Sonargaon University (SU)

Thesis Report
On
"The implications of IAS 2 on Walton Hi-Tech Industries Limited (WHIL) in Bangladesh"

The Relationship between Job Stress and Job Satisfaction: An Evaluation

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Submitted for the partial fulfillment of the degree of

Master of Business Administration



Sonargaon University (SU)
Department of
Business Administration

"The follows IAS-2 of Walton Hi-Tech Industries Limited (WHIL) in Bangladesh"

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Date of Submission 13 Jan 2022

Declaration

This is to certify that the internship report on **"The follows IAS-2 of Walton Hi-Tech Industries Limited (WHIL) in Bangladesh"** has been prepared by Prodip Hore, ID No: MBA 2101022021, as a partial fulfillment of the requirement of MBA degree from the Department of Business Administration Sonargaon University (SU) under the supervision of **Farjana Yeasmin Chowdhury**, Department of Business Administration.

I also declare that this paper is my original worked and prepared for academic purpose which is a part of MBA and the paper may not be used in actual market scenario.

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Letter of Transmittal

13th January 2022
Farjana Yeasmin Chowdhury
Lecturer
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Sub: Submission of Internship Report

Dear Sir,

With due respect and great gladness, I am Prodip Hore, ID- MBA 2101022021 submit my Thesis Report, which is a part of the MBA Program. Thanks to work under your active support and supervision.

This report is based on, **"The follows IAS-2 of Walton Hi-Tech Industries Limited (WHIL) in Bangladesh"**. I am working in the Walton Group "Finance & Accounts Department" under the supervision of Mr. Muhammed Omar Faruk Ripon (FCA), Senior Executive Director.

To prepare report I have collected most relevant information to make report more logical and reliable. My primary sources of information regarding this report are my superiors and colleagues. I have tried my best to Attain the objectives of the report and hope that my exertion will serve the purpose.

I have completed the whole Report with great passion. I hope you will evaluate my report considering the limitations of the study. It would be my huge pleasure if you find this report useful and informative to have an apparent perspective on the issue. Thank you for your deliberation and patience.

Sincerely Yours

Prodip Hore
ID# MBA-2101022021
Sonargaon University (SU)

Certification

It is to certify that Prodip Hore a student of MBA, ID No: MBA-2101022021 has successfully completed his "Thesis Program" entitled **"The follows IAS-2 of Walton Hi-Tech Industries Limited (WHIL) in Bangladesh"** under my supervision for the partial fulfillment for the award of MBA degree.

He has done her job according to my supervision and guidance. She has tried her best to do this successfully. I think this will help her in future to build up her finer professional career. I wish her success and prosperity.

Farjana Yeasmin Chowdhury
Lecturer
Faculty of Business
Sonargaon University (SU)

Letter of Authorization

Certified that this project report titled **"The follows IAS-2 of Walton Hi-Tech Industries Limited (WHIL) in Bangladesh"** of Prodip Hore, carried out the research under supervision Farjana Yeasmin Chowdhury, Lecturer. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Farjana Yeasmin Chowdhury
Lecturer
Department of Business Administration
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Executive Summary

This report was commissioned to analyze and evaluate performance and future prospects of Walton in a growing domestic International electronic market. The research Divulges that in a continuously growing market, Walton has become a reliable name for customers. Walton Group is an emerging company for Bangladesh economy. Countrywide network, inclination towards quality and dedicated team of employees are the main causes of its success. Though it had started business with Television (CRT), yet it has always been committed to satisfying customer demand by introducing new products. Recent production and selling of Refrigerator, Freezer, Television, Mobile phone, computer, compressor, Chemical air-conditioner and Home Appliance testifies the customers response & position. Walton has a goal to double overall market share in the next 5 years. It has successfully positioned itself as a customer friendly and eco-friendly company. Walton has Establish in office "After Sales Service" Enormously which image put in Customers mind.

Since its target market is middle-income people, the price of their products is comparatively lower than those of competitors'. This strategy helps the company greatly in a price sensitive consumers market. In Time being Walton has increased promotional activities through organizing various national sports & Many Others events. Rapidly growing demand from customers for electronic products may put pressure on Walton. It has adopted market penetration, product development and market development strategy for future growth. Based on current market Trends and impressive Strategic management, its, Position as on top Electronic Product Producer. A close Study of Walton group external & internal environments shows Economically Stability and to occupy new market niches.

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CHAPTER- ONE

INTRODUCTION

1. INTRODUCTION

Walton Hi-Tech Industries Limited all product has become an essential part of our daily life. These products are not luxury product anymore due to technological advancement and innovation. In Bangladesh electronic industry is showing a positive growth trend. Various local brands are performing well in the market along with international brands. In the year 2021, number of sold Product Taka was 7196 core. Walton Hi-Tech Industries Limited are slowly winning the heart of people due to low cost and improved performance. This positive scenario of electronic industry inspired Walton Hi-Tech Industries Limited Bangladesh to introduce their electronic brand Walton electronic in 1998. Walton product is performing in the market with a view to enhancing lives and lifestyles through technology and innovation. They want to the market leader in the domestic market very soon.

