Internship Report
On
Accounting Information System of MR and R Manufacturing and Trading International Ltd.



Submitted to:

Department to Business Administration

Sonargaon University (SU)

Submitted by:

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Program: Bachelor of Business Administration

Major: Accounting

Sonargaon University (SU)

Date of Submission: September 09, 2024

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On
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Submitted to:

Dr. Md. Masud Rana

Associate Professor & Head

Department to Business Administration

Sonargaon University

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Letter of Transmittal

Date: September 09, 2024

To
Dr. Md. Masud Rana
Associate Professor & Head
Department of Business Administration
Sonargaon University, SU

Sub: **Submission of Internship Report**

Dear Sir,

This is my great pleasure to submit the Internship report of my 3 months long Internship program in the MR and R Manufacturing and Trading International Ltd. The title of the report is "Accounting Information System of MR and R Manufacturing and Trading International Ltd.". This report has been prepared to fulfill the requirement of my internship program at my assigned organization in the MR and R Manufacturing and Trading International Ltd.

I have put my best effort to make this report a successful one. It has been joyful & enlightening experience for me to work in the organization & prepare this report. However this has been obviously a great source of learning for me to conduct similar types of studies in the future.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would my immense pleasure if you find this report useful & informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if required & please do not hesitate to call me if you have any query on this report or any other relevant matters.

Sincerely

Farjana Khanam Sarna
ID No: BBA 2003021027
Department to Business Administration
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Declaration

I, Farjana Khanam Sarna, hereby declare that the presented internship report on the title "Accounting Information System of MR and R Manufacturing and Trading International Ltd." is uniquely prepared by me after completion of three months work in MR and R Manufacturing and Trading International Ltd.

I also confirm that, this report is only prepared for my academic requirement, not for anyother purpose. It has not been previously submitted to any other purpose or any other university or organization for an academic qualification.

Signature

……..

Farjana Khanam Sarna

ID: BBA203021027

BBA Program Department of Accounting

Sonargaon University, Dhaka.

Certificate of Supervisor

This is to certify that Farjana Khanam Sarna is a student of BBA, ID: 2003021027 successfully completed Internship program entitled " Accounting Information System of MR and R Manufacturing and Trading International Ltd." a study on MR and R Manufacturing and Trading International Ltd. under my supervision the partial fulfillment for the award of BBA degree.

She has done her job according to my supervision and guidance. She has tried to her best to do this successfully. I think this program will help her in the future to build up her finer career.

I wish her success and prosperity.

……..

Dr. Md. Masud Rana
Associate Professor & Head
Department of Business Administration
Sonargaon University, Dhaka

Acknowledgement

At the beginning I am very much grateful to almighty for giving me strength and opportunity and sound mind to complete the internship report. First of all I would like to thank to my Internship Supervisor, Md. Masud Rana, Head Department of Business Administration, Assistant Professor of Accounting, Sonargaon University, for guiding me and encouraging me too work on this exciting topic for my internship report. I strongly believe that, these will assist me a lot to make me more professional and building my future professional career. He had been very helpful through the internship program and suggest all sources for necessary information to make this report. This internship report might never have been completed without the necessary particle knowledge, assistance of many book, articles website and primary data. It enhanced my practical knowledge in corporate culture.

Finally my heartiest thank go to others who were involved and helpful directly and indirectly to prepare this report.

Without them all these would not have been made possible.

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CHAPTER-1

Introduction

1.1 Introduction of the Study:

An accounting information system is system that keeps record for a business to maintain its accounting system. Accounting information systems combine the study and practice of accounting with the design, implementation and monitoring of information systems. The use of such systems uses modern information technology resources together with traditional accounting methods to provide the users with the necessary information to manage their Organization.

So, it is important to maintain these accounting information systems in order to gain long term success in business. MR and R Manufacturing and Trading International Ltd. also gives emphases on AIS practice. In my internship Report, my main target is to identify the area of AIS practices of MR and R Manufacturing and Trading International Ltd.

1.2 Background of the Study:

The BBA internship program is required course for the students who are graduating from the Sonargaon University Department of Business Administration. It is a practical course with duration of 12 weeks. Students who have completed all the required courses are eligible for this course.

During this period author learned how the corporation works with the help of the external supervisor. The internal supervisor assigned the project to the author. The report on ***"Accounting Information Systems of MR and R Manufacturing and Trading International Ltd."*** is prepared by the author and finally, submitted to the internal supervisor .The author not only depicts the factors but also recommend for solving the problems to make the project work more viable and worthy.

1.3 Objectives of the Study:

The basic focus of the report is to explain the accounting system of **MR and R Manufacturing and Trading International Ltd.** and the different problems of this system and some recommendations for those problems

Report Topics Objectives

- To know the accounting system of **MR and R Manufacturing and Trading International Ltd.**
- To know all the sub-division of accounting division of **MR and R Manufacturing and Trading International Ltd.**
- To identify the problems of its accounting system.
- To suggest ways of improving the present procedures of accounting systems.

