A
Thesis Paper
On
ACCOUNTING AND FINANCIAL ACTIVITIES OF CORONA GROUP

Submitted by:

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Semester: Summer-2021

Submitted to:

Departmrnt of Business Administration

Submitted for the partial fulfillment of the degree of

Master of Business Administration



Sonargaon University (SU)

Dhaka – 1215

Date of submission: 28 september , 2021

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Letter of Transmittal

28 september 2021
Farjana Yeasmin Chowdhury
Lecturer
Department of Business Administration
Sonargaon University

Subject: Submission of Thesis Paper.

Dear Sir,

It is my pleasure to submit my report that contains; "**Accounts and Financial Activities of Corona Group".** I consider myself very fortunate that I have had the opportunity to preparing the report under your guidance of Corona Group". Here is my overview of corona group.

The Thesis paper has been prepared in accordance with the knowledge that I have gather during my study of the program. I have tried to make this report in a detailed information form and in precise. I hope that you will find out this report worth of my labor.

It will be my pleasure to clarify any matter regarding this report and thank you for allowing me the opportunity to undertake the task and for your cooperation.

Sincerely,

.....

Md. Alamin Hossain Molla
ID: MBA2003021015
Department Of Business Administration
Sonargaon University (SU)

Acknowledgement

This Thesis Paper, based on three months study, is the part of MBA program, which helps me to gather practical information, which is necessary for my future life. I would like to express my deep respect to my honorable academic supervisor Farjana Yeasmin Chowdhury, Lecturer, Sonargaon University, Sonargaon University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this report.

During this period, I have gone through the various departments of Corona Group and especially gathered knowledge about the **Accounts and Financial Activities of Corona Group"**with their great cooperation. In preparing the report I receive active cooperation from the AGM of the departments, Account's controllers, senior officers and staff of Corona Group. I am grateful to the Liberian of Corona Group who helped me by supplying many kinds of necessary information. This report suffers from many shortcomings although I have exerted my best effort while preparing this report. I seek excuse for the errors that might have occurred in spite of the best of my efforts.

Executive Summary

Corona Industries is one of the major business companies of Corona Group. Corona Group has six major businesses. Among them Corona Tractors is one major business. Based on the profit potentiality partial products are traded and partial are manufactured in their own manufacturing company. The main product portfolio consists of Corona Tractors, Corona Luk- oil, Corona Service, Corona Agro Foods are manufactured, Imported, and Inventories in Darikandi factory and sold under Corona Group brand. Tractors, Luk-Oil, Spare Parts are traded and imported products. The Spare Parts unit sells their products through their own retail outlet and through selected dealers. Dealers are considered as the Primary customers through whom CTL sells their products to the secondary customers who actually are the final customers. Spare Parts depends heavily on their dealers for the business. Therefore, they are much concerned about the dealer policy, process and overall operation. For dealership appointment CTL follows a systematic selection policy inviting them for application with required documents. Documents and all other issues are assessed through an assessment form in proper system. There are specific policies for commission, delivery and transportation etc. for the dealers. There are different incentives for dealers to encourage satisfactory business. CTL heavily depends on relationship building and makes the most of it for business. Dealers help CTL to reach remote places for business though it becomes difficult to minimize cost under different circumstances due to different issues related to the dealers. Dealers present several opportunities for CTL's business-like switching customers in, campaigning etc. On the other hand, their illegal activities may also cost CTL a great deal when dealers take advantages of unfair means to maximize their own profit and interest. CTL conducts the order and delivery process in a systematic way. Dealers can pay to Tel through cash, cheque, DD, pay order to fulfill the transaction. CTL enjoys dealer coverage in all districts of Bangladesh. CTL very much depends on push strategy with a little pulling activity. There are different promotional activities taken towards dealers. Article offer and cash discounts are the most popular trade promotions. Dealers sell their products to the ultimate users. For their own business purposes and profits dealers can also deal with other competing companies of CTL and products of those companies. CTL emphasizes much on Customer Service. There are two systems prevailing. One is customer service from Darikandi Narayongonj which is called Home Care and for remote places there are Inter-Service systems are available where appointed agents work for CTL. There are issues which CTL needs to show their concern. For example, transparency in commission, dealer profit margin, management communications, transportation, pull strategy. These are some of the issues which affect dealer's satisfaction and Dealer's satisfaction is related to CTL 's business success. So, this is a critical issue to look at. Finally, Spare Parts business unit is a small though an important business for CTL and Spare Parts success depends a lot on their proper management and dealings with the dealers. A proper dealer management of dealers can bring about great success for Corona Tractors Business.

Student Declaration

I am Md. Alamin Hossain Molla, a student of Executive Master of Business Administration, ID MBA2003021015 from Sonargaon University would like to solemnly declare here that this Thesis Paper on **"Accounts and Financial Activities of Corona Group"** has been authentically prepared by me. While preparing this Thesis Paper, I didn't breach any copyright act internationally. I am further declaring that, I did not submit this Thesis Paper anywhere for awarding any degree, diploma or certificate.

Sincerely,

.....

Md. Alamin Hossain Molla

ID: MBA2003021015

Department Of Business Administration

Sonargaon University (SU)

Certificate of Supervisor

This is to certify that the thesis paper **"Accounts and Financial Activities of Corona Group"** has been prepared as a part of completion of the MBA program from Department of Business Administration, Sonargaon University (SU), Carried out by Md. Alamin Hossain Molla Bearing ID: 2003021015 under my supervision. The thesis Paper of the information will not be used for any other purposes.

.....