1.1 OBJECTIVE OF THE STUDY

BROAD OBJECTIVE

To Measure The implications of IAS 2 of Walton Hi-Tech Industries Limited all product

SPECIFIC OBJECTIVES

- To analyze the whole The implications of IAS 2 of Walton Hi-Tech Industries Limited
- To analyze Inventory related data to find out reliability
- To analyze Inventory Report point of view to find out flexibility of IAS 2
- To analyze organizational related data to find out assets
- To analyze organizational data to find out cost
- Analyze the overall electronic industry of Bangladesh

1.2 SCOPE OF THE STUDY

This study is done for academic purpose and study is limited within the territorial boundary of Walton Hi-Tech Industries Limited where conducts its The implications of IAS 2. The study is conducted in Dhaka, as this is the capital city and I worked in Dhaka at Walton Headquarter. The electronic brands which are currently functioning in Bangladesh are considered to form the strategies. Global brands like Gree, Samsung etc. are not considered. And this study is limited with the Walton Hi-Tech Industries Limited all product of Walton Group. Their other product lines are not considered. All the strategies mentioned is all about Walton Hi-Tech Industries Limited all product only not any other electronic devices. The study does not explore the present market scenario and future market growth prospects.

1.3 LIMITATIONS

The population of interest for this research was vast; therefore there were some constraints to

the research that limited the scope. Those limitations are mentioned here:

- The survey was conducted in Dhaka as per researcher's convenience and the results are generalized. So there might some gap from the reality.
- The respondents were also not so interested towards the filling of the questionnaire. Some of them almost filled it just for the completion sake, not in a serious and thinking manner, which might affect the outcome.
- Many respondents were very reluctant to go through the questionnaire themselves and instead asked us to save them the trouble by filling it up based on their spoken opinion. This obviously distorted some results.
- Some of the respondents did not have a good understanding of aspects of the questionnaire (ranking, or in some cases continuums) despite explaining it to them multiple times and seemed to have provided faulty or random answers, which posed a problem.
- Report is highly depended on secondary source of data collected from the company. As they were not interested to disclose too many data because of their business strategies. Approximate data are used mostly here which may differ slightly from the reality.
- Here the performance of partial The implications of IAS 2 is analyzed (Warehouse to Office works), not the whole chain.

1.4 METHODOLOGY

To analyze factors that affect the performance of supply chain of Walton Hi-Tech Industries Limited , two types of data are used- Primary and secondary data.

SECONDARY STUDY

Secondary data was collected from the various departments of Walton Hi-Tech Industries Limited, journals, books, magazines, newspapers, internet etc for the purpose of qualitative study. Secondary source of data played a major role in this study.

PRIMARY STUDY

Primary data were collected from Accounts department, asset department, Inventory department and Customer Service management of Walton Hi-Tech Industries Limited. A sample size is used Interview method & Reporting is also used to collect data.

QUALITATIVE RESEARCH

For better understanding about the product we have to know all pros and cons and the factors that affect or be affected by the product or service .Qualitative research techniques can be a useful mean to explore those factors. Considering these issues we have conducted several KII (key Informant Interview & Report) with key resource persons.

CHAPTER- TWO

Profile of Walton Hi-Tech Industries Limited

2.1 Historical Background

Rezvi and Brothers, formed in 1977, which introduced in R.B. Group and now in present Named Walton Group in (2017), a leading business conglomerate in private sector of Bangladesh.

Mr Nazrul Islam joined his father's business after Britain had left the Indian sub-continent in 1947. His joining marked a significant turning-point in his family business. In his long and eventful life, Mr Nazrul Islam has brought many innovations and diversifications in his business. He formed Walton's parent company Rezvi and Brothers in 1977 and moved it forward through his dynamic, farsighted and stronger leadership.

One of the unique characteristics of S.M. Nazrul Islam is that he can still take decisions very quickly in any situation. He remains a great source of inspiration for all in R.B. Group. All in Walton share the great privilege and responsibility of translating his dreams into reality.

Afterward, R.B. Group was formed and Rezvi and Brothers merged with it. In the meantime, his two sons S.M. Nurul Alam Rezvi and S.M. Shamsul Alam joined R.B. Group and took over the charges of its Chairman and Managing Director respectively. Besides, S.M. Nazrul Islam's other three sons--S.M. Ashraful Alam, S.M. Mahbubul Alam and S.M. Rezaul Alam-- joined the Walton Group as Directors.

