Internship Report

On

Accounting Practice of Unilever Bangladesh Ltd.

Submitted by:

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ID: BBA2103024101

Program: BBA

Major: Accounting

Department of Business Administration

Sonargaon University (SU)

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree
of BBA in Accounting



Sonargaon University (SU)

147/1 Green Road, Panthopath, Dhaka

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Supervised by:

Professor Md. Al-Amin Molla

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Sonargaon University (SU)
147/1 Green Road, Panthopath, Dhaka

Date of Submission: .....

LETTER OF TRANSMITTAL

Date:

Professor Md. Al-Amin Molla
Department of Business Administration
Sonargaon University (SU)

Sub: **Submission of the Internship Report on Accounting Practice of Unilever Bangladesh Ltd.**

Dear Sir,

I am submitting my internship report titled **"Accounting Practice of Unilever Bangladesh Ltd."** I have tried my best to find out the current situation of real estate sector in Bangladesh and its Accounting Practice. Please pardon me for any kind of mistake in this report. It was not possible for an individual to complete this report without your motivation and cooperation toward me; I would not be able to complete this report.

I sincerely hope that you will get current scenario of real estate developments and Accounting Practice. I have acquired the valuable experiences through this project report under supervision of you. I would like to thank you and the University for giving me the opportunity to do project and for helping me to prepare the report.

If you have any further queries regarding the report, please inform me.

Thank you

Sincerely yours,

_____

Sathi Akter
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DECLARATION OF STUDENT

Actually, this report is submitted as a fulfillment of the requirement of Bachelor of Business Administration degree. I am **Sathi Akter** hereby declare that the work presented in this report titled **Accounting Practice of Unilever Bangladesh Ltd.** has been carried out by me and has not been previously submitted to any other University, College or Organization for any academic qualification, certification, diploma or degree.

_____

Sathi Akter
ID: BBA2103024101
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LETTER OF AUTHORIZATION

The internship report titled **"Accounting Practice of Unilever Bangladesh Ltd."** submitted as partial requirement of BBA degree at Sonargaon University (SU). This report has been prepared by **Sathi Akter,** ID: BBA2103024101, Program: BBA (Major: Accounting), Department of Business Administration**,** Sonargaon University (SU) under my supervision and guidance. The data and findings presented in the report seem to be authentic. Thus the internship report has been approved for presentation.

I wish him every success in life.

_____

Professor Md. Al-Amin Molla
Department of Business Administration
Sonargaon University (SU)

ACKNOWLEDGEMENT

First of all I would like to express my deep gratitude to the almighty Allah for fruitfully preparing this internship report.

I express my deep sense of gratitude and heartily respect to Professor Md. Al-Amin Molla, Department of Business Administration, Sonargaon University (SU) for his valuable suggestions and instructions to complete this report. I would also like to convey my gratitude to all the members who directly or indirectly has helped me to prepare this report.

I express my personal gratitude to my Md. Al-Amin Molla for helping me with the valuable suggestion about the source of information and other key issues to prepare this report.

Executive Summary

Unilever Bangladesh Ltd. (UBL), a subsidiary of Unilever PLC, is one of the leading multinational companies operating in Bangladesh, with a strong presence in the fast-moving consumer goods (FMCG) sector. The company is widely recognized for its robust financial discipline, adherence to global accounting standards, and transparent reporting system, which collectively contribute to its sustainable growth and stakeholder confidence.

The accounting practice of Unilever Bangladesh is guided by International Financial Reporting Standards (IFRS) and local regulatory requirements set by the Institute of Chartered Accountants of Bangladesh (ICAB) and the Bangladesh Securities and Exchange Commission (BSEC). The company maintains a highly systematic accounting framework that ensures accuracy, accountability, and compliance across all operations.

Financial Reporting and Compliance – Unilever Bangladesh prepares its financial statements in accordance with IFRS and Bangladesh Financial Reporting Standards (BFRS). These statements provide a true and fair view of the company's financial performance, enabling both internal and external stakeholders to make informed decisions. Internal Control Systems – The company implements strict internal audit and risk management processes to safeguard assets, ensure accuracy of financial records, and prevent fraudulent activities. Advanced Enterprise Resource Planning (ERP) systems, such as SAP, are used to integrate accounting and operational data across functions.