Farjana Yesmin Chowdhury

Lecturer

Department of Business Administration

Sonargaon University (SU)

Letter of Authorization

Certified that this Thesis paper titled "**Accounts and Financial Activities of Corona Group"** is the Bonafede work of Md. Alamin Hossain Molla, who carried out the research under my supervision. Certified further that in the best of my knowledge the work reported herein dose not form part of any other Thesis Paper or dissertation on the basis of which degree or award was conferred on an earlier occasion on this or any other candidate.

.....

Farjana Yesmin Chowdhury

Lecturer

Department of Business Administration

Sonargaon University (SU)

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CHAPTER- ONE

"Introduction"

1.1 Origin of the Report

This report, based on three months study, is the part of MBA program, which helps me to gather practical information, which is necessary for my future life. I would like to express my deep respect to my honorable academic supervisor Farjana Yeasmin Chowdhury, Lecturer, Sonargaon University, Sonargaon University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this report.

1.2 Objectives of the Report

The specific objectives of the report are to know in details about the operation of Corona Group. The project has been directed by the following objectives:

- Exploring that how Corona Group. Control their total financial activities.
- Exploring that how Corona Group. Control their inventory management.
- Exploring the performance of Corona Group.
- Exploring the emergence of Corona Group and its contribution in the economy of Bangladesh.
- To apply the practical knowledge in this theoretical area
- To know about the various kinds of product and service provided by Corona Group.
- To know about the investment policies of Corona Group.
- To know the rules and regulations of Corona Group regarding the sector wise investment and modes of investment.
- To know about the investment processes of Corona Group.
- To analyze the performance regarding the investment activities of Corona Group using some important trend analysis such as – investments of Corona Group, classified investments to total investments, provision against classified investments, investment deposit, capital adequacy etc.
- To compare the performance regarding investments of Corona Group with its Competitors.

- To find out the relationship between investment income and different investment modes through various types of analysis.
- Finally, to identify the findings regarding the investment activities or other relevant things those are essential for the Companies and give some recommendations to overcome the problems those are found.

1.3 The Methodology of Report

Research Approach: The project has been basically a descriptive type of research.

Data Collection Instruments: The study has been primarily based upon information extracted from official documents. Interviews with the managers and officers of various departments were also being conducted. On the other hand, secondary sources (WEB Site) were used to collect data regarding the company and different kinds of papers, annual reports, etc. are the major secondary sources.

1.4 Scope of the Report

The report covers the organizational structure, background, functions and the performance of the Corona Group**.** The scope of the study is just to acquaint with the operational scenario of Corona Group.

1.5 Limitations of the Report

There were some limitations of the study and therefore the report may lack some crucial data. Such as;

- The general activities of Finance department are so vast. So that's why they were not being able to give me enough time.
- Time of my internship program was very short. So, it was not possible to collect more information within this short time.
- They did not provide me vast information because of their official obligations.
- All the information is not included in this report due to confidentiality of organization.

CHAPTER- TWO

"A Brief of Corona Group"

2.1 A Brief History of Corona Group:

Corona Group started with the establishment of Corona industries Ltd in 1982. Corona is one of the leading and fastest growing diversified business houses in Bangladesh. Its employees over 237 people. Presently the group consists of the following individual companies:

Corona Industries Ltd.

Corona Oil and Lubricants Ltd.

Corona Tractors Ltd.

Corona Services Ltd.

Corona Agro Food Ind. Ltd.

Corona Holdings Ltd.

Corona Group. Introduction:

The company started its' operation Since1982 by taking over Corona Industries as a product of Tractors in Bangladesh. Today, the company is one of the leading groups of company in the country; marketing, Importing and distributing the products of Tractors, Oil and Lubricants, Service of spare parts, Agro Food and Holdings that ensure the customer satisfaction to provide the product quality and help the agricultural sector over all the countries. Corona Tractors Ltd. Imported the renowned brand product of Tractors, Rotavator, Power Tiller, Harvester from India, Italy, Belarush, and Russia.

Introduction:

Corona Tractors is one of the oldest business units of the Corona Group. The overall contribution of this Tractors and Agri. Equipment's is very much important from the diversified business perspective. The basic products that are Tractors and Agri. Equipment's All these products fall under the categories of

1. Belarus 520, 2-wheel Drive, 4Stock, 4Cylinder and 62HP.
2. Swaraj-855 Tractor, 3-Cylinder, 55HP, Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:16.9-28 without canopy.
3. Swaraj-855 Tractor, 3-Cylinder, 55HP, Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:16.9-28 without canopy. (Power Steering)
4. Swaraj-855 Tractor, 3-Cylinder, 55HP, Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:14.9-28 without canopy.
5. Swaraj-855 Tractor, 3-Cylinder, 55HP, Diesel Engine, Hydraulic System with Differential lock system, new sheet metal and rear tyre size:14.9-28 without canopy. (Power Steering).
6. Swaraj-744 Tractor, 3-Cylinder, 48HP, Diesel Engine, Hydraulic System with Differential lock system, new sheet metal without canopy.
7. Swaraj-744 Tractor, 3-Cylinder, 48HP, Diesel Engine, Hydraulic System with Differential lock system, new sheet metal without canopy (Power Steering).
8. Swaraj-735 Tractor, 3-Cylinder, 39HP, Diesel Engine, Without Hydraulic System with new sheet metal without canopy.
9. Swaraj-834 Tractor, 3-Cylinder, 34HP, Diesel Engine, Without Hydraulic System and without canopy.
10. Swaraj-843 Tractor, 4-Cylinder, 42HP, Diesel Engine, Hydraulic System and without canopy.
11. Swaraj-724 Tractor, 2-Cylinder, 26.5HP, Diesel Engine, without Hydraulic System and without canopy.