S.M. Monjurul Islam Ovee, eldest son of S.M. Nurul Alam Rezvi, joined R.B. Group as Director in July 2012.
Tahmina Afrose Tanna, eldest daughter of S.M. S.M. Shamsul Alam, joined R.B. Group as Director in Nov, 2015.
Raisa Sigma Hima, eldest daughter of S.M. Nurul Alam Rezvi, joined R.B. Group as Director in Oct, 2016.
Al-Hajj Nurzahan Islam eldest Mother of S.M. Nurul Alam Rezvi and Brothers joined Walton Group as Chairman
Zakia Sultana Eldest Wife of S.M. Mahbubul Alam, joined Walton Group as Director in Aug, 2018.
Mahabub Alam Mridul eldest Son of S.M. S.M. Shamsul Alam, joined Walton Group as Director in Sep, 2019.
Rifah Tasnia Swarna eldest daughter of S.M. Nurul Alam Rezvi, Walton Group as Director in Sep, 2019.

2.2 Corporate Profile at a Glance

Name: Walton Hi-Tech Industries Limited

Sister Cancun in the Walton Group

Founder Chairman: S.M. Nazrul Islam

Running Chairman : S.M. Nurul Alam Rezvi

Managing Director: Golam Murshed

Type: Public limited company (PLC)

Corporate Office : lot-1088, Block-I, Sabrina Sobhan Road P.O-Khilkhet, P.S-Vatara, Bashundhara R/A, Dhaka-1229**.**

Headquarters: Kaliakair, Gazipur, Bangladesh.

2.2.1 Key People Walton Group:

The company's Present board of directors

Chairman: S.M. Nurul Alam Rezvi

Vice Chairman: S.M. Shamsul Alam,

Managing Director: Golam Murshed

- **Director:** S.M. Mahbubul Alam
- **Director:** S.M. Rezaul Alam
- **Director:** S.M. Monjurul Islam Ovee
- **Director:** Tahmina Afrose Tanna
- **Director:** Zakia Sultana
- **Director:** Raisa Sigma Hima

2.3 Industry, Factory & Market Areas

Market Areas: Bangladesh, South Asia, North America, Australia, Middle East and Africa



Certificates: Walton has been maintaining 100% compliances since its inception and certified ISO 14001:2004 Refrigerators & Air Conditioner Division, ISO 9001:2015 Refrigerators & Air Conditioner Division and OHSAS 18001:2007 Certificate for successfully adopting sound occupational health and safety management systems, efficient staff management, minimizing the risk of accidents and achieving adequate corporate reputation ensuring the standard of products and combining the above to minimize the production cos.



Awards: Walton is the No. 1 Manufacturer and Exporter of Refrigerator, Air Conditioner, LED TV, Mobile Phone, Walton has achieved many international & national awards and recognitions like some recent prestigious and best business awards are: The Golden Globe Tiger Award 2015 in the category of Excellence & Leadership Brand, DHL-Daily Star Bangladesh 15th Business Award 2014 for Best Enterprise in Bangladesh, Asia Best Employer Brand Awards in 2015, Six times 1st Prize for Highest VAT Payer at DITF-2015, 2014, 2013, 2012, 2011 & 2010 respectively, Second Prize

for Premier Pavilion Category at DITF-2015, Best Refrigerator Brand Award-2014, Best Television Brand Award-2014, Best Local Brand Award-2014, 1st Prize for Premier Pavilion Category at DITF-2014, The Global Brand excellence Award in 2014 for brand excellence in consumer electronics, 1st Prize for Premier Pavilion Category at DITF-2013, Best Sponsor Award-2012, Creative Media Ltd. BABISAS Award-2012, Best Brand (Refrigerator) Award-2011, 2nd Prize for Premier Pavilion Category at DITF-2011, 2nd Prize for Premier Pavilion Category at DITF-2010, 1st Prize for Premier Pavilion Category at DITF-2009, 1st Prize for Premier Pavilion Category at CITF-2005



Products: Refrigerator, Freezer, Air-conditioner, Television, compressor, Generator, Microwave oven, Washing machine, Fan, Switch sockets, Water pump, Elevator etc.



Production Facilities: The Manufacturing Plant & Headquarters of WHIL is located at Chandra, Kaliakoir, Gazipur, Bangladesh. The plant is treated as one of the sophisticated manufacturing plants in Bangladesh as well as in South Asia. Walton

innovates to build a more advanced, sustainable and environment friendly society through the combination of sophisticated technologies and expertise. The manufacturing plant of WHIL is approx. 5,000,000 sft. of working space consisting of 19 Buildings and Shades.



About the industry

The Electrical & Electronics (E&E) industry of Bangladesh has been depending on the imported products until the local companies started investing in manufacturing plants for producing E&E products in the country. The market is growing at a rapid rate of 20%, which is the ultimate reason for the local companies to go for capital investment in the sector. As the Bangladesh economy is taking advances in GDP growth and improved the living standard of people, the E&E sector is also making rapid progress and contributed BDT 10,000 (Ten thousand) Crore in the country's GDP. This sector has created employment for 1 (one) million people.