1.4 Scope of the Study:

This report will cover all the accounting systems of MR and R Manufacturing and Trading International Ltd. Over the years, the activities of MR and R Manufacturing and Trading International Ltd.have expanded to a great extent. To manage these activities MR and R Manufacturing and Trading International Ltd. performs specific operations. Accounts & Finance section of MR and R Manufacturing and Trading International Ltd.is divided into 6 sub-sections. They are

- ✓ Management accounting section
- ✓ Fund accounts section
- ✓ Operations & IT section
- ✓ Payroll section
- ✓ Bill Section
- ✓ General section.

This study will explain how those sub-sections are Maintaining their accounts and how general section accounts is merging all the activities of others sub-sections. This report is written from practical work experiences and consulting with the related division officers.

1.5 Methodology:

The internship report generally starts with visits and observation. However, in respective areas of the study different methods can be used where necessary. No single method appropriate for the report. This is a cost study both primary & secondary sources of data are used to complete study. These two sources are explained below-

- **Primary Sources:-** Among the primary sources the main sources are-
  - Interview and conversation with respected personnel of MR and R Manufacturing and Trading International Ltd.Officials records & documents of MR and R Manufacturing and Trading International Ltd.
  - Practical work experiences with different section of MR and R Manufacturing and Trading International Ltd.especially accounts section.
- **Secondary Sources:** - Among the secondary sources the main sources are-
  - Journals & relevant account books
  - Catalogue, brushier of MR and R Manufacturing and Trading International Ltd.

1.6 Limitations of the Study:

Lack of comprehension of the respondents was the major problem that created much confusion regarding verification of conceptual question.

- ✓ Sufficient books and publication & journals were not available.
- ✓ Insufficiency of necessary information & data.
- ✓ Huge mismanagement in this corporation that's why collecting information is very tough.

- ✓ Most of the employees are not much cooperative as expected.
- ✓ Rush hours and business was another reason that acts as an obstacle while gathering data.
- ➢ Confidentiality of data was another important barrier that was faced during the conduct of this study. Every organization has their own secrecy that is not revealed to others. While collecting data on income statement, balance sheet, cash flow statement of MR and R Manufacturing and Trading International Ltd. for the year 2023, the personnel did not disclose enough information for the sake of confidentiality of the organization.

CHAPTER-2

Profile of the Organization

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2.1Company Overview:

MR and R Manufacturing and Trading International Ltd. was incorporated in Bangladesh under the company act of 1994 as on 12th October, 2022.

MR and R Manufacturing and Trading International Ltd. is a multiple business company. At present days MR and R Manufacturing and Trading International Ltd. is a fast growing construction company in the civil construction sector.

As a business strategy MR and R Manufacturing and Trading International Ltd. perform great work in the civil sector and made their own place in the civil industry. As we have some dynamic and potential organization having a high quality reputation in this field.

Builders is providing great service for the civil sector of Bangladesh

Capability of understanding customers requirement, professionalism, commitment, teamwork punctuality and quality etc. are our main strengths. Our behavior contributed a lot of our achievement.

2.2 Location of the Organization:

Address: House No-21/B, 4th Floor, Road No: 27, Dhanmondi, Dhaka-1209.

Tel: +088 01759-466378

Email: mrandr.mtil@gmail.com

2.3 Message of Founder and Chairman



Reajul Alam Khan

MR and R Manufacturing and Trading International Ltd. was established in October, 2022 based on civil construction. We have achieved good reputation among our all types of customers within a short period of time. We have completed numerous government, non-government and private projects by last 2 years. This is tremendous performance by MR and R MR and R Manufacturing and Trading International Ltd.

We have a firm belief and confidence in achieving of our target through organizational spirit and will not lose intension. We are promising our commitment to be brought world's best possible service with competitive price.

Finally, we want to thank to our customer, supplier, vendor, well-wisher, supporter, adviser and consumer whose kind support has reached us our present position. We are committed to them to provide quality civil service in time and competitive price.

2.4 Vision

We are devoted to becoming one of the leading services providing firm in the civil development sector. Timely and cost effective oriented manner, thus emerging as the most preferred engineering solutions provider for our client and also providing as required.

2.5 Values

- Deep respect and care for customer's needs, interests and concerns.
- Continuous innovations in all areas of operation to attain best business practices.
- High moral and ethical standards in our operation and conduct.
- Empowering our people to foster efficiency, initiative and responsibility.

2.6 List of Prime Clients

- DHAKA NORTH CITY CORPORATION
- LGED
- EED
- PWD
- BPDB
- BAPEX

2.7 Social Responsibility

Every successful corporation has a responsibility to use its resources and influence to make a positive impact on the world and its people. MR and R Manufacturing and Trading International Ltd. endeavors to achieving success in ways that respect ethical values, people in need, their communities and the environment. The Company's key strategies always aim to provide a strong return for shareholders, while creating social and economic value in the communities where it operates.

2.8 Environmental Policy

MR and R Manufacturing and Trading International Ltd. is committed to providing and paralleled standards and quality of service to all its customers and we believe that this can be achieved in a way, which protects and enhances the environment. It is fundamental of our business policy that we aim to provide losses and maximum benefits rising from our business

and therefore promote a positive attitude to the conservation and enhancement of all aspects of our environment. The management system assesses the environment of operations and includes information to support the annual environmental aims and objectives.