2.2 Objectives of the Corona Group.

- To achieve and continue growth in sales
- To continuously develop human resources

Provide our Consumers with the Best Service & Shopping Experience in the Country. Provide our Consumers with Products of Latest Technology. Develop our Employees to achieve their real potential. Provide our Shareholders with steady Asset Growth and Return on investment above our Industry Norm. Grow our Revenue and Profits at a rate above the Industry Norm.

2. 3 Mission

OUR MISSION IS TO IMPROVE THE QUALITY OF LIFE BY PROVIDING COMFORTS AND CONVENIENCES AT AFFORDABLE PRICES.

The mission statement emphasizes on the company's inclination towards fulfilling the need of the people, by offering them a novel set of quality products at a reasonable cost. Over the years, Corona Group has come up with a variety of goods and Company like Corona Luk Oil, Corona Industries, Corona Tractors, Corona Services, Corona Agro Food IND. & Corona Holdings etc. to meet the ever-changing needs of people.

A vision becomes tangible as a mission statement. This statement has some parts, those are listed below:

- Improve the life of people.
- Providing comfort and conveniences.
- Affordable price.
- Providing service generation to generation.

These entire conditions make Corona Group mission successful.

2.4 Vision

To be the most admired and respected familiar company in the country.

Corona Group has been successful in realizing this vision by creating a lasting brand name in every Agri. Equipment all over the Country among the world. Corona Group has continued to expand in the field of consumer durables by acquiring new companies producing related products.

It also describes aspiration for the future, without specifying the means necessary to achieve those desire ends. Corona Group has continued to expand in the field of consumer durable and also increasing social responsibility. It has created a lasting brand name in every Agri. hold all over the world.

2.5 Our Value

TO TREAT OUR EMPLOYEES, RECOGNIZING THEM AS ASSETS OF THE COMPANY TO HONOR AND MAINTAIN HIGH ETHICAL STANDARDS.

1. **Consumers:** We live up to the expectations of a responsible Organization by contributing to the improvement in the Quality of life of our customers through outstanding product & services.
2. **Employees:** We respect each other as individual and encourage cross functional teamwork while providing Opportunities for career development.
3. **Dealers:** We provide a reasonable return to our Dealers while, safeguarding their investment.
4. **Suppliers:** We develop our suppliers to be partners in progress arid share our growth with them.
5. **Competitors:** We respect our competitors and recognize their contribution to mixed value.

6. **Community:** We conduct our business by conforming to the ethics of our country and share the social responsibility of the less fortunate.

2.6 Management Strategy

Corona Group consistently focuses on growth and risk minimization through product diversification and increasing the market share of existing products by responding to changing customer needs.

STRATEGY:

A Proper strategy is important to the success of a business. Strategy to sale the products are-

Push Strategy: Push strategy requires pushing the dealers to sale the products on their own responsibility. Sales of our products largely depend on the dealers. Dealers convince the customers to buy our products. In this case dealers take the responsibility to publicize the product to sale. They also do it to achieve their own sales target given by CTL.

Pull Strategy: Pull strategy requires creating a demand of the product in the mind of the customers by advertisements and other promotional activates.

2.7 SWOT Analysis:

This SWOT analysis is done to understand what the dealers present for CTL. That means what strength, weakness, opportunity, threat do the dealers possess in terms of CTL' business.

STRENGTH:

- Reaching the product to remote places: it is really convenient to reach consumers of remote areas of the country through dealers.

- Flexibility: as per the requirement or the situation of the business in certain areas CTL can easily withdraw their businesses,
- No fixed assets cost: Dealer are not CTL fix assets. Therefore, cost can be minimized of establishing fixed assets like CTL own retail outlet.
- World's most known brand company in global advanced product and distribution services.
- It has a manufacturing department were produced three types of products.
- 171 wholesale dealers over the Bangladesh.
- Employees feel more job security.
- Number of employees in 2011 is 237.
- Strong local presence
- Favorable brand image
- Comprehensive knowledge of the total market and client
- Good quality and top quality of products with solution
- Using advance high-tech technology

WEAKNESS:

- Great number of dealers may cause problems in cost minimization.
- Another problem is that with the increase in number of the dealers we will also have to increase the number of after sales service which is called Inter Service system. It may not be possible to give proper service in the remote areas. And as a result, it may hamper the goodwill of the bra
- They cannot complete their regular work within the month as like selling price or receivable.
- For the leakage of few employments in the credit department, each employee has taken more pressure. For those reasons it is possible to make mistake at the time of data inputting.
- Enterprise Resources Planning (ERP) is very important software for day-to-day business operation. But till now it is not running.
- Lack of brand awareness
- Higher tax on home appliances ness
- Lack of consistency in promotional activities
- Less competitive price; competitor sourcing product at cheaper price
- Less organized distribution

OPPORTUNITY:

- Campaigning: It is easier to start a campaign from a dealer point. Many other times a dealer informs us about a local occasion in that place in which we can take business advantage of and operate a campaign from that point of dealer.
- Switching Customer In: With proper strategy we can motivate the dealers to convert consumers of other products into users of our products.
- Visibility: Dealers are a point to increase the visibility of our product by properly placing our product in the shelf of the dealers.
- It has a congenial environment facility for all of the jobholders performing their task with more efficiently.
- Always making a combination of flows of the information, goods and funds.
- Air-conditioned office rooms
- There is a brotherhood relationship from top to bottom, due to this one of the employees can easily feel lower risk-free job situation than any other organization of the Bangladesh, for these reasons the employees also try to perform their responsibility with more accurately and intimately.
- The market position of the company is very good because its financial strength is good and growth rate also increasing up day by day.
- Exclusive Gratuity and Bonus Facility.
- There is a system of incentives for the sales executive based on fulfilling the target as a sales promotion and also for the credit executives based on the credit collecting of their credit limit.
- Product sales by credit system.