Refrigerator Industry

The Refrigerator industry is one of the important sub-sectors of the E&E industry. Mainly freezer, frost & nofrost refrigerators are sold in the market. In 2008, the Refrigerator market demand was 300,000 pcs. And the average market price was BDT 60,000. Over the period, the demand has been increasing and reached to more than 2,600,000 pcs. in 2020-2021 with more than 600% growth compared to 2008. On the other hand, the market price went down to BDT 25,000 and make the product affordable for all. The locally-produced fridges are rapidly capturing the market and the share of imports has fallen from 19% to 15% in the last three years. The market share of domestic Refrigerators was 85% while the share of imported refrigerators was only 15%. The growth in demand has risen by 44.45% in 2018-19 after encountered negative growth at a rate of (10%) in last FY2017-18 due to liquidity crisis in overall economy resulted from low flow of remittance, foreign currency fluctuation, higher interest rate, in addition heavy monsoon rains upstream trigger floods in northeast Bangladesh during that period. But, the industry participants were very much optimistic regarding the growth of this industry in forthcoming years. Their believe become true and the market demand reached to 2,600,000 pcs in the end of last financial year 2018-19, according to the Bangladesh Refrigerator Manufacturers and Exporters Association (BRMEA). A robust growth of the market has been seen driven by sales in the rural and suburban areas. The market has begun to expand fast in recent years as more firms signed up for making refrigerators and started selling the home appliance using their own brands targeting lower and middle income segments. Domestic manufacturers are offering refrigerators at comfortable rates and this is one of the main reasons behind the fast

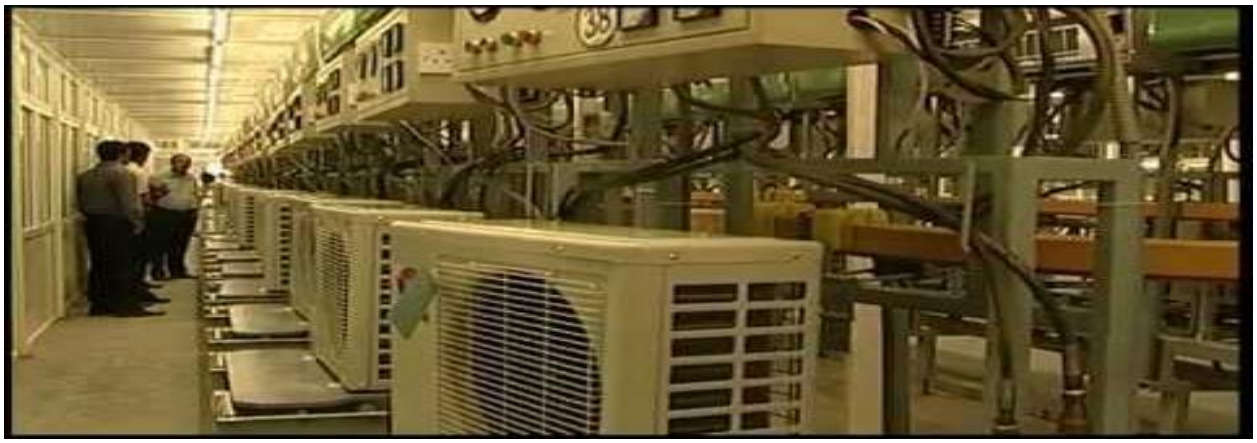
The increasing availability of electricity supply in the rural areas, rising buying capacity of the people and the scope to buy a refrigerator through installments are among the factors that are driving the market. Above all, people in the rural areas are getting the appliance at their doorsteps. The overall market size of refrigerators in Bangladesh is become BDT 6,500 (Six Thousand Five Hundred) core. It is expected that the market would continue to grow in the next few years. People who did not think of buying a refrigerator in the past are now considering buying one and this has been possible as prices have reduced owing to domestic manufacturing, increasing purchasing power and advancement of technology. The international brands became keen to expand their foothold in the Bangladeshi market. A number of Korean brands have recently formed joint ventures with local counterparts to establish factories for the manufacturing of electronic goods. Few multinational electronics companies have also entered the market to make refrigerator, air conditioner and television locally. The revenue authority has waived value-added tax and supplementary duty on the import of raw materials to make compressors of refrigerator and air conditioners with a view to facilitating local manufacturing and also given the opportunity to manufacturers to

encourage industrial development. The VAT exemptions on production of compressors, refrigerators and air conditioner have been offered until June 30, 2021.



Air-Conditioner Industry

The Air Conditioner (AC) is another rapidly growing product segment in the E&E sector. Due to the rapid urbanization in the country and recent climate changes due to global warming has magnified the usage of Air Conditioner (AC) in Bangladesh. In Air Conditioner market, the seasonal hike is during the summer season when heat induces customers to purchase ACs. As Bangladesh is a country where summer lasts for a



REFRIGERATOR MARKET DEMAND

longer period of time and prices are more or less affordable, people even from the middle and lower-middle classes are buying ACs these times. This is attributable to the government's continuous support and increase in production of electricity.