Every employee within MR and R Manufacturing and Trading International Ltd. is encouraged to take responsibility for environmental protection and enhancement within their own sphere of responsibility in accordance with group aim and objectives.

2.9 Service Offered

- Testing and Electrical works
- Repairs and maintenance work
- Distribution support and service
- Technical site survey
- Pile integrity Test
- Soil investigation report
- Construction works
- Commercial & residential construction
- Quality Assurance supervision
- Project Management

CHAPTER-3

Intern Duties & Responsiblities

As an intern, I have several duties in this organization. I work with Accounting Department to know about Accounting Information system of MR and R Manufacturing and Trading International Ltd. Let discuss my responsibility:

3.1 To check daily transaction

This Organization main business is construction. Organization earns money from building government and non-government projects. Daily expenses and receive from clients are recorded in books accounts . I check both of report every day.

3.2 To check TA/DA Sheet

Transportation allowance/ Daily allowance are provided by according to designation. TA/DA format are as follows:

Date:

Staff Name:

Designation

Sl.	Time	Description	Person	vehicle	Amount	Evidence

3.3 Voucher Entries

➢ 3.3.1Debit voucher

Debit voucher is prepared to record all cash and bank payments. This voucher is alternatively called payment voucher.

➢ 3.3.2 Credit Voucher

Credit voucher is used to record cash and bank receipts. It is alternatively called receipt voucher.

➢ 3.3.3 Transfer voucher

- Cash transfer from one bank to another bank is recorded in the books of accounts through transfer voucher. This voucher is also used for cash/cheque deposit in and cash.
- Withdrawal from bank accounts. Bank statement, deposit slip and counter foil of cheques are supporting documents of transfer vouchers.

➢ 3.3.4 Journal voucher

➢ All non-cash transactions are recorded in the books of accounts through journal vouchers.

➢ Provident fund, income tax and other deductions from salary, expenses or income transfer from one department to another, depreciation on fixed assets etc. are recorded in the books of accounts through journal vouchers.

3.4 To check Ledger book

Ledger book has huge number of accounts head. Most of those are payment and received of the organization. Usually conveyance, office maintenance, rent, bill, legal fees, entertainment advertisement, salary, tax account recorded in this ledger book. In addition, there is also sales account which is the control ledger, under this ledger cash sale and on account sales are maintained. Furthermore, purchase account is also a control ledger under which local purchase recorded by the organization.

3.5 Prepare Monthly Salary Sheet

I prepare monthly salary of MR and R Manufacturing and Trading International Ltd. At first, I prepare salary sheet. Then checked it by senior of my department. After completing the check of salary sheet, we will take print finally. Then we do submit for approval. Approval is taken from head of department. When we get the approval, we will process to send in employee salary account. Then employee receives from their separate account by cheque or card. Salary sheet is mainly Excel base. We have also software system which is not start yet. Hopefully it will be coming soon.

.

CHAPTER-4

Literature Review

4.1 Overview of Accounting Information System:

Accounting is an information system that identifies, records, communicates, analyze, and interpret the economic events of any business entity to interested users for decision making.

Identifying economic events involves selecting the economic activities relevant to a particular organization. Once identified, economic events are recorded to provide a history of the organization's financial activities. Recording consists of keeping a systematic chronological diary of events, measured in monetary terms.

The identifying and recording activities are of little use unless the information is communicated to interested users. Financial information is communicated through accounting reports, commonly known as financial statements. A vital element in communicating economic events is the ability to analyze the reported information. Analysis involves the use of ratios, percentages, graphs, and charts to highlight significant financial trends and relationships. Interpretation involves explaining the uses, meaning, and limitations of reported data

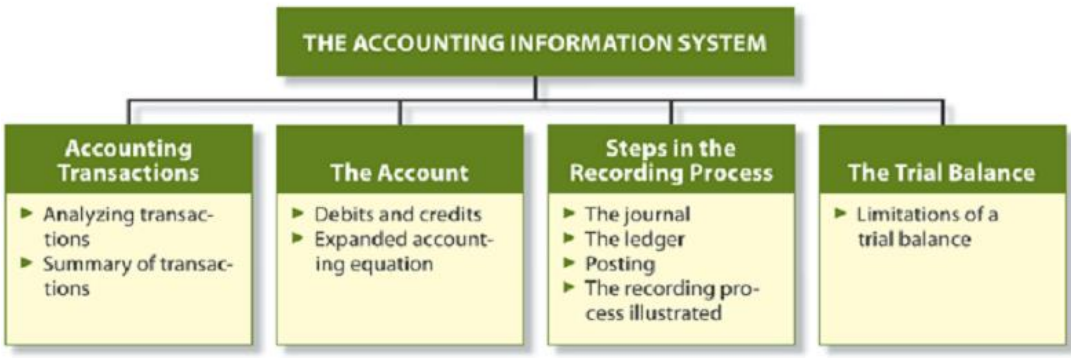
An Accounting information system is the system of records a business keeps maintaining its accounting system. This includes the purchase, sales, and other financial processes of the business. The purpose of AIS is to accumulate data and provide decision makers (investors, creditors, and managers) with information.