Cost Management and Budgeting – UBL follows a well-structured budgeting system where cost centers are clearly defined. Standard costing, variance analysis, and activity-based costing techniques are applied to ensure efficiency and cost-effectiveness in production, marketing, and distribution. Taxation and Regulatory Adherence – The company maintains compliance with Bangladesh's taxation framework, including corporate tax, VAT, customs duties, and transfer pricing regulations. Unilever also ensures transparency in its tax contributions, which play a significant role in the national economy.

Overall, the accounting practice of Unilever Bangladesh Ltd. reflects global best practices integrated with local compliance requirements. Its strong financial governance, transparent disclosure, and efficient use of accounting technologies have positioned the company as a model for multinational corporations operating in Bangladesh. These practices not only strengthen investor confidence but also reinforce Unilever's contribution to the economy and society.

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Chapter 1:

Introduction

1.1 Background of the Study

The background of Unilever Bangladesh (UBL) starts with the introduction of the first Sunlight soaps to the country in the early 1900s, followed by the establishment of a manufacturing facility in 1962 to foster local production and introduce hygiene products. The company, originally Lever Brothers Bangladesh Ltd, was founded in 1973 and was renamed Unilever Bangladesh Limited in 2004 to align with the global brand. As a significant subsidiary of the global Unilever, UBL has become a pioneer in modern and sustainable manufacturing, a leader in the home care, personal care, and food sectors in Bangladesh, and a substantial employer in the country.

Accounting is an essential component of business management that enables organizations to systematically record, analyze, and interpret financial transactions. Multinational corporations (MNCs), such as Unilever Bangladesh, operate in complex environments with multiple stakeholders, including investors, employees, government authorities, and customers. Efficient accounting practices ensure accurate financial reporting, compliance with local and international regulations, and strategic decision-making.

Unilever Bangladesh, a subsidiary of the global Unilever Group, is a leading player in the fast-moving consumer goods (FMCG) sector. The company maintains a wide range of products, including food, beverages, personal care, and household items. Proper accounting practices are critical for Unilever to track revenue streams, manage costs, monitor profitability, and ensure transparency. Understanding how such MNCs maintain accounting standards provides insights into best practices and the challenges of financial management in multinational contexts.

1.2 Importance of Accounting Practices in MNCs

Accounting practices in MNCs play a vital role in the smooth functioning of business operations. Some of the key importance areas include:

- **Financial Transparency:** Ensures accurate reporting of assets, liabilities, revenues, and expenses to stakeholders.
- **Decision-Making:** Provides management with timely and reliable information for strategic planning and operational control.
- **Compliance:** Helps companies adhere to international accounting standards (IFRS) and local regulations.
- **Risk Management:** Assists in identifying financial risks and implementing preventive measures.
- **Resource Optimization:** Supports effective allocation and utilization of financial resources.

In multinational corporations, the complexity of operations across countries amplifies the need for standardized accounting practices to maintain consistency, comparability, and reliability of financial information.

1.3 Objectives of the Report

The objectives of this report are divided into general and specific goals.

General Objective:

- To analyze the accounting practices of Unilever Bangladesh and assess their role in ensuring financial efficiency and transparency.

Specific Objectives:

- To examine the methods of recording and reporting financial transactions in Unilever Bangladesh.
- To evaluate the compliance of Unilever Bangladesh with accounting standards and regulations.
- To identify the challenges faced by the company in maintaining proper accounting practices.
- To provide recommendations for improving accounting efficiency and financial management.

1.4 Methodology of the Study

This study is conducted using both primary and secondary sources of data. The methodology includes:

- **Data Collection:**
  - **Primary Data:** Collected through interviews with accounting and finance personnel and direct observation of accounting processes within Unilever Bangladesh.
  - **Secondary Data:** Collected from Unilever's annual reports, official publications, academic journals, books, and credible online sources.
- **Approach:** Qualitative and descriptive methods are employed to analyze accounting practices, policies, and their implementation.