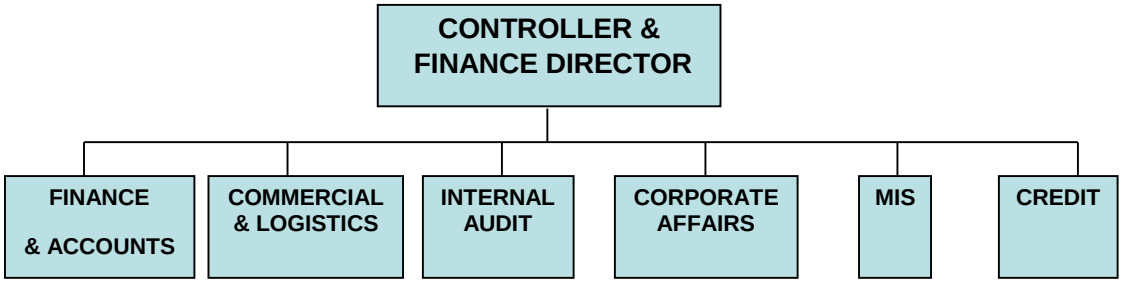
THREAT:

- One of the threats from the dealer is that they sometimes do not use the warranty card in the systematic order.
- They do not fill up the warranty card at the time of sale and manipulate it to fill up later on which increases the chances of our increase in cos
- Other competitive worldwide company whose have similar product & services.
- Perception of future demand of the customer.
- Foreign currency fluctuation and devaluation of the local currency.
- Higher tax on Home Appliances
- Competitor sourcing product at a cheaper price.
- Investors are not interested to invest more in Bangladesh because of the unstable political condition of our country. As a result, there would be less industrializing than expected. It will reduce the sale.
- Government is slow in decision due to inefficient administration.
- Impact on goodwill: dealers can spoil the reputation of CTL to gain personal interest.

2.8 FINANCE DEPARTMENT

This division is responsible for ensuring optimum and most efficient uses of the company's resources through various controlling and monitoring activities. It is headed by the Controller & Finance Director, and consists of the Audit, Corporate Affairs, Credit, Commercial, MIS and Accounts. However, the last four units are reportable to the Chief Accounts Manager, who is himself reportable to the Controller. There have a lot of activities of individual department.

The following is the organization chart of the department:



FINANCE & ACCOUNTS:

In the finance & accounts department they are responsible for control cash flows operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

Accounts division creates and maintains records of company transactions for both internal and external audiences.

The Accounts unit may be considered a department by itself, for it has the following functional units - **Sales Accounts, Costing & Inventory, Payables, Cash Management, and General Ledger**.

The company accounts represent the financial statements. The investment in associate companies was accounted under the cost method. The carrying value of associate company investments is shown at cost and only dividend income received from associate companies is recognized as income.

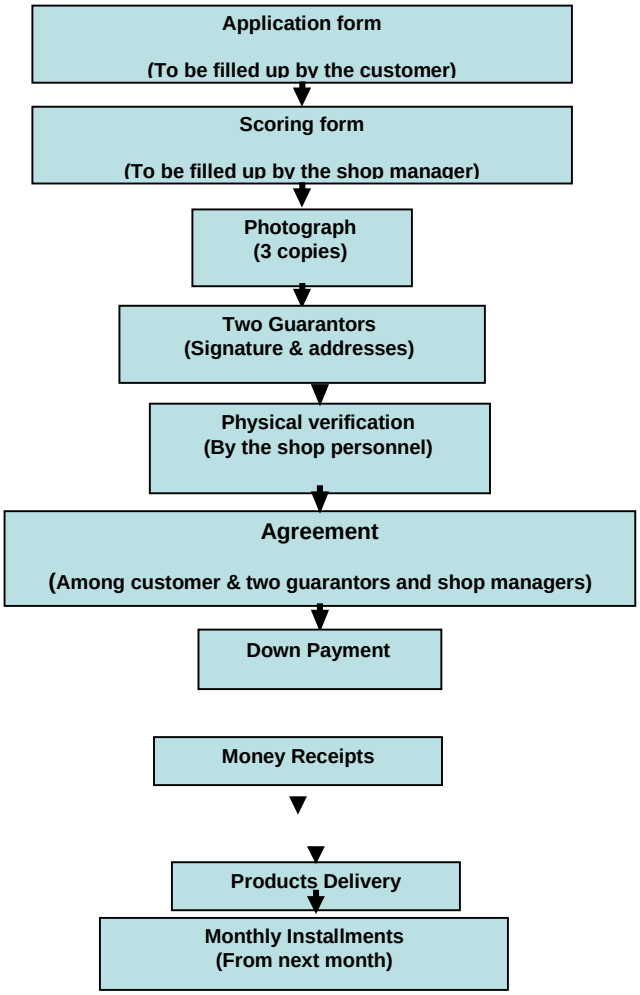
CREDIT DEPARTMENT:

In the credit department they are responsible for control hire purchase operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

WHAT IS HIRE PURCHASE?

Hire purchase is a form of credit. The customer agrees to buy goods and to pay for those goods in installments. The customer has the right to possess and uses the goods from the time the contract is made. Seller has security interest in the goods until all amounts owing by the customer are paid.

How a hire purchase accounting is opened:



CREDIT SCORING:

A customer must meet before granting credit approval credit scoring form. The criteria are likely to include:

- ✓ The buyers previous credit history
- ✓ Their ability to pay
- ✓ Their current income
- ✓ Residence status
- ✓ Profession & length of profession
- ✓ Age family size
- ✓ Guarantors
- ✓ Whether they have any other outstanding debt payable at the present time.