While a paper-based process, most businesses now use accounting software. In an electronic financial accounting system, the steps in the accounting cycle are dependent upon the system itself. For example, some systems allow direct journal posting to the various ledgers and others do not.

An accounting information system that produces timely and accurate financial information is a necessity for a company. Synopsis of An accounting information system process are listed below-

1. Analyze the effects of transactions on the accounting equation. Each business transaction has a dual effect on the accounting equation. For example, if an individual asset is increased, there must be a corresponding decrease in another asset, or increase in a specific liability, or increase in shareholders' equity.

2. Define debits and credits and explain how they are used to record transactions. The terms debit and credit are synonymous with left and right. Assets, dividends, and expenses are increased by debits and decreased by credits. The normal balance of these accounts is a debit balance. Liabilities, common shares, retained earnings, and revenues are increased by credits and decreased by debits. The normal balance of these accounts is a credit balance.



3. Identify the basic steps in the recording process. The basic steps in the recording process are

    a. Analyzing each transaction for its effect on the accounts,

    b. Entering the transaction information in a general journal, and

    c. Transferring the information in the general journal to the appropriate accounts in the general ledger.

4. Prepare a trial balance. A trial balance is a list of accounts and their balances at a specific time. The main purpose of the trial balance is to prove the mathematical equality of debits and credits after posting. A trial balance also uncovers errors in journalizing and posting and is useful in preparing financial statements.

4.1.1 Accounting Transactions:

The system of collecting and processing transaction data and communicating financial information to decision-makers is known as the accounting information system. Accounting information systems vary widely. Some factors that shape these systems are the type of business and its transactions, the size of the company, the amount of data, and the information that management and others need. However, as the business and the number and type of transactions grew, an organized accounting information system became essential. An accounting information system begins with determining what relevant transaction data should be collected and processed. Not all events are recorded and reported as accounting transactions. An accounting transaction occurs when assets, liabilities, or shareholders' equity items change as a result of some economic event.

Analyzing Transactions- Means analyze the effects of transactions on the accounting equation, effect on each component of the accounting equation—assets, liabilities, and shareholders' equity.



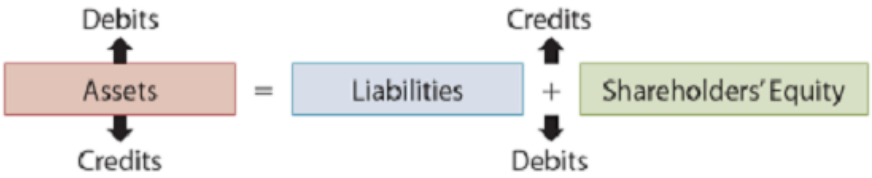
Summary of Transactions- The cumulative effect on the basic accounting equation, the transaction number, the specific effects of the transaction, and the final balances are indicated.

1. Each transaction must be analyzed for its effect on the three primary components of the accounting equation (assets, liabilities, and shareholders' equity) and
2. The two sides of the equation must always be equal.

4.1.2 The Account:

An account is an individual accounting record of increases and decreases in a specific asset, liability, or shareholders' equity item. Define debits and credits and explain how they are used to record transactions. In simplest form, an account consists of three parts: (1) the title of the account, (2) a left or debit side, and (3) a right or credit side.

Debits and Credits - The term debit means left, and the term credit means right. These terms are commonly abbreviated as Dr. for debit and Cr. for credit. Debits and credits are merely directional signals used in the recording process to describe where entries are made in the accounts. For example, the act of entering an amount on the left side of an account is called debiting the account, and making an entry on the right side is crediting the account. When the totals of the accounting system, in which the dual (two-sided) effect of each transaction is recorded in appropriate accounts. This system provides a logical method for recording transactions and ensuring that amounts are recorded accurately. If every transaction is recorded with equal debits and credits, then the sum of all the debits to the accounts must equal the sum of all the credits.



Expanded Accounting Equation- Expands the basic accounting equation to show the types of accounts that make up shareholders' equity. Assets (on the left-hand side of the accounting equation) are increased by debits. Liabilities and shareholders' equity, on the other side of the equation, are increased by credits. Increases to accounts have to be of like signs, which is a way of saying that a debit will increase a debit account and a credit will increase a credit account. Thus, the equality of the accounting equation is preserved and debits always equal credits.

4.1.3 Steps in the Recording Process:

Although it is possible to enter transaction information directly into the accounts, few businesses do so. Almost every business uses these basic steps in the recording process:

1. Analyze each transaction for its effect on the accounts.
2. Enter the transaction information in a general journal.
3. Transfer the journal information to the appropriate accounts in the general ledger

The actual sequence of events begins with the transaction. Evidence of the transaction comes from a source document, such as a sales slip, cheque, bill, or cash register tape. This evidence is analyzed to determine the effect of the transaction on specific accounts. The transaction is then entered in the general journal. Finally, the journal entry is transferred to the designated accounts in the general ledger.

The Recording Process Illustrated- A basic analysis and a debit-credit analysis are done before the journalizing and posting of each transaction. The purpose of transaction analysis is first to identify the type of account involved and then to determine whether a debit or a credit to the account is required. It is always need to perform this type of analysis before preparing a journal entry. Doing so will help to understand the journal entries.