Sales of air-conditioners are growing steadily in Bangladesh riding on the demand from the expanding middle class and modern offices and factories as consumers are seeking to escape extreme heat of summers. Data from the International Energy Agency, an intergovernmental organization based in Paris, showed sales of air-conditioners rose about 50% in Bangladesh during last three years. 500,000 units of ACs were sold in 2020-2021, whereas not more than 100,000 units retailed a decade ago. According to market research, the market size stood at BDT 2,500 crore last year. AC is gradually becoming a mass product and rising purchasing capacity of people is the main reason behind it. Annual demand for ACs rose 25 percent (%) each year in the last five years. The market is expanding as local manufacturers are offering ACs at the prices the middle class can afford. Consumers now can buy ACs with capacity from 1.5-ton to 2-ton at BDT 35,000 to not more than BDT 100,000 and the quality is almost like that of the renowned brands. April and May are the peak season for outlets retailing ACs as temperature hits 35 degree Celsius to 40 degree Celsius.

The Electrical and Electronics sector is one of the rapidly growing sectors in the country. Bangladesh can become one of the exporters of E&E sector by enabling proper policies. As the market grew rapidly, local companies as well as foreign ones realized the potential in the market. To ensure sustainability of the sector, there is no alternative to continuous value addition, establishing linkages with domestic industries and a structured tax/regulatory policy. Simplification of policies is strategically important for sustaining and welcoming new companies to meet the burgeoning demand for the country's E&E products.

Compressor Industry

Compressor is one of the advanced& sophisticated technological industries in the world.

Refrigeration compressor is the core part of the Refrigeration system, its performance is the most important index of the Refrigeration system. Refrigeration Compressor is both a motor and pump that move the refrigerant through the system which is usually used in the refrigerator and air conditioner, Refrigeration Compressors can also be found on other devices which are designed to be used for cooling. The major use of a refrigeration compressor is in the process of food preservation. Among not more than 15 countries in the world, Bangladesh is proudly manufacturing compressor. Currently only Walton 15makes compressors in Bangladesh. Annual market demand of compressor is nearly 3.0 million pcs in last FY2018-19 to make new refrigerators, AC and repair the old ones as well as other commercial purpose. At present, the total market size of Compressor has become BDT 1,000 Thousands Crore and only 15% amount of BDT 150 Crore was contributed by locally manufactured compressor as import substitute. So, here is the huge scope for the local manufacturer as well as foreign ones to manufacturer compressor locally, if they get friendly import policy regarding the

raw materials for manufacturing compressor. The sector has been also growing at the rate of 20 per cent as sub sector of E&E. If the local manufacturer may get proper policies, it may contribute BDT 1,000 Crore in the country GDP. It will create employment of 2 lakh people. It will save foreign currency of BDT 1,000 thousands crore in the country economy as import substitute.

2.4 Vision of Walton Hi-Tech Industries Limited

Along the way, Walton has earned domestic and global recognition for its experience and proven track record in a variety of electronics fields. Walton is the pioneer of developing state of the art designs and modern technology having leading market share specializing in Multi-Stored Refrigerators, Freezers, Air Conditioners, LED/ LCD televisions, Motorcycles, Smart Phones and Home Appliances. WALTON has established a milestone as the highest exporting Bangladeshi enterprise in the field of electronics, with a universal presence in over 100 countries and by 2025 the presence of Walton will be ensured almost every country in the world.

2.5 Mission of Walton Hi-Tech Industries Limited

Along the way, Walton has earned domestic and global recognition for its experience and proven track record in a variety of electronics fields. Walton is the pioneer of developing state of the art designs and modern technology having leading market share specializing in Multi-Stored Refrigerators, Freezers, Air Conditioners, LED/ LCD televisions, Motorcycles, Smart Phones and Home Appliances. WALTON has established a milestone as the highest exporting Bangladeshi enterprise in the field of electronics, with a universal presence in over 30 countries and by 2022 the presence of Walton will be ensured almost every country in the world

2.6 Objectives of **Walton** *Hi-Tech Industries Limited*

WALTON has established a milestone as the highest exporting Bangladeshi enterprise in the field of electronics, with a universal presence in over 20 countries. Our operations are at full swing in the markets of India, Nepal, Bhutan, Myanmar, Maldives, United Arab Emirates, Qatar, Nigeria and West Africa. We are already in the process of penetrating the markets of Australia, Europe, USA, South Africa, Singapore, Poland, Romania, Saudi Arabia, Sri Lanka and the CIS Countries in the near future. Our contribution to serve the global markets have earned us a handful of accolades, both national and international, acknowledging our dedication, expertise and innovation to meet international standards.

A few of the recent awards include, The Golden Globe Tiger Award 2015 in the category of Excellence & Leadership Brand, Asia Best Employer Brand Awards 2015 and DHL-The Daily Star Bangladesh 15th Business Award 2014 for Best Enterprise in Bangladesh. For a strong and sustainable foothold, WALTON is obliged to maintain a 100% compliance since its inception and has achieved certification for ISO 14001:2004 Refrigerators & Air Conditioner Division, ISO 9001:2008 Refrigerators & Air Conditioner Division and OHSAS 18001:2007 Certificate for successfully adopting sound occupational health and safety management systems. Thus, succeeding to meet the necessary worldwide export criteria. For current global operations, WALTON maintains international representative offices located throughout Qatar, China, Thailand, Nepal, India and USA.