Customer should fill up the credit scoring form first then it has to be verified by the shop management.

GUARANTORS:

For credit approval we require two guarantors. A person acting as a guarantor must sign a guarantee agreement in writing. A guarantor is not just providing a credit reference for the purchaser. They shall be held liable for the debt if the customer defaults on the agreement.

HIRE PURCHASE CONTRACT

A hire purchase contract must be in writing, be signed by the customer, the guarantors and the retailer, and disclose:

- A description of the goods
- The name and address of the hirers & guarantors
- Financial details of the contract
- The number of installments
- The amount of each installment
- When, where, and to whom each installment is to be paid.

Defaulters for above 6 months - The process will start from 5th Steps.

Black List – The customer who have failed to pay minimum 6 installments are listed as bad customers. The list has to be updated quarterly. Shop Manager will be able to assess the Black Listed customers when he makes a new sale.

Legal Recourse – From now on we will go for legal actions against the defaulters. It will be a message to the bad customers that no one can be escaped without making payment. But HP documentations have to be needed complete & authentic.

REQUISITION FOR ORDER

This department confirms how many and what types of products or equipment does the company need or wants to purchase.

PURCHASE

After getting confirmation, the purchase department involved to buy product. And they try to follow up its related work.

L/C OPENING

To get confirmation of purchase, then the company goes to open L/C for foreign purchase. In that case they need requisition for that confirmation that, how much product has in their hand. After getting requisition they starting their work.

SELECT L/C OPENING BANK

First, they select in which Bank (must be negotiated), they would like to open L/C. Then collect L/C form from that Bank, fill-up the form, attached insurance cover note and submit to the Bank.

INSURANCE

There are several insurance companies, which should be maintained in order to protect and purchase product and assets of the company. At present the following insurance coverage is in place in the company: -

1. Sonar Bangla Insurance Co. Ltd.
2. Private Insurance Ltd.
3. Cristal Insurance Ltd.
4. Eastland Insurance Co. Ltd.

The finance and accounts department should maintain the respective file of the policy and ensure regular premium payment and charge the same in general ledger as expenses.

VAT

Vat is one of the major indirect taxes in Bangladesh. It is paid on the value that an individual or an organization adds to goods and services at each stage of their production and distribution. The tax eventually gets passed on to the consumers. Vat is payable to the government on the service revenue.

2.9 MIS Department

Management Information System (MIS) section presents ERP (Enterprise Resources Planning) for less time consume. ERP is a new division which deals with computerized financial data transaction within the organization. And shortly MIS will bring online record transaction. Enterprise Resource Planning software systems (ERP) encompass a wide range of software products supporting day-to-day business operations and decision making. ERP serves many industries and numerous functional areas in an integrated fashion attempting to automate operations from supply chain management, inventory control, manufacturing scheduling and production, sales support, customer relationship management, financial and cost accounting, human resources and almost all other data-oriented management process. ERP systems have become increasingly prevalent over the last 10 years throughout the world. By the year 2000, ERP systems have been implemented in over 60% of multi-national firms.

CHAPTER THREE

(POLICY GUIDELINE FOR FINANCE AND ACCOUNTS)

3.1 Introduction

This manual is prepared as a guideline for the operating activities of finance & accounts department of the company. This will lay the foundation for a system of internal accounting controls. Examples of the key documentation are included in this manual to achieve the objectives of the department. This manual is intended to be used only as an aid and should not be considered a replacement for management involvement.

3.2 Cash receipts

Cash receipts through company's money receipts. In corporate finance and accounts department each deposit must be entered into a collection register manually. After the entry the receipts are handed over to the concerned revenue section for posting to match against revenue. Collection register will generate cash collection report.

3.3 Cash disbursement

Cash disbursement should be controlled strictly as this is a liquid asset. Basic control of cash disbursement should be as follows:

1. Management will approve payment vouchers.
2. All payments especially vendor payment must be made through cheque.
3. The signatories of the cheque will be top management and top-level staff is authorized.
4. No cheque should be prepared without the approval of payment vouchers
5. Cash is generally disbursed for the major categories of accounts payable, recurring expenses, payroll, impress cash. The procedures of cash disbursements are presented below:

3.4 Account payable

1. An authorized individual, who indicated approval by initialing the invoice, should approve invoices for payment in writing after review.
2. Checks maybe generated manually.
3. Supporting documents referred to as voucher to as voucher are attached to the cheque for signing. The documents usually contain as: -
   - Purchase order
   - Receiving report
   - Invoice
4. Money receipt should be received when payment is made.
5. Source tax should be deducted, if applicable, form the payment.

3.5 Recurring expenses

Recurring expenses are of different types. They may be one time in a month, occasionally and regular. The monthly ones are utilities bills and examples of regular type are conveyance, entertainment, etc. expenses in connection with business travel, training, promotional etc. are occasional expenses in nature.

(i) Monthly

Monthly expenses should be paid on the basis of invoice/ bill submitted by the authority concerned. Payment is this regard should be ensured to the designated deposit centers within the stipulated time in order to avoid disruption of services.

(i) Occasional

Occasional expenses are incurred for specific purposes in this regard are as follows:

- ✓ Expense report should be completed on a timely basis
- ✓ Receipts for expensed should be attached to the expenses report prior to the expense report.
- ✓ Date, time and business purpose should be stated.
- ✓ The staff should sign and dated the expense report prior to its submission to finance and accounts department.
- ✓ Before disbursement or adjustment of advance made against him/her, the expenses report should be approved by the authority.

3.6 Payroll

The salary of the staff should be paid on the basis of the employment agreement with the company.

