are eligible for trade on credit or not it depends on some factors like their income, payment history, character employment and all.

The Credit Scoring Model is-

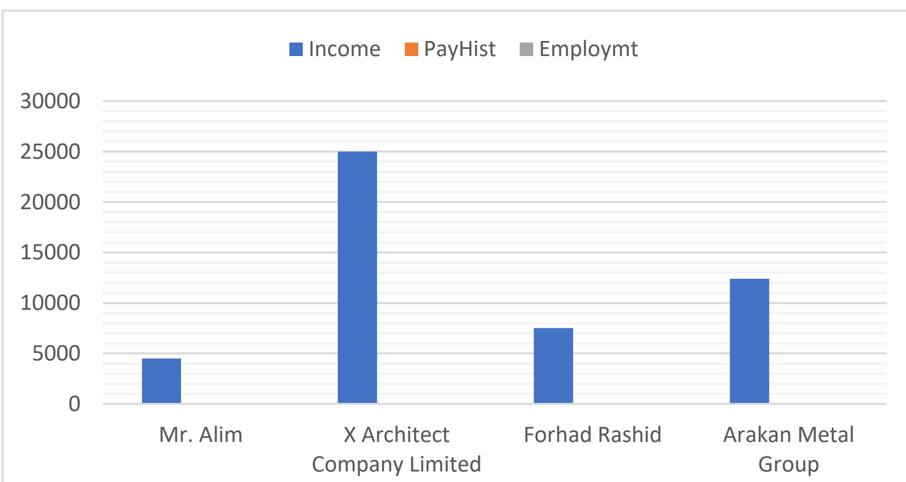
Y=0.000025(INCOME) + 0.50 (PAYHIST) + 0.25(EMPLOYMT)

The factors of this model has already discussed on the chapter 4 of this report.

By using the credit scoring model, the analysis of eligibility of trade on credit is showing below-

Sl.	Customer's Name	Income	PayHist	Employmt	Credit Score
1	Mr. Alim	4500	0.05	0.05	1.1
2	X Architect Company Limited	25000	1	1	6.5
3	Forhad Rashid	7500	0.05	1	2.15
4	Arakan Metal Group	12400	0	1	3.35

Table 4Credit generation decision analysis



Assuming the past experience it is shown that the score of at least 1.25 are good credit risk.

Here, the top score is 6.5. X Architect Company Limited's score is the highest. So they are the most suitable customer who are accepted by Akij to purchase cement on Credit.

The Arakan Metal Group is also in good score which is 3.35. Though their payment history is not good. But theirs income is higher and also they are fully employed. So these two point can cover up their credit. But it will be good if they improve their payment history. But according to the credit score they are also eligible to trade on credit.

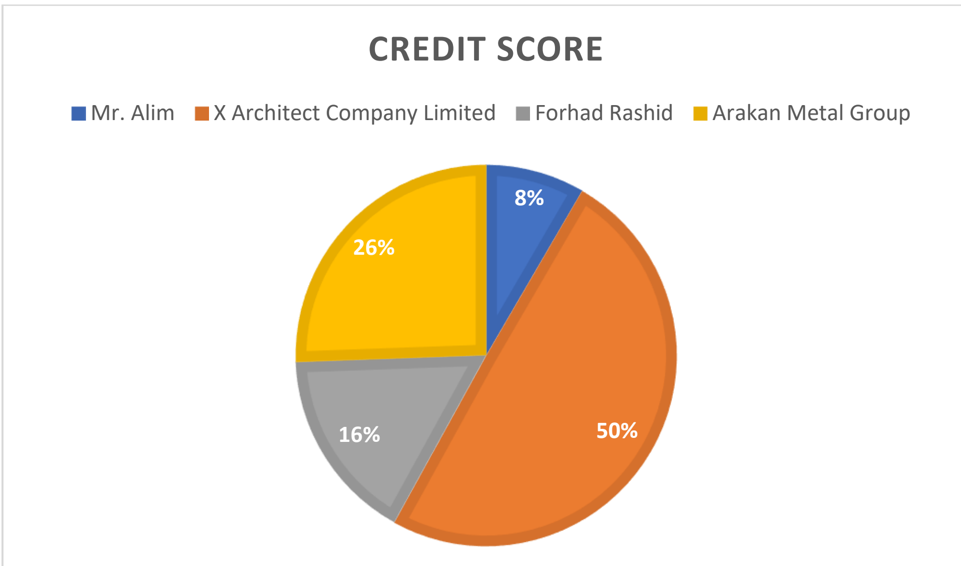


Table 5 Credit Score

Mr. Forhad's score 2.15. His payment habit is okay and he is fully employed. His income is okay as an individual person. His income is not as much the group of companies. But as an individual his score is at good credit risk. Akij will grant his credit.

The poor score is 1.1 which is less than 1.25. That means he is not eligible to meet the obligation in future and that's why the credit granting decision is negative for him. Though his payment habit is not poor, he is employed for part time and his income is not handsome. That is why his score is poor.

By analyzing 4 customers of Akij Cement Company Limited, It is seen that the group of companies are having good credit score rather than the individual person.

Chapter 7: Recommendation and Conclusion

7.1 Recommendation

- Akij should invest in stock market.
- Akij should maintain debt and equity ratio. It will make the firm valuation maximum
- They should focus on more online content creation.
- Use of modern technology in the office should be increased.
- Akij should focus more on the purchaser's income in the time trade credit. Because if they don't they will be tough situation in near future.
- They should pay their credit on the last day of paying because that will bring them more benefit.
- Work environment should be more flexible to increase employee engagement, productivity and retention
- Number of female employees should be increased in some departments.
- There should be different washrooms for male and female employees.

7.2 Conclusion

The Akij Group is a significant business conglomerate in Bangladesh. And Akij Cement Company Limited is the sister concern of Akij group. Now a days it is also a remarkable cement product in Bangladesh. It is also popular in out of the Bangladesh like Singapore, Bangkok, Malaysia, and Thailand etc. Akij Cement Company limited financially is very strong. They have good relation with their customers, suppliers, buyers and with the banks. The Treasury management of ACCL is much focused. Timely they do the bank reconciliation and for that reason they have the tress of their depositing money in the banks and also the receivables and payments from and by their customers and suppliers. Akij Cement Company Limited is also concern about their working capital management. They always try to make sure the cash flow. They are keeping good relationship with their suppliers and also their buyers by trade crediting. This trade credit policy gives ACCL the advantage to keep money on their hand and invest those money in other sector or other sister concerns to become profitable. How bank Reconciliation and credit scoring model is helping Akij cement Company limited to take financial decision is clearly understandable by this internship report.

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Appendix

Interview Questionnaire

1. Who are the Treasury Managers of ACCL?
2. Who the suppliers and buyers?
3. How many banks are involved with Akij Cement Company Limited?
4. Are the suppliers and buyers being categorize as group?
5. What raw materials import from out of the country and from which country?
6. What is the reason behind to import those material from outside of the country?
7. What raw material purchase from Bangladeshi Supplier?
8. Does ACCL invest on stock market?
9. Do they maintain positive NPV?