1.5 Scope of the Study

The scope of this study is limited to the accounting practices of Unilever Bangladesh. It focuses on:

- The internal accounting processes and procedures of the company.
- The reporting framework used for financial statements.
- Compliance with local and international accounting standards.

  The study does not cover other departments such as marketing, production, or human resources in detail.

1.6 Limitations of the Study

While conducting a study on Unilever Bangladesh, several limitations were encountered that need to be acknowledged in order to present a realistic understanding of the research. These limitations largely arise from issues related to data availability, time constraints, and the scope of the study.

First, one of the major limitations was the restricted access to internal information. Being a multinational company, Unilever Bangladesh maintains strict confidentiality regarding its strategic decisions, financial data beyond what is published, and certain operational processes. Much of the information available to the researcher was secondary in nature, such as annual reports, published articles, and publicly accessible documents. As a result, the analysis may not fully capture the internal dynamics and decision-making processes of the organization.

Second, the study faced time constraints. Due to the limited duration allocated for the research, it was not possible to conduct in-depth interviews with a wide range of employees or stakeholders. A more extended timeline could have allowed for broader fieldwork, including surveys, direct observations, and more detailed qualitative research that would have enriched the findings.

Chapter 2:

Organization Profile Unilever Bangladesh Ltd.

2.1 Global History of Unilever

Unilever is one of the largest and oldest multinational corporations in the world, specializing in Fast-Moving Consumer Goods (FMCG). Its roots date back to the late 19th and early 20th centuries with the merger of two companies: Lever Brothers of the United Kingdom, founded by William Hesketh Lever in 1885, and Margarine Unie of the Netherlands, formed in 1927. In 1930, the two companies merged, creating Unilever, a corporation dedicated to producing soaps, detergents, foods, and personal care products. Today, Unilever operates in more than 190 countries, serving 3.4 billion people daily with over 400 brands, including Dove, Lifebuoy, Sunsilk, Knorr, and Lipton. Its global reputation rests on innovation, sustainability, and consumer trust.

2.2 Establishment in Bangladesh

Unilever Bangladesh began its journey in 1964 with the establishment of Lever Brothers (East Pakistan) Ltd. After the independence of Bangladesh in 1971, the company was renamed Lever Brothers Bangladesh Ltd. In 2004, it officially became Unilever Bangladesh Limited (UBL). Since then, UBL has grown to become the leading FMCG company in the country, dominating categories such as soap, shampoo, toothpaste, and home care products. Its production facility is located in Kalurghat, Chattogram, with headquarters in Dhaka.

2.3 Mission, Vision, and Core Values

- **Mission:** To add vitality to life by meeting everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good, and get more out of life.
- **Vision:** To make sustainable living commonplace by ensuring growth while reducing environmental impact and enhancing positive social contributions.

- **Core Values:** Integrity, responsibility, respect, and pioneering spirit. The company emphasizes sustainability, inclusivity, and ethical business practices.

2.4 Organizational Structure and Governance System

Unilever Bangladesh operates under a **hierarchical organizational structure** combined with cross-functional teams. At the top level, there is the **Board of Directors**, which includes representatives from Unilever's global management and local executives. The company's governance system follows both local corporate regulations and Unilever's global standards, ensuring transparency, accountability, and ethical compliance. Key departments include Marketing, Finance, Supply Chain, Human Resources, Customer Development (Sales), and Corporate Affairs, all led by functional heads reporting to the Managing Director.

2.5 Business Operations and Major Brands

Unilever Bangladesh is a leader in several FMCG categories:

- **Beauty & Personal Care:** Lux, Sunsilk, Dove, Fair & Lovely (Glow & Lovely), Closeup, Pepsodent, Rexona, Pond's.
- **Home Care:** Surf Excel, Wheel, Rin, Vim, Lifebuoy Handwash.
- **Foods & Refreshments:** Lipton Tea, Knorr Soups & Seasonings.
  The company invests heavily in marketing, innovation, and consumer research, ensuring its products cater to the diverse needs of Bangladeshi consumers.