3.7 Imp rest cash

Imp rest cash fund is a revolving fund maintained at a constant amount to cover the small cash expenditures such as conveyance, entertainment, minor office supplies etc.

At all times the general ledger imp rest fund account balance in the name of respective should be the amount of cash that was originally advanced.

The following procedures are helpful in maintaining the imp rest cash fund account:

1. To establish the imp rest fund account, make a fund available to the in charge for an amount sufficient to cover small expenditures for a designated period of time.
2. The in charge is required to provide expenditure vouchers to corporate office immediately after the close of designated period of time.
3. The concerned section of finance and accounts department should process the vouchers and send to the proper authority for approval.
4. Discrepancy detected at the examination of vouchers.

5. The amount in the vouchers as found and approved should be made available to the concerned after posting to the concerned account.

3.8 Advances

There may require some unavoidable advance such as:
Advance to Vendor for specific product. Advance to employee on humanitarian ground Whatever the nature of advance this should be made available to the beneficiary after proper approval from the top management of the company. The department should take necessary steps to realize the advance as per understanding.

3.9 Prepayments & security deposits

Prepayments required for rental office should be made available as per agreement on approval by the management. The department of finance and accounts should adjust the prepayments as per agreement. No lapse in this regard will be allowed. In addition, there require some security deposits for securing business telephone, customs etc. these should be made through cheque subject to the approval from the management. The corporate finance and accounts department will be responsible to bring back the same at the end of the stipulated period. In addition, the transactions should be accounted for properly.

3.10 Investment

Investment policies are too complex to fully discuss here, but controls for managing investments should include the following:

- The finance and accounts department are to implement the investment decision to the company.
- The present policy in this regard is to place fund in fixed deposit reserve with banks and in saving certificated issued by the government.
- The investment will be made when the board of directors takes decision.

- The interest earning in this regard will be accounted for on maturity of the investment

3.11 General ledger

The general ledger (G/L) accumulated all accounting activities for an accounting period. The importance of the (G/L) systems become apparent in light of a double entry objective that: -

(a) All transactions are properly accumulated, classified, summarized and recorded in the accounts and,

(b) Financial transactions and reports accurately reflect the details of all operations. As evidenced by the objective, the activities of a (G/L) system are varied, ranging from the preparation of journal entries to the production of the final financial statements. The basic flow of events for a (G/L) system is simple, revolving mainly around the journal entry. Initially journal entries are prepared by summarizing the period's activity. Journal entries are then posted to the (G/L). Reports are generated from the (G/L), reviewed for accuracy and any variances are explained. Finally, financial statements are produced from the final general ledger. Because of the impact of the (G/L) system, the following key controls are imperative.

CHAPTER FOUR

Accounting Activities & Analysis

4.1 Accounting Activities

As stated above, summarization of the month's activities is done via journal entry. The **different accounting activities** that give rise to journal entries are **as follows**: -

CASH ACTIVITIES

- **Cash receipts**: Cash payment is received through money receipt from different sources
  - Cash sales
  - Credit collection

All receipts either cash or cheque must be entered to the respective revenue centers individually. At the end of the month journal entries of accumulated figure is to be posted to the (G/L) accounts.

- **Disbursements**: Posting is required at the time of each payment individually to the respective head of accounts.

OPERATING ACTIVITIES

- Accounts payable: There are some recurring expenses identifies as accounts payable such as
  - Direct cost-
  - General cost- Salary, Rent etc.

This type of expenses is to be recorded on cash basis in the existing data base file. At the end of month this is to be treated as payment against account payable in the reporting software.

- Account receivable: Credit sales will be treated as accounts receivable and at month end journal entries receivable is to be posted to the (G/L) in order of revenue center.
- Payroll: Salary for the working month is to be paid and at the end of each month payable account for salary is to be posted and when paid payment is to be adjusted in reporting software.
- Depreciation: Depreciation is to be charged on-
  - Fixed assets: Building, leasehold improvement, plant and machinery, motor vehicles, furniture equipment and tools as per journal entry to be posted in the reporting software.
- Prepaid/ Advanced: It is to be ensured at the time of posting of payment/ adjustment that prepaid/ advance account (such as prepaid office rent, operational advances) is properly accounted for.

4.2 Introduction

Financial Statements represent a formal record of the financial activities of an entity. These are written reports that quantify the financial strength, performance and liquidity of a company. Financial statements reflect the financial effects of business transactions and events on the entity.

The role of financial reporting for companies is to provide information about their fiscal health and financial performance. As investors, we use financial reports to evaluate the past, current and prospective performance and financial position of a company. These statements allow us to compare one firm to another and form the basis of valuing the worth of a stock.

4.3 Types of Financial Statements

The four main types of financial statements are:

1) Balance sheet
2) Income statement
3) Cash flow statement
4) Statement of changes in equity

(i) Balance sheet

Balance sheet or statement of financial position is directly related to the income statement cash flow statement and statement of changes in equity. Assets, liabilities and equity balances reported in the balance sheet at the period end consist of:

1. Balances at the start of the period;
2. The increase (or decrease) in net assets as a result of the net profit (or losses) reported in the income statement;
3. The increase (or decrease) in net assets as a result of the net gains (or losses) recognized outside the income statement and directly in the statement of changes in equity.
4. The increase in net assets and equity arising from the issue of share capital as reported in the statement of changes in equity;
5. The decrease in net assets and equity arising from the payment of dividends as presented in the statement of changes in equity;
6. The change in composition of balances arising from inters balance sheet transactions not included above (e.g., purchase of fixed assets, receipt of bank loan, etc.).
7. Accruals and prepayments
8. Receivables and payables

(ii) Income Statement

Income statement or profit and loss statement is directly linked to balance sheet, cash flow statement and statement of changes in equity.