- ✓ Understand which events should be recorded.
- ✓ Analyze the transactions. Determine which accounts are affected and whether the transaction increases or decreases the account.
- ✓ Record the transactions in the general journal, which provides a chronological record of the transactions.
- ✓ Posting involves transferring the journalized debits and credits to specific T accounts in the general ledger.
- ✓ Ledger accounts should be arranged in statement order.
- ✓ Determine the ending balances of each ledger account by the total debits and credits.

4.1.4 The Trial Balance:

A trial balance is a list of general ledger accounts and their balances at a specific time. A trial balance is normally prepared monthly and at least at the end of each accounting period. The accounts are listed in the order in which they appear in the ledger, with debit balances listed in the left column and credit balances in the right column. The totals of the two columns must be equal.

The main purpose of a trial balance is to prove the mathematical equality of debits and credits after posting. Under the double-entry system, this equality will occur when the sum of the debit account balances equals the sum of the credit account balances. A trial balance also uncovers errors in journalizing and posting. A trial balance is also useful in the preparation of financial statements. The procedure for preparing a trial balance is as follows:

1. List the account titles and their balances.
2. Total the debit column and the credit column.
3. Verify the equality of the two columns.

Accounts with zero balances, such as Accounts Receivable, are normally not included in the trial balance.

Limitations of a Trial Balance- A trial balance do not prove that all transactions have been recorded or that the ledger is correct. Errors may exist even though the trial balance columns agree. For example, the trial balance may balance even when

1. A transaction is not journalized,
2. A correct journal entry is not posted,
3. A journal entry is posted twice,
4. Incorrect accounts are used in journalizing or posting, or
5. Errors that cancel each other's effect are made in recording the amount of a transaction. In other words, as long as equal debits and credits are posted, even

to the wrong account or in the wrong amount, the total debits will equal the total credits. Nevertheless, despite its limitations, the trial balance is a useful screen for finding errors.

- ✓ Reorder the accounts as they would normally appear in the general ledger—balance sheet accounts are listed first (assets, liabilities, and equity), and then statement of earnings accounts (revenues and expenses).
- ✓ Determine whether each account has a normal debit or credit balance
- ✓ List the amounts in the appropriate debit or credit column
- ✓ Total the trial balance columns. Total debits must equal total credits or a mistake has been made.

4.2 Development of AIS:

The development of AIS includes five basic phases: planning, analysis, design, implementation, and support. The time period associated with each of these phases can be as short as a few weeks or as long as several years.

Planning-project management objectives and techniques: - The first phase of systems development is the planning of the project. This entails determination of the scope and objectives of the project, the definition of project responsibilities, control requirements, project phases, project budgets, and project deliverables.

Analysis- The analysis phase is used to both determine and document the accounting and business processes used by the organization. Such processes are redesigned to take advantage of best practices or of the operating characteristics of modern system solutions.

Data analysis is a thorough review of the accounting information that is currently being collected by an organization. Current data are then compared to the data that the organization should be using for managerial purposes. This method is used primarily when designing accounting transaction processing systems.

Decision analysis is a thorough review of the decisions a manager is responsible for making. The primary decisions that managers are responsible for are identified on an individual basis. Then models are created to support the manager in gathering financial and related information to develop and design alternatives, and to make actionable choices. This method is valuable when decision support is the system's primary objective.

Process analysis is a thorough review of the organization's business processes. Organizational processes are identified and segmented into a series of events that either add or change data. These processes can then be modified or reengineered to improve the organization's operations in terms of lowering cost, improving service,

improving quality, or improving management information. This method is appropriate when automation or reengineering is the system's primary objective.

Design- The design phase takes the conceptual results of the analysis phase and develops detailed, specific designs that can be implemented in subsequent phases. It involves the detailed design of all inputs, processing, storage, and outputs of the proposed accounting system. Inputs may be defined using screen layout tools and application generators.

4.3 Strategic Management Accounting Information Systems: -

Strategic management accounting information systems involve linking long-term or strategic goals of an organization with performance evaluation outcomes. An organization through strategic planning makes decisions on the types of business and the markets it operates in. This process also involves the financing aspects of the activities. The management accounting and control systems in turn, processes information on the various activities through the data collection, information processing and communicates such information to higher management through internal reports.

4.3.1 Cost Accounting System:

A cost accounting system includes in general two steps, the cost accumulation by classifying costs into categories and the assignment of costs to cost objects. The first one refers to the collection of costs by using classification criteria, like the relevance of costs or the cost behavior. Different decisions require the consideration of different types of costs. Hence, as a first step, it is very helpful for decision-making to categorize costs as fixed or variable, relevant or irrelevant and direct or indirect. For example, the make-or-buy decisions should focus on relevant costs in a particular decision situation.

The classification method of direct and indirect costs, in particular, is important for the cost accounting system, which becomes apparent in the latter step that deals with the assignment and allocation of costs to its cost objectives. Cost allocation deals only with indirect costs that are allocated to a cost object. On the contrary, the assignment of direct costs to a cost driver is called cost tracing. In general, two main methods of allocating indirect costs can be identified. This is wide-spread *Traditional Accounting System*, which is rather old, and

Activity Based Costing (ABC). The first one is based on the idea of arbitrary allocation, for example direct labor hours are used as a foundation to allocate costs of materials to a cost object. Thus, the proportion of total indirect resource costs that is assigned to a cost object depends on the proportion of a volume-based cost driver. Often only one cost-driver is used, like e.g. machine hours.