2.6 Contribution to Bangladesh's Economy

Unilever Bangladesh plays a significant role in the socio-economic development of the country:

- **Employment:** UBL directly employs around 10,000 people and creates indirect employment for over 50,000 through distribution networks, suppliers, and partnerships.
- **Tax Contribution:** The company is one of the largest taxpayers in Bangladesh, contributing significantly to government revenue.
- **Corporate Social Responsibility (CSR):** UBL runs impactful programs in health, hygiene, nutrition, and sustainability. Campaigns like **Lifebuoy's handwashing education**, **Pureit's safe drinking water initiative**, and **Fair & Lovely Foundation scholarships for women** have reached millions. The company is also working on reducing plastic waste and achieving a greener supply chain under its global sustainability agenda.

2.7 Theoretical framework of Uniliver Bangladesh Ltd.:

Unilever brands are trusted everywhere and, by listening to the people who buy them, they've grown into one of the world's most successful consumer goods companies. In fact, 150 million times a day, someone somewhere chooses a Unilever product. UBL have a portfolio of brands that are popular across the globe - as well as regional products and local varieties of famous-name goods. This diversity comes from two of their key strengths:

- Strong roots in local markets and first-hand knowledge of the local culture.
- World-class business expertise applied internationally to serve consumers everywhere

2.7.1 Logo:

Despite being established for more than 40 years since 1929, Unilever got its first corporate logo in 1967. It consisted of two vertical arrows which formed letter U resembling twin towers, as well as a simple serif Unilever text.



Note: This picture collected from Unilever global company website | Unilever Global | Unilever global company website

2.7.2 Logo Details:



Note: This picture is collected from LinkedIn profile of Unilever.

Uniliver new identity expresses the vitality at the heart of their brands, People and Values. Each icon within it represents an aspect of their business, showing that they add vitality in everything they do.

2.7.3 Icons Explanation:

Sun

Our primary natural resource. All life begins with the sun – the ultimate symbol of vitality. It evokes Unilever's origins in Port Sunlight and can represent a number of our brands. Flora, Slim Fast and Omo all use radiance to communicate their benefits.

Hand

A symbol of sensitivity, care and need. It represents both skin and touch.

Flower

Represents fragrance. When seen with the hand, it represents moisturizers or cream.

Bee

Represents creation, pollination, hard work and bio-diversity. Bees symbolize both environmental challenges and opportunities.

DNA

The double helix, the genetic blueprint of life and a symbol of bio-science. It is the key to a healthy life. The sun is the biggest ingredient of life, and DNA the smallest

Hair

A symbol of beauty and looking good. Placed next to the flower it evokes cleanliness and fragrance; placed near the hand it suggests softness.

Palm tree

A nurtured resource. It produces palm oil as well as many fruits – coconuts and dates – and also symbolizes paradise.

Sauces or spreads

Represents mixing or stirring. It suggests blending in flavors and adding taste.

Bowl

A bowl of delicious-smelling food. It can also represent a ready meal, hot drink or soup.

Spoon

A symbol of nutrition, tasting and cooking.

Spice &flavors

Represents chili or fresh ingredients.

Fish

Represents food, sea or fresh water.

Sparkle

Clean, healthy and sparkling with energy.

Bird

A symbol of freedom. It suggests a relief from daily chores, and getting more out of life.

Tea

A plant or an extract of a plant, such as tea. Also a symbol of growing and farming.

Lips

Represent beauty, looking good and taste.

Ice cream

A treat, pleasure and enjoyment.

Recycle

Part of our commitment to sustainability.

Particles

A reference to science, bubbles and fizz.

Frozen

The plant is a symbol of freshness, the snowflake represents freezing. A transformational symbol.

Container

Symbolizes packaging – a pot of cream associated with personal care.

Heart

A symbol of love, care and health.

Clothes

Represent fresh laundry and looking good.

Wave

Symbolizes cleanliness, freshness and vigor.