The increase or decrease in net assets of and entity arising from the profit or loss reported in the income statement is incorporated in the balances reported in the balance sheet at the period end.

The profit and loss recognized in income statement is included in the cash flow statement under the segment of cash flows from operation after adjustment of non-cash transitions. Net profit or loss during the year is also presented in the statement of changes in equity.

(iii) Cash Flow Statement

Statement of cash flows is primarily linked to balance sheet as it explains the effects of change in cash and cash equivalents valance at the beginning and end of the reporting period in terms of the cash flow impact of changes in the components of balance sheet including assets, liabilities and equity reserves.

Cash flow statement therefore reflects the increase or decrease in cash flow arising from:

1) Change in share capital reserves arising from share capital issues and redemption.
2) Change in retained earnings as a result of net profit or loss recognized in the income statement (after adjusting non-cash items) and dividend payments;
3) Change in long term loan due to receipt or repayment of loans.
4) Working capital changes as reflected in the increase or decrease in net current assets recognized in the balance sheet.
5) Change in non-current assets due to receipts and payments upon the acquisitions and disposals of assets (i.e., investing activities)

(iv) Statement of Changes in Equity

Statement of changes in equity shows the movement in equity reserves as reported in the entity's balance sheet at the start of the period and the end of the period. The statement therefore includes the change in equity reserves arising from share capital issues and redemptions, the payments of dividends, net profit or loss reported in the income statement along with any gains or losses recognized directly in equity (e.g., revaluation surplus).

4.4 Total Assets

Observation:

05 years trend percentage position of total assets of Corona group has been shown in the following table-

Total Assets

Particulars	2016	2017	2018	2019	2020
Total Assets	55.70%	70%	8374%	100%	122.44%

Source: office Document and Annual Report 2016 to 2020

Comment: Here base year is 2017. We see trend parentages of total assets of Corona group increase each year.

4.5 Total Liabilities

Observation:

05 years trend percentage position of total liabilities position of Corona group has been shown in the following table-

Particular	2016	2017	2018	2019	2020
Total liabilities	**57.52%**	**72.17%**	**85.96%**	**100%**	**123.49%**

Source: office Document and annual Report 2016 to 2020

Comment: Here base year is 2017. We see trend parentages of total liabilities of Corona group increase each year.

4.6 Total Shareholder's Equity

Observation:

05 years trend percentage position of total Shareholder's position of Corona group has been shown in the following table-

Particular	2016	2017	2018	2019	2020
Total Shareholder's	**41.25%**	**52.48%**	**66.12%**	**100%**	**114.11%**

Source: office Document and annual Report 2016 to 2020

Comment: Here base year is 2017. We see trend parentages of total Shareholder's Equity of Corona group increase each year gradually.

4.7 Total Liabilities and Shareholder's Equity

Observation:

05 years trend percentage position of total liabilities and Shareholder's position of Corona group has been shown in the following table-

Particular	2016	2017	2018	2019	2020
Total liabilities and Shareholder's	**55.70%**	**70%**	**83.74%**	**100%**	**122.44%**

Source: office Document and annual Report 2016 to 2020

Comment: Here base year is 2017. We see trend parentages of total liabilities and Shareholders of Corona group increase each year gradually.

4.8 Liquidity Ratio

Current ratio shows a firm's ability to cover its current liabilities with its current assets' the higher current ratio shows the greater ability of the firm to pay its bills. On the other hand, lower current ratio shows the lower ability of the firm to pay its bills. Formula of current ratio is given below**, Current ratio current Assets/Current liabilities**

Year	Current Ratio
2019	**1.096**
2020	**1.091**

The current ratio represents a margin of safety for Creditors. The higher than the current ratio the greater the marginal of safety. In Corona Group the current ratio is 1.091 in 2020 and 1.096 2019. So, say that Corona Group. Does have the greater margin of safety. Because Current Ratio is increase in 2020.

4.9 Leverage (Debt Ratio)

Debt ratio shows the extent to which the firm is financed by debt. Creditors generally like this ratio to be low. The lower the ratio, the level of the firm's financing that is being provided by shareholders and larger the creditors cushion (margin of protection) in the event of shrinking asset values or outright losses.

Ratio	2016	2017	2018	2019	2020
Revenue	5177.22	6189.08	6898.27	9038.34	9460.68
Debtor	50549.16	61788.15	740203.33	89186.20	106329.63
Debt Ratio	**10.24%**	**10.01%**	**9.30%**	**10.13%**	**8.90%**

Source: Annual Report 2016-2020

Comment: We see the above table the debt ratio decreases in 2017,2018 increase 2019 and decrease in 2020 because revenue and debt or fluctuate every year.

4.10 Debt to Total Assets Ratio

The debt ratio measures the proportion of total assets financed by the firm's creditors.

Total debt includes both CL and LLB tern debt' creditors prefer low debt ratios because the lower the ratio the greater the cushion against creditors losses in the event of liquidation. Its formula: Debt to Total Assets Ratio= Total Liabilities/ Total Assets.

Ratio	2016	2017	2018	2019	2020
Total debt	50549.16	61788.15	74203.23	89186.20	106329.63
Total equity	5932.08	7546.81	9509.25	14379.86	16408.87
Debt Equity Ratio	**8.52%**	**8.18%**	**7.80%**	**6.20%**	**6.48%**

Source: Annual Report 2016-2020

Comment: We see the above table the debt equity ratio decreases in 2017,2018,2019 and decrease in 2020 because total debt and total equity fluctuate every year.