2.7 WALTON AT A GLANCE

Achievements of the Walton Group. BABISAS Award-2012, Best Brand (Refrigerator) Award-2011, 2nd Prize for Premier Pavilion Category at DITF-2011, 2nd Prize for Premier Pavilion Category at DITF-2010, 1st Prize for Premier Pavilion Category at DITF-2009, 1st Prize for Premier Pavilion Category at CITF-2005.

Walton has been maintaining 100% compliances since its inception and certified ISO 14001:2004 Refrigerators & Air Conditioner Division, ISO 9001:2015 Refrigerators & Air Conditioner Division and OHSAS 18001:2007 Certificate for successfully adopting sound occupational health and safety management systems, efficient staff management, minimizing the risk of accidents and achieving adequate corporate reputation ensuring the standard of products and combining the above to minimize the production cost.

Our strategic philanthropy and corporate social responsibility (CSR) efforts are aligned to our key businesses and focus mainly on sports and culture, technology and the environment with a particular emphasis on innovation in each of those areas. As a global leader in the consumer electronics industries, Walton is fully committed to responsible corporate citizenship and environmental stewardship through its products, its programs, its practices and its people.

CHAPTER- Three

Theoretical Background

Definitions

3.1 Inventories

IAS 2 provides guidance for determining the cost of inventories and the subsequent recognition of the cost as an expense, including any write-down to net realisable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories includes all costs of purchase, costs of conversion (direct labour and production overhead) and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned by:

specific identification of cost for items of inventory that are not ordinarily interchangeable; and

the first-in, first-out or weighted average cost formula for items that are ordinarily interchangeable (generally large quantities of individually insignificant items).

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Net realisable value (NRV) - the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale

Cost of inventories- all costs incurred in bringing the inventories to their present location and condition, including the costs of purchase and conversion.

Costs of purchase of inventories comprise the purchase price (less trade discounts, rebates and similar items), irrecoverable taxes, and transport, handling and other costs directly attributable to their acquisition.

Costs of conversion include costs directly related to the units of production, such as direct labour and systematically allocated fixed and variable production overheads incurred in producing finished goods

IAS 2 defines inventories as assets which are:

- held for sale in the ordinary course of business,
- in the process of production for such sale, or

- in the form of materials or supplies to be consumed in the production or rendering of services.

IAS 2 requires that those assets that are considered inventory should be recorded at the lower of cost or net realisable value. Cost not only includes the purchase cost but also the conversion costs, which are the costs involved in bringing inventory to its present condition and location, such as direct labour. IAS 2 also allows for the capitalisation of variable overheads and fixed overheads so long as the fixed overheads are allocated on a systematic and consistent basis and in respect to usual output levels. Where output is lower than expected the resultant excessive overhead should be considered an expense and not capitalised but when output is abnormally high the fixed overhead allocated to each unit must be decreased so as not to overvalue the inventory.

In the event of there being multiple products produced from one process, such as a main product and a by-product, where the costs are not clearly separated, the costs should be allocated "on a rational and consistent basis", such as based on the market value of each unit once the two products become separate.

IAS 2 does not allow for the capitalization of:

- The cost of abnormal levels of waste,
- Storage costs where the storage is not part of the production process,
- Administrative costs,
- Selling costs.

The valuation of work in progress on construction and service contracts falls outside IAS 2 (IFRS 15 applies instead); similarly for financial instruments, IAS 32 and IFRS 9 apply and for biological assets arising from agricultural activity, IAS 41 applies instead of IAS 2. For the capitalisation of borrowing costs in inventories, consult "IAS 23 Borrowing Costs".

IAS 2 allows for two methods of costing, the standard technique and the retail technique. The standard technique requires that inventory be valued at the standard cost of each unit; that is, the usual cost per unit at the normal level of output and efficiency. The retail technique values the inventory by taking its sales value and then reducing it by the relevant gross profit margin. Where items of inventory are not ordinarily interchangeable or where certain items are earmarked for specific projects, these items are required to have their specific costs identified and assigned to them individually.

IAS 2 also requires the use of the First-in, First-out (FIFO) principle whereby those items which have been in stock the longest are considered to be the items that are being used first, ensuring that those items which are held in inventory at the reporting date are valued at the most recent price. As an alternative, costs of inventories may be assigned by using the weighted average cost formula.

The value of inventories must be recorded at the lower of cost or net realisable value. Where net realisable value drops to below the cost of inventory the loss is to be recognised as an expense in the period in which the drop of value occurs.

1.2 Standard history

In April 2001 the International Accounting Standards Board (Board) adopted IAS 2 Inventories, which had originally been issued by the International Accounting Standards Committee in December 1993. IAS 2 Inventories replaced IAS 2 Valuation and Presentation of Inventories in the Context of the Historical Cost System (issued in October 1975).