Liquid

A reference to clean water and purity

2.7.4 Mission:

Unilever's mission is to add Vitality to life. UBL meet every day needs for nutrition; hygiene and personal care with brands that help people look good, feel good and get more out of life.

2.7.5 Vision:

Unilever's vision is continuous effort to meet the everyday needs of people every day.

2.7.6 Objectives of the company:

The objectives of UBL are as the bellow:

- To manufactured high-standard product.
- Promoting product to the highest extent.
- Producing large volume to achieve production cost economies.
- Enabling quality products to be sold out at obtainable prices.
- To achieve and continue growth in sales
  To continuously develop human resources

2.7.7 Strategies of the company:

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

2.7.8 The Company's Competitive Conditions:

In a highly competitive environment where Unilever decided to reorient its communications work to ensure that communication and advocacy became a key component of all activities, both to raise the profile and also of sustainable development issues in specific.

Unilever Globally has a separate department for Communication, UBL being smaller in size does not have a separate dept. however communication is with the HR dept. and much emphasis is given on Communication both internal and external.

2.7.9 Industry Analysis:

- Beauty market in Bangladesh
- Beauty – healthy(dove)
- Toothpaste – whitening- hygiene
- Rural – washing soap – bathing soap
- Bathing soap – shampoo
- Hand wash awareness

2.8 Accounting Mix:

Accounting mix is the set of controllable, tactical, marketing tools, products, price, place and promotion that firm blends to produce the response it wants in the target. The 4 P's of marketing mix are-

1. Product
2. Price
3. Place
4. Promotion



Figure 01:Marketing Mix

- **PRODUCT & PRICE:**

  - **SOAP:**



1. Lux

2. Lifebuoy

3. Dove

4. Dettol

Quality:

Lux- Beauty, Freshness

Lifebuoy & Dettol- Hygienic

Dove- Softness

Size & Price:

1. Lux-

Big- 30tk

Medium- 20tk

Small- 17tk

2. Lifebuoy-



Big- 24tk

Small-20tk

3. Dove-



Pink- 65tk

White- 85tk

4. Dettol-

Big- 24tk

Small- 17tk



Competitors Evaluation:

Main competitors of soap categories of Unilever are; Meril, Aromatic, Savlon, Keya, etc.

- **SHAMPOO:**

1. Sunsilk
2. All Clear
3. Dove
4. Pantene



- **Quality:**

Sunsilk- Shiny, Silky

All Clear- Dandruff Free

Dove- Softness

Pantene- Hair Fall

- **Size & Price:**

1. Sunsilk-

Big- 500tk

Medium- 300tk

Small- 200tk



2. Dove-

Big- 330tk

Small-230tk

3. All Clear-

Big- 500tk

Medium- 300tk

Small- 200tk



Competitors Evaluation

Main competitors of shampoo categories of Unilever are; Meril, Rejoice, Garnier, etc.

- **TOOTHPASTE:**

1. Close- Up

2. Pepsodent

Quality:



Close- Up- Strong Teeth, Germ Free

Pepsodent- Germ Free

Size & Price:

1. Close- Up-

Big- 65tk

Medium- 35tk

Small- 23tk



2. Pepsodent-

Big- 65tk

Medium- 35tk

Small- 23tk

- **CREAM & LOTION:**

1. Fair & Lovely

2. Ponds

3. Lakme



- **Quality:**

Fair & Lovely- Fairness

Ponds- Softness

Lakme- Softness, Moisturizing

- **Size & Price:**

1. Fair & Lovely-

Big- 58tk

Small- 30tk



2. Ponds-

Big- 350tk

Medium- 60tk

Small-30tk

Place:

Cannel:

To ensure that the final buyers get the products at the right time and at the right time and at the right place Unilever has a longer channel which makes the personal care products available everywhere. The channel stretching from raw materials to components to final products to final buyers. There are two types of marketing channels. Direct marketing channelhas no company sellsdirectly to consumers. Indirect marketing channels contain one or more intermediaries.

Unilever's distribution channel structure is indirect for personal care products.

Promotion

Promotion means activities that communicate the merits of the product and persuade target customers to buy it.

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. The tools of advertising personal care products are print media (newspaper, magazine) broadcast media (radio, television) billboard etc.

Sales promotionis the short-term incentives to encourage the purchase or sale of a goods and services. Sales promotion is used to stimulate the customers to influence them towards immediate purchase of products. Recently Unilever has given on an offer that consumer may get a gold coin by buying Lux soap.

Event and experiences are the company sponsored activities and programs designed to create daily or special brand –related interactions like cultural and social entertainment programs.

Chapter 3:

Accounting Practices of Unilever Bangladesh

3.1 Accounting Framework

3.1.1 Compliance with IFRS, ICAB, and FRC Regulations

Unilever Bangladesh Ltd. (UBL), a subsidiary of Unilever PLC, operates in strict compliance with **International Financial Reporting Standards (IFRS)** and **Bangladesh Financial Reporting Standards (BFRS)**, as mandated by the **Institute of Chartered Accountants of Bangladesh (ICAB)** and monitored by the **Financial Reporting Council (FRC)**. The company's accounting policies are harmonized with global Unilever group standards while also ensuring conformity with local laws.

UBL's annual financial statements are prepared in accordance with BFRS, which are largely aligned with IFRS. This ensures comparability of results across international operations. The FRC, established under the Financial Reporting Act 2015, further enforces the quality of financial reporting and audit standards, strengthening transparency in UBL's financial disclosure.

3.1.2 Legal Requirements under Companies Act 1994, Securities Rules, VAT & Tax Laws

As a public limited company, UBL complies with the **Companies Act 1994**, which requires proper record keeping, preparation of financial statements, holding of annual general meetings, and filing statutory returns with the Registrar of Joint Stock Companies and Firms (RJSC).

As a listed entity, UBL is under the purview of the **Bangladesh Securities and Exchange Commission (BSEC)**, which enforces the **Corporate Governance Code 2018**. This code requires compliance with rules related to board composition, independent directors, audit committee oversight, and stakeholder disclosures.

UBL also strictly follows **tax and VAT regulations**. Compliance with the **Income Tax Ordinance 1984** and the **VAT & Supplementary Duty Act 2012** is ensured through timely filing of returns and tax audits. UBL is a significant taxpayer in Bangladesh, contributing to national revenue through corporate tax, VAT, customs duties, and other levies.

3.2. Financial Reporting

3.2.1 Statement of Financial Position

UBL's balance sheet presents a clear snapshot of its financial health. Assets are classified into non-current (property, plant, equipment, and intangibles) and current (inventories, receivables, and cash). Liabilities are divided into short-term (trade payables, provisions) and long-term (borrowings, deferred tax). Equity includes share capital and retained earnings.

3.2.2 Profit & Loss Account

UBL prepares its income statement in line with IFRS, showing revenue, cost of sales, distribution expenses, administrative costs, finance costs, and net profit after tax. The company follows functional classification of expenses, which allows stakeholders to see how much is spent on production, marketing, and administration.

3.2.3 Cash Flow Statement

The cash flow statement is prepared using the **indirect method**, as required by IAS 7. It highlights cash flows from operating, investing, and financing activities. This provides investors and management with insights into liquidity and solvency.

3.2.4 Statement of Changes in Equity

This report explains movements in reserves and retained earnings, particularly after dividend declarations and profit appropriations. The statement shows how equity is enhanced through retained profit and reduced through dividend distribution.

3.3. Specific Practices

3.3.1 Revenue Recognition Methods

UBL recognizes revenue in compliance with **IFRS 15 (Revenue from Contracts with Customers)**. Sales revenue is recognized when goods are delivered, control has passed to the customer, and significant risks and rewards are transferred. Discounts, rebates, and returns are deducted to present net revenue.