It is common to treat this difference as periodic cost and to add or delete it from the profit or loss of the period. Organizations that are occupied with lots of similar activities and repetitive production steps frequently use these standard costs. The function of both allocation systems can be described by using a two-step framework as proposed by Drury.

4.3.2 Information Systems in Context:

AIS cover all business functions from backbone accounting transaction processing systems to sophisticated financial management planning and processing systems.

Financial reporting starts at the operational levels of the organization where the transaction processing systems capture important business events such as normal production, purchasing, and selling activities. These events (transactions) are classified and summarized for internal decision making and for external financial reporting.

Cost accounting systems are used in manufacturing and service environments. These allow organizations to track the costs associated with the production of goods and/or performance of services. In addition, the AIS can provide advanced analyses for improved resource allocation and performance tracking.

Management accounting systems are used to allow organizational planning, monitoring, and control for a variety of activities. This allows managerial-level employees to have access to advanced reporting and statistical analysis. The systems can be used to gather information, to develop various scenarios, and to choose an optimal answer among alternative scenarios.

4.4 Role of AIS in the Value Chain:

- The objective of most organizations is to provide value to their customers.
- While "adding value" is a commonly used buzzword, in its genuine sense, it means making the value of the finished component greater than the sum of its parts.
- It may mean:
    - ✓ Making it faster
    - ✓ Making it more reliable
    - ✓ Providing better service or advice
    - ✓ Providing something in limited supply (like O-negative blood or rare gems)
    - ✓ Providing enhanced features
    - ✓ Customizing it
- Value is provided by performing a series of activities referred to as the value chain. These include:
    - Primary activities
    - Support activities

✓ Primary activities include: –

Inbound logistics- Receiving, storing, and distributing the materials that are inputs to the organization's product or service.

For a pharmaceutical company, this activity might involve handling incoming chemicals and elements that will be used to make their drugs.

Operations- Transforming those inputs into products or services. For the pharmaceutical company, this step involves combining the raw chemicals and elements with the work of people and equipment to produce the finished drug product that will be sold to customers.

Outbound logistics- Distributing products or services to customers. For the pharmaceutical company, this step involves packaging and shipping the goods to drug stores, doctors, and hospitals.

Marketing and sales- Helping customers to buy the organization's products or services. A pharmacy rep may visit with drug stores, doctors, etc. to inform them about their products and take orders.

Service- Post-sale support provided to customers such as repair and maintenance functions. A pharmaceutical firm will typically not be repairing its product (though the product may be periodically reformulated). The pharmaceutical company is more likely to be providing advisory services to pharmacists, etc.

- ✓ Support activities

Firm infrastructure- Accountants, lawyers, and administration Includes the company's accounting information system.

Human resources- Involves recruiting and hiring new employees, training employees, paying employees, and handling employee benefits.

CHAPTER-5

SWOT Analysis and Example

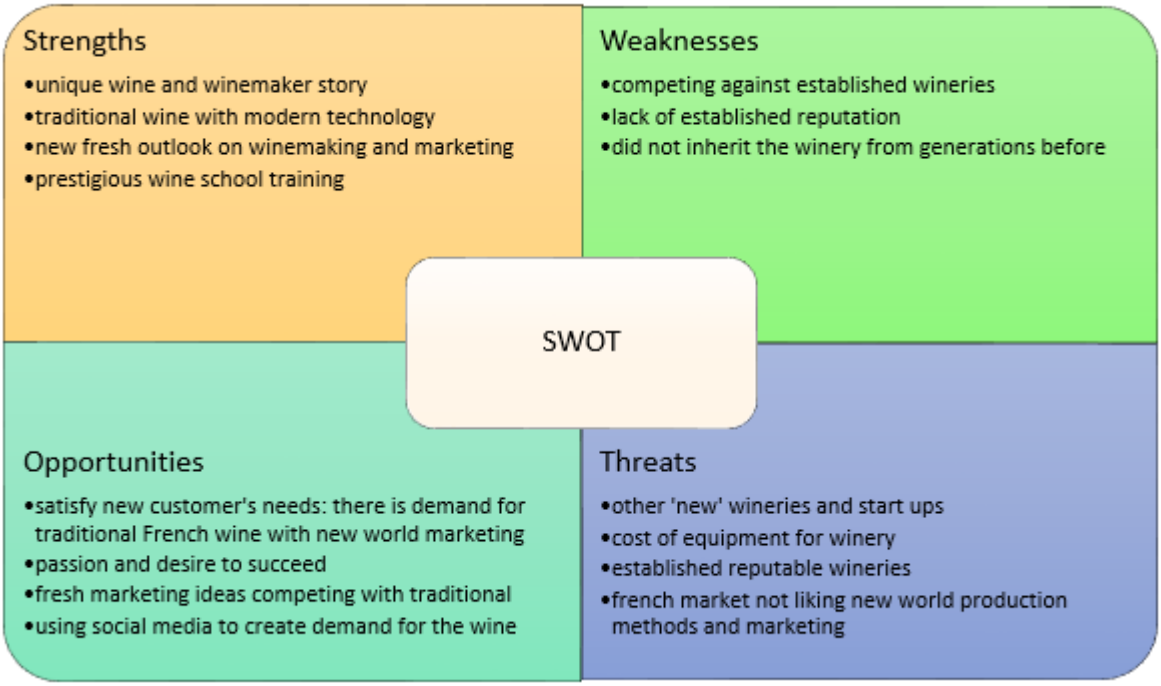
5.1 Example SWOT analysis:

The following is an example of a SWOT (strengths, weaknesses, opportunities and threats) analysis conducted by a business trying to decide if they should introduce a new product to their range.

The SWOT analysis does not cover the entire business, just the factors that may influence their ability to introduce a new product.

To get the most out of the SWOT, they have made specific statements in each category. For example, rather than simply list 'competitors' as a threat, they have included specific details about how their competitors are a threat.

Once you have read through this example SWOT analysis, you can delete the entries that do not relate to your business, and type your responses to build a SWOT analysis for your business.



5.2 Uses of SWOT analysis:

A SWOT (strengths, weaknesses, opportunities and threats) analysis looks at internal and external factors that can affect your business. Internal factors are your strengths and weaknesses. External factors are the threats and opportunities. If an issue or situation would exist even if your business didn't (such as changes in technology or a major flood), it is an external issue.

Strategic planning, brainstorming and decision making

A SWOT analysis is a useful tool for brainstorming and strategic planning. You'll get more value from a SWOT analysis if you conduct it with a specific objective or question in mind. For example, you can use a SWOT analysis to help you decide if and how you should:

- take advantage of a new business opportunity
- respond to new trends
- implement new technology
- deal with changes to your competitors' operations.

Building on strengths

A SWOT analysis will help you identify areas of your business that are performing well. These areas are your critical success factors and they give your business its competitive advantage.

Identifying these strengths can help you make sure you maintain them so you don't lose your competitive advantage. Growing your business involves finding ways of using and building on these strengths.

Minimising weaknesses

Weaknesses are the characteristics that put your business at a disadvantage to others. Conducting a SWOT analysis can help you identify these characteristics and minimise or improve them before they become a problem. When conducting a SWOT analysis, it is important to be realistic about the weaknesses in your business so you can deal with them adequately.

Seizing opportunities

A SWOT analysis can help you identify opportunities that your business could take advantage of to make greater profits. Opportunities are created by external factors, such as new consumer trends and changes in the market.

Conducting a SWOT analysis will help you understand the internal factors (your business's strengths and weaknesses) that will influence your ability to take advantage of a new opportunity. If your business doesn't have the capability to seize an opportunity but decides to anyway, it could be damaging. Similarly, if you do have the capability to seize an opportunity and don't, it could also be damaging.

Counteracting threats

Threats are external factors that could cause problems for your business, such as changes to the market, a competitor's new advertising campaign, or new government policy. A SWOT analysis can help you identify threats and ways to counteract them, depending on your strengths and weaknesses.

Addressing individual issues

You can conduct a SWOT analysis to address individual issues, such as:

- staffing issues
- business culture and image
- new product development
- organisational structure
- advertising
- financial resources
- operational efficiency.

When you're conducting an individual SWOT analysis, keep in mind that a strength for one issue might be a weakness for another. You might also identify a weakness, such as a gap in the market that you're not covering, that could be an opportunity for your business.

5.3 Tips for a successful SWOT analysis

Before conducting a SWOT (strengths, weaknesses, opportunities and threats) analysis, decide what you want to achieve with it and consider whether it is the best tool for your needs.

If you decide a SWOT analysis is the best tool, the following tips will help you get the most out of it.

- Keep your SWOT short and simple, but remember to include important details. For example, if you think your staff are a strength, include specific details, such as individual staff and their specific skills and experience, as well as why they are a strength and how they can help you meet your business goals.
- When you finish your SWOT analysis, prioritise the results by listing them in order of the most significant factors that affect your business to the least.
- Get multiple perspectives on your business for your SWOT analysis. Ask for input from your employees, suppliers, customers and partners.
- Apply your SWOT analysis to a specific issue, such as a goal you would like to achieve or a problem you need to solve, rather than to your entire business. You can then conduct separate SWOT analyses on individual issues and combine them.

5.4 Benefits and limitations of SWOT analysis

A SWOT (strengths, weaknesses, opportunities and threats) analysis can help you identify and understand key issues affecting your business, but it does not necessarily offer solutions. You should be aware of the limitations as well as the benefits of a SWOT analysis before you decide to conduct one. Knowing what you can reasonably expect to achieve will make the SWOT analysis more useful for your business, and will save you time. Ultimately, you must be prepared to spend the time to review your SWOT analysis and use it to determine the best way forward in your business.

Benefits of SWOT analysis

The main advantages of conducting a SWOT analysis is that it has little or no cost - anyone who understands your business can perform a SWOT analysis. You can also use a SWOT analysis when you don't have much time to address a complex situation. This means that you can take steps towards improving your business without the expense of an external consultant or business adviser.