In December 2003 the Board issued a revised IAS 2 as part of its initial agenda of technical projects. The revised IAS 2 also incorporated the guidance contained in a related Interpretation (SIC-1 Consistency Different Cost Formulas for Inventories).

Other Standards have made minor consequential amendments to IAS 2. They include IFRS 13 Fair Value Measurement (issued May 2011), IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) (issued November 2013), IFRS 15 Revenue from Contracts with Customers (issued May 2014), IFRS 9 Financial Instruments (issued July 2014) and IFRS 16 Leases (issued January 2016).

1.6 Assigning Costs to Inventories

Inventory value is material to the total asset value of the entity. Therefore, utmost care should be shown for accurate valuation. The valuation methods are used to find the cost of inventory. Specific identification, First-in, First-out (FIFO), Last-in, First-out (LIFO) and weighted average are methods to calculate the cost of inventories.

The entity has to choose one of these methods and has to be consistent within the accounting year and the years to come for the comparability of its financial statements.

Last-in, First-out (LIFO) method states that inventory which is acquired las should be sold first. LIFO method usually causes highest value of cost of goods sold and the lowest profit. The International Accounting Standards Board does not allow the use of LIFO method on the basis that the value of the inventory is not presented fairly when the entity uses this method for calculating the cost of the inventory.

Specific identification method can be used for identifiable costs related to an inventory, which cannot be substituted with one another, or cost of goods that are produced or sold for special projects are assigned to that inventory. For this to happen, the product or service has to have unique features and the costs can be attributed as the costs the inventory in question. This treatment of costs is valid for both bought and produced inventories.

It is not likely to assign costs to inventory when the inventory consists of large number of interchangeable items. The costs need to be calculated for this type of inventory. Two

methods are allowed by the Standard, namely the first-in first-out (FIFO) method and weighted average method.

In First-in, First-out (FIFO) method, the value of the inventory is based on the cost of items bought earliest in the accounting period. FIFO method presumably calculates lower inventory values. Therefore, if the entity is using the FIFO method, it is expected that it will have lower cost of goods sold and higher profit values. In the weighted average method, the value of the inventory is based on the weighted average cost of the items. This method is a good representation of value if the purchase prices of the items do not change much over the accounting period

The choice of the costing method is a strategic decision making tool. As it is seen, the cost of the inventory directly affects the cost of goods sold value, and hence, the profit of the period. High profits are desirable, but they lead to paying higher taxes. The entity may choose a method which would enable to show the net profit higher or lower.

3.3 Limitations

During my research the scope of the research area is limited within specific geographic areas. As a result information from other areas remained excluded in this research study.

¯ Also the responses of some dealers are distorted due to absence of proper probing. Also some of the dealers did not show any interest or feel free in sharing information with my research which has hampered my research study.

¯ Besides as the dealers and salespersons(absence of dealers) who are interviewed for this research are very much busy, they could not spend much time with me. So I have to cover the interview in a very stipulated time period.

¯ Some amount of conflicting and overlapping information came from the different stages of the research

¯ And finally the allocated time for internship program was insufficient to conduct such type of research work.

CHAPTER Four

Analysis and Findings

4.1 Inventory Analysis

The goals of inventory analysis include lowering costs, reducing theft, managing cash flow and ensuring you always have the goods available that customers want to buy.

Major Analysis Summarized

- The processes and scopes of audit and discussion on improvement of internal control system.
- Discussion on allowance of bad & doubtful debts, after sales service and inventory obsolescence allowance policy and the policy regarding common operating unit.
- Review and confirmation of the appointment and remuneration of the Statutory Auditors and Auditor for Secretarial and Compliance Audit.
- Review the internal audit & compliance reports of the company's Internal Audit team.
- Review the engagement of ACNABIN, Chartered Accountants and Hussain Farhad & Co., Chartered

– Accountants as Internal Auditors and review their Compliance reports & Suggestions.
– The Committee has performed concern activities and reported to the Board with their recommendations on
– regular basis for effectiveness in the controlling system and ensuring Inventory reporting standards etc

Current Assets

– Current assets of the company increased by 29.23% over the last year and rose to Taka 6,709.08 crore compared to Taka 5,191.66 in the financial year 2019-2020. The Company's year-end **inventories** as on 30 June 2021 were comparatively higher by 10.02% compared to year ended 30 June 2020. In addition, higher level of trade and other receivables on 30 June 2021 by 40.16% compared to 30 June 2020 also caused overall increase of current assets compared to the last year. Increase of trade receivables at the yearend 30 June 2021 compared to the financial year 2019-2020 was mainly due to extended cash conversion period as part of the continuing promotions and credit extended to various large institutions in order to boost sales and to keep the success high amidst dire competitions.

Particulars	Refrigerator, & Air Conditioner	TV, EAP & HAP	Total
Property, Plant and Equipment	57,361,853,770	4,933,426,255	62,295,280,025
Other Non-Current Assets	3,657,431,865	286,370,467	3,943,802,332
Inventories	16,181,052,064	7,949,509,800	24,130,561,864
	77,200,337,699	**13,169,306,522**	**90,369,644,221**

Inventory analysis is the regular auditing of inventory in the pursuit of continuous improvements to how it is managed. This can be done through a variety of commonly used inventory KPIs and ratios.