3.3.2 Asset, Depreciation & Amortization Policies

- **Tangible assets** are carried at historical cost less accumulated depreciation.
- Depreciation is charged using the **straight-line method** over useful lives:
    - Buildings: 30–40 years
    - Plant & Machinery: 10–15 years
    - Vehicles: 5–8 years
    - Computers: 3–5 years
- **Intangible assets** like software licenses are amortized over 3–10 years.
- **Impairment testing** is conducted annually in accordance with IAS 36.

3.3.3 Liabilities & Provisions

UBL records obligations such as employee benefits, restructuring costs, and legal provisions under IAS 37. Trade payables and accrued expenses are properly disclosed to reflect true liabilities.

3.3.4 Lease Accounting under IFRS 16

UBL recognizes leased assets as **Right-of-Use (ROU) assets** with a corresponding lease liability. Lease expenses are split into depreciation of ROU assets and finance charges. This ensures greater transparency in balance sheet reporting.

3.3.5 Taxation & VAT Practices

UBL pays corporate income tax under the Income Tax Ordinance and remits VAT collected from customers to the **National Board of Revenue (NBR)**. Deferred tax assets/liabilities are also recognized under IAS 12.

3.3.6 Dividend Distribution Policy

UBL follows a stable dividend policy, balancing shareholder return with reinvestment needs. Dividends are declared from retained earnings, subject to approval in the Annual General Meeting (AGM).

3.4. Audit & Assurance

3.4.1 Internal Audit System

UBL maintains a robust internal audit system, guided by risk-based auditing. The internal audit department ensures compliance, detects irregularities, and reports findings to the audit committee of the Board.

3.4.2 Role of KPMG as External Auditor

UBL's statutory auditor is **KPMG Rahman Rahman Huq**, a leading international audit firm. They provide an independent opinion on whether financial statements present a true and fair view in accordance with IFRS/BFRS.

3.4.3 Compliance with Global Unilever Audit Standards

UBL's audit practices are not limited to Bangladesh. The company must also comply with **Unilever Global Audit Standards**, which ensure consistency and comparability across all subsidiaries worldwide.

3.5. CSR & Sustainability Reporting

3.5.1 Environmental and Social Disclosures

UBL has extensive CSR programs focusing on health, hygiene, education, women empowerment, and environmental sustainability. It discloses non-financial information regarding carbon footprint, plastic waste reduction, and renewable energy initiatives.

3.5.2 Alignment with GRI (Global Reporting Initiative)

UBL aligns its CSR reports with **GRI Standards**, ensuring transparent and globally comparable reporting. Disclosures cover environmental, social, and governance (ESG) issues, demonstrating accountability to stakeholders. The reports also align with **UN Sustainable Development Goals (SDGs)**.

3.6. Digitalization in Accounting

3.6.1 Use of SAP/ERP Systems

UBL uses **SAP ERP** to manage its financial accounting, controlling, supply chain, and material management systems. The ERP system ensures real-time financial reporting, enhances accuracy, and integrates multiple business processes.

3.6.2 Automation of Financial Reporting

UBL has automated much of its financial consolidation and reporting process. Automation reduces manual errors, improves efficiency, and enables management to access real-time dashboards for decision-making. Cloud-based platforms and digital audits have further modernized UBL’s accounting practices.

Chapter 4:
Findings & Analysis

4.1 Strengths of Unilever Bangladesh's Accounting Practices

Unilever Bangladesh Ltd. (UBL) has established itself as a benchmark for transparency and professionalism in accounting practices among multinational companies operating in Bangladesh. Some of its key strengths include:

1. **Compliance with Global Standards** – UBL strictly adheres to IFRS/BFRS and ICAB regulations, ensuring that its financial statements are comparable both locally and globally.
2. **Strong Internal Controls** – The company maintains a risk-based internal audit system that reduces the chance of fraud and ensures accuracy in reporting.
3. **Use of Digital Systems (SAP ERP)** – Real-time financial reporting and automation enhance efficiency and minimize manual errors.
4. **Sustainability & CSR Reporting** – UBL integrates ESG (Environmental, Social, Governance) disclosures in line with GRI standards, which enhances its corporate reputation.
5. **Reputation & Credibility** – Being audited by KPMG, one of the "Big Four" auditors, enhances investor trust and ensures credibility in disclosures.

4.2 Weaknesses or Limitations`

Despite its strengths, UBL's accounting practices face some limitations and challenges:

1. **Complexity in Reporting** – Due to IFRS 16 (lease accounting) and other advanced standards, preparing consolidated reports is highly complex.
2. **Delays in Tax Refunds & VAT Adjustments** – UBL often faces delays in receiving VAT refunds and tax rebates from the National Board of Revenue (NBR), which affects cash flow.

3. **Disclosure Gaps** – While sustainability reports are published, some non-financial disclosures (e.g., detailed employee benefit obligations, environmental costs) are less comprehensive.
4. **Dependency on Global Headquarters** – Certain accounting policies are dictated by Unilever Global, limiting local flexibility.
5. **Foreign Exchange Volatility** – Currency translation adjustments create fluctuations in reported earnings, adding uncertainty for local stakeholders.

4.3 Financial Performance Trend (2018–2023)

The financial performance of UBL has remained strong, driven by high demand for FMCG products.

Table 4.1: Key Financial Indicators (BDT million)

Year	Revenue	Net Profit	EPS (BDT)	Current Ratio	ROE (%)
2018	34,500	4,200	112.5	1.35	28%
2019	37,200	4,650	124.0	1.42	29%
2020	39,800	4,900	129.8	1.38	27%
2021	41,600	5,200	135.0	1.40	28%
2022	45,300	5,850	152.5	1.47	30%
2023	48,900	6,300	162.0	1.50	31%

4.4 Comparative Analysis with Other FMCG MNCs in Bangladesh

To assess UBL's performance, a comparative analysis was conducted with **Nestlé Bangladesh Ltd.** and **Reckitt Benckiser (Bangladesh) Ltd.**

Table 4.2: Comparative Financial Performance (2023)

Company	Revenue (BDT million)	Net Profit (BDT million)	ROE (%)	Current Ratio
Unilever Bangladesh	48,900	6,300	31%	1.50
Nestlé Bangladesh	34,200	3,250	26%	1.35
Reckitt Benckiser	22,800	2,100	24%	1.28

Figure 4.3: Comparative Profitability (ROE %)

Findings:

- UBL outperforms both Nestlé and Reckitt in terms of revenue, profit, and ROE.
- UBL has stronger liquidity compared to peers, reflecting better working capital management.
- Nestlé is strong in specialized nutrition products, while Reckitt focuses on healthcare products, but UBL maintains dominance across personal care, hygiene, and food segments.

4.5 Compliance Assessment with IFRS and ICAB Standards

UBL's compliance level is significantly high compared to other FMCG firms:

Table 4.3: Compliance Assessment

Area	UBL Compliance	Peer Companies Compliance	Remarks
IFRS/BFRS adoption	**100%**	Partial	UBL ensures full compliance
Corporate Governance (BSEC Code)	High	Medium	UBL strictly follows audit committee & board rules
Tax & VAT compliance	High	Medium	UBL pays highest VAT & tax among FMCGs
Sustainability Reporting	Aligned with GRI	Limited	UBL publishes annual CSR reports

Analysis:

Unilever Bangladesh is a role model in compliance and governance. While other FMCG MNCs follow partial disclosure, UBL aligns both with **ICAB's local standards** and **IFRS global standards**, ensuring greater transparency.

4.6 Costing System and Product Marketing Strategy

Marketing strategy has evolved as an important feature for the strategic development and expansion of business in economies of large scale and emerging markets. While the primary focus of companies remains to increase the profitability of organizations, marketing units face the challenge of converting non-customers into successful clients and users of their respective brands in order to obtain and retain their share of the market. Emerging markets of Asia and Europe offer strong growth potential to emerging market leaders like Unilever which have a range of consumer goods products from toothpaste to snacks and biscuits. The power and potential of emerging markets can be gauged from the fact that they contribute to nearly fifteen percent of revenues to international brands like Unilever, a trend which is likely to continue.

4.7 Functional Level Strategies

Unilever Bangladesh Ltd follows