4.11 Profitability Ratios

Return on asset, often called the return on investment. It measures the overall effectiveness of management in generating profits with its available assets. Return on asset (ROA)= Net income / Total assets. Return on equity (ROE): The ratio of net income to common equity measures the return on common equity or the rate of return on stockholders' investment. If the present return on equity is more than past ratios that indicates the better position to the present then past. Return on equity capital is a measure of the rate of the rate of return flowing to the institution's shareholders.

i. Return on Investment (ROI)

Ratio	2016	2017	2018	2019	2020
Net Profit	1353.50	1515.23	2092.23	3233.09	3140.22
Investment	5556.57	8375.59	12168.65	16516.38	22333.48
ROI	**22.81%**	**18.09%**	**17.19%**	**19.58%**	**14.06%**

Source: Annual Report 2016-2020

Comment: We see the above table the return on investment (ROI) decreases in 2010,2011 and increase in 2012 and decrease in 2013 because net profit and investments fluctuate every year.

ii. **Return on Investment (ROI)**

Ratio	2016	2017	2018	2019	2020
Net Profit	1353.50	1515.23	2092.23	3233.09	3140.22
Shareholder's	5932.08	7546.81	9509.25	14379.86	16408.87
ROE	**22.80%**	**20.07%**	**22%**	**22.48%**	**19.13%**

Source: Annual Report 2016-2020

Comment: We see the above table the return on investment (ROI) decreases in 2010 and increase in 2011,2012 and decrease in 2013 because net profit and sales fluctuate every year.

4.12 Earnings Per Share (EPS)

Observation:

05 Years trend percentage earnings per share position of Pubali bank ltd has been shown in the following table-

Particular	2016	2017	2018	2019	2020
EPS	**5.47**	**4.82**	**3.75**	**2.10**	**2.75**

Comment: We see the EPS fluctuate in 5 years. Decrease in 2010 then increase in 2011 after that decrease in 2012,2013.

4.13 Net profit Margin Ratio Analysis

Ratio	2016	2017	2018	2019	2020
Net Profit	1353.50	1515.23	2092.23	3233.09	3140.22
Sales	5339.96	6804.08	8056.63	9003.50	12042.36
Net profit margin ratio	**25.34%**	**22.26%**	**25.97%**	**35.90%**	**26.07%**

Source: Annual Report 2016-2020

Comment: We see the above table the net profit margin ratio decreases in 2017 and increase in 2018,2019 and decrease in 2020 because net profit and sales fluctuate every year.

CHAPTER FIVE

5.1 Findings of the Corona Group

There are some findings of the Corona Group They are given below:

1) Corona group is one of the bigest Tractors & luk-oil company in Bangladesh.
2) Corona group Accounting & Finance Activities is very high qualityful.
3) Corona Group is a profitable organization.
4) Corona group is playing an important role toward the growth and economic development of Bangladesh.
5) Information Technology of Corona Group for their company system is updated. They are using their own ERP and all branches is online.
6) Service personnel are working under presser because they have to deal with large number of customers every day.
7) Corona Group is a 100% indigenously sponsored private Company.
8) Profit margin was higher which indicate good management for the year 2019.
9) Corona group has ensurd basic four columns of good governance i.e. accountability, transparency, predictability and balancing the etreme through utilization of available resources an day to day decision making in conformity with instruction of regulatory bodies.
10) The success of Corona Group depends on improved service delivery to its customers. Now so many company in the country have emerged to cater to the needs of customers.Most of the Bangladeshi peopule use Corona Group Tractors & luk-oil.

CHAPTER SIX

RECOMMENDATIONS & CONCLUSION

6.1 RECOMMENDATIONS

So there have some weaknesses that act as barriers for being better performance of Corona Group. If the company can reduce this kind of barriers, company can be successes. So, they can take some action to recover those barriers that is: -

- Have to can increase sales
- Company must follow the chain of command
- To make effective salary structure
- Have to reduced short term loan
- Have to reduced new store expansion Because if it increases more in a year, the expenses of lease payment are increasing too.

The managerial performance of Corona Group is also very good but for more better in future they can take some action which is given below.

- Adaptation of more advance technology in their production process.
- Improvement of compensation structure for the staffs and employees.
- Uses of Modern updated software's in all departments for accomplishing the task which I think will make the work more effective and efficient. It will also save a lot of time and energy.
- Evaluation for the good performance of the employees by introducing award and incentives.
- Corona Group should try to perform some social responsibility like establishment of Hospital, providing medical facility to any rural areas for particular period of time etc.
- Corona Group should improve its existing distribution system.
- Delivery schedule should be modified, i.e., the number of weekly deliveries should be increased according to the demand and expectations of the dealers.

- More surveys can be done in order to identify more deeply the causes of poor performance and other areas of flaws.
- Customers' database should be maintained using software that is more sophisticated so that existing road map/plan can easily be modified anytime.
- Modern and versatile software should be used to run the process of keeping records and invoices so that anytime a recheck can be possible.
- Crosschecking of all records and activities should be introduced and practiced.
- Beside distribution, Corona Group should concentrate on improving the other areas of operation as well.
- Brand equity in terms of market share should be the main focal now because distribution alone can do nothing if the customers ultimately do not demand the product

6.2 CONCLUSION

The analysis of the firm's financial statements consists of mixture of steps and pieces that interrelate and affect each other. No one part of the analysis should be interpreted in isolation. Short term liquidity impacts profitability; profitability begins with sales, which relate to the liquidity of assets. The efficiency of asset management influences the cost and availability of credit, which shapes the capital structure. Every aspect of a firm's financial condition, performance, and outlook affects the share price. The last step of financial statement analysis is to integrate the separate pieces into a whole, leading to conclusions about the business enterprise. The specific conclusions drawn will be affected by the original objectives established at the initiation of the analytical process.

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