Regular monitoring of these metrics is a key part of inventory management, and so we explore each one in-depth within this chapter.

Before getting into any metrics, it's important to understand what the specific goals are when it comes to doing inventory analysis.

The general objective is to improve overall inventory efficiency. But breaking this down even further would involve aiming to:

- **Identify improvement areas**. Metrics should be compared to past results and industry benchmarks to identify where problem areas lie.
- **Reduce stock-outs**. Stock-outs should be seen as huge red flags for retailers, and inventory analysis will help minimize them as much as possible.
- **Improve cash flow**. Analysing inventory now will prevent sinking too much cash into stock at any one time going forward.
- **Waste less inventory**. Analysis and improvements will help minimize inventory shrinkage, such as stock that gets lost, stolen or damaged beyond repair.

This all has the bottom line effect of making the business **more profitable**, while also **improving the experience** for customers.

ABC analysis is a commonly used inventory analysis method that helps to identify your most valuable inventory.

It's based on the Pareto principle - AKA the 80/20 rule. Applied to retail, this would suggest that around 80% of sales would typically come from 20% of a company's total inventory.

ABC analysis uses this theory to sort inventory into three buckets:

A inventory. Is inventory with the highest value - typically your 20% that brings in 80% of sales/profits. These are usually items with the best profit margins and/or most sales revenue.

B inventory. Is inventory that sells regularly, but doesn't have quite as much value as A - often due to having slimmer margins or higher carrying costs.

C inventory. Is the remainder of inventory that doesn't sell as much as A or B, generates the least revenue and is generally least valuable.

This kind of analysis helps identify the key players in a retail business's inventory.

A inventory, for example should rarely (if ever) stock-out and be given the highest priority and focus. While C inventory may not warrant quite so much attention

ABC analysis isn't the only way to draw conclusions from your inventory. There are several key metrics that can be used to measure performance and uncover ways to optimize operations.

Average inventory

Average inventory measures the **average volume of inventory kept on-hand** throughout a given period.

It comes from adding together the *beginning inventory (BI)* value at the start of a period and the *ending inventory (EI)* value at the end of the period. Then simply dividing by two to find the average:

Nature of Inventories:

Inventories are classified according to uses and point of entry in the alteration is as follows:

- Raw material
- Work in process goods,
- Finished goods

- **Raw material:**

Raw materials are those units that are converted into finished production through manufacturing process. Raw material inventories are those units which have been purchased and stored for future.

- **Work in Process goods:**

It is also called stock in process. It refers to goods in the intermediate stage of production. These inventories are semi-finished products. It presents the products that need more work before they become finished product for sale.

- **Finished goods:**

Finished goods consist of final products that are ready for sale. Finished goods are those completely manufacturing products which are ready for sale. Stock of material and work in process facilitate production, while stock of finished goods is required for smooth marketing operation. Thus inventories serves as a link between production and consumption of goods

4.2 FINDINGS

1. Inconsistent Tracking

2. Limited Visibility

3. Documentation inaccurate

4. Irregularities of Delivery system

5. Incapable Process

6. Supply Chain Complexity

7. It is found that some items are misplaced.

8. Keeping every item in its assigned place.

9. It is found that there are some codification errors.

10. Easy and prompt issue and receipt of items.

11. Keeping items in an orderly fashion.

12. Providing production against damage and pilferage.

13. Issuing oldest material first.

14. Inventory is managed by ABC analysis, problem is occurred as stock of A items is less as it carries more amount, Sometimes if

Supplier is not available at time of requirement of A items it may lead to stop whole production line also.

15 Inventory is managed following ABC analysis;it is based on monetary value of the items inuse. So the other important factors one ignored.

16. Providing enough space and storage equipment like alarmist, shelves, racks, bins etc.

17. Having regular programmer of inspection, physical verification and maintenance of Store.

18. Employing and training reliable men in store.

19. Keeping records and inventory of store up to date above are the importance recommendations.

CHAPTER FIVE

Conclusions & Recommendations

Conclusions

Information about the carrying amounts held in different classifications of inventories and the extent of the changes in these assets is useful to financial statement users. Common classifications of inventories are merchandise, production supplies, materials, work in progress and finished goods. Some entities adopt a format for profit or loss that results in amounts being disclosed other than the cost of inventories recognized as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for raw materials and consumables, lab our costs and other costs together with the amount of the net change in inventories for the period. Finally it can be concluded that market research plays a vital role in the New Product Development Strategy. So to successfully follow every steps of the strategy any marketer should focus on the consumer insights which will be extracted from the market research along with other elements in the strategy. The marketer should heavily rely on the consumer feedbacks and make necessary changes to the whenever necessary to make the product more attractive to the targeted consumers.

Chapter-Six

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