Another advantage of a SWOT analysis is that it concentrates on the most important factors affecting your business. Using a SWOT, you can:

- understand your business better
- address weaknesses
- deter threats
- capitalise on opportunities
- take advantage of your strengths
- develop business goals and strategies for achieving them.

Limitations of SWOT analysis

When you are conducting a SWOT analysis, you should keep in mind that it is only one stage of the business planning process. For complex issues, you will usually need to conduct more in-depth research and analysis to make decisions.

Keep in mind that a SWOT analysis only covers issues that can definitely be considered a strength, weakness, opportunity or threat. Because of this, it's difficult to address uncertain or two-sided factors, such as factors that could either be a strength or a weakness or both, with a SWOT analysis (e.g. you might have a prominent location, but the lease may be expensive).

A SWOT analysis may be limited because it:

- doesn't prioritise issues
- doesn't provide solutions or offer alternative decisions
- can generate too many ideas but not help you choose which one is best
- can produce a lot of information, but not all of it is useful.

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CHAPTER-6

Conclusion

6.1 Findings of the Study:

This study examined the effectiveness of accounting information systems (AIS) in several extents: better decision-making by managers, more effective internal control systems, enhancement of the quality of financial reports, improvement of performance measures, facilitating financial transaction processes. The findings of the research indicated that implementation of accounting information systems could lead to better decision-making by managers, more effective internal control systems, enhancement of the quality of financial reports and facilitating financial transaction processes.

Finding on Bill Section:-

- Only one officer has done all the tasks relating to this section
- All the tasks are done manually.
- No computer system is used in this section.
- Work environment of this section is not as friendly as we expected.
- This section prepares bill manually and send those bills to the fund section.
- This section also charges vat, taxes and other thinks and send those documents to the general accounts section.
- Job dissatisfaction does exist in the personnel of this section.

Finding on Fund Accounts Section:-

- Three officers are maintaining all the activities of this section. One officer is deputy manager (fund); other two officers are senior officers.
- All the tasks are done manually.
- No computer system is used in this section.
- Job dissatisfaction does exist in the personnel of this section.
- This section is one of the busiest sections among all the sections.

- The main duty of this section is to issue cheque payment vouchers and to receive vouchers from different parties for further processing.
- After all the processing work, this section will send one copy of all the processed documents to the general accounts section for recording.

Finding on Payroll Section:-

- Only one officer is doing all the activities about payroll.
- Only one computer is used to calculate salary of all employees.
- The computer systems and the software which are used here need to up to date.
- The man, who is in-charge of the payroll section, is not well expertise about new technology

Finding on General Accounts Section:-

- Three officers are maintaining all the activities of this section. One officer is deputy manager (general accounts); other two officers are senior officers.
- Computer system is used in this section.
- Two computers are used for the purpose of recording data.
- Accounting software is used to maintain all accounting activities of this company.

6.2 Recommendation:

Recommendation for General Accounts Section:-

- More employees should be added here for better performance of this section.
- Accounting software which has been used here should be updated.
- More technological assistance should be added here.
- Remunerations should be increased for the officers of this department.
- Peoples who have accounting background should be appointed here as an officer.

Recommendation for Management Accounts Section:-

- More employees should be added here for better performance of this section.
- This department needs more financial and technological assistance. So, those two assistances should be added here.
- Remunerations should be increased for the officers of this department.

Recommendation for Payroll Section: -

- More employees should be added here for better performance of this section.
- This department needs more technological assistance for better performance of this department.
- Remunerations should be increased for the officers of this department.
- Software which is used for salary calculation should be updated.

***Recommendation for Bill Section*: -**

- More employees should be added here for better performance of this section.
- This department needs technological assistance for better performance of this department. So, a full computer system should be introduced here.

6.3 Conclusion:

In managing an organization and implementing an internal control system the role of accounting information system (AIS) is crucial. An important question in the field of accounting and management decision-making concerns the fit of AIS with organizational requirements for information communication and control.

Although the information generated from an accounting information system can be effective in decision-making process, purchase, installation and usage of such a system are beneficial when the benefits exceed its costs. Benefits of accounting information system can be evaluated by its impacts on improvement of decision-making process, quality of accounting information, performance evaluation, internal controls and facilitating company's transactions. Regarding the above five characteristics, the effectiveness of AIS is highly important for all the firms. AIS is defined as a computer-based system that processes financial information and supports decision tasks in the context of coordination and control of organizational activities.

In this study the effectiveness of accounting information systems of MR and R Manufacturing and Trading International Ltd. is evaluated. The results indicate that implementation of accounting information systems at these companies caused the improvement of managers' decision-making process, internal controls, and the quality of the financial reports and facilitated the process of the company's transactions.

The results of this study showed that AIS improve financial statements and reporting correctness in Company. However, the results also revealed that there is huge gap between what AIS and what should be. The major weakness of AIS in this company as follow: in is not affected to all latest accounting standards, it is not confirms with other financial and managerial systems, it is not covers all information needs have company and financial information and it is not covers all management levels information in company. So, to this situation, the managers which are aware of AIS benefits should take more as well as academicals action for reducing such gaps in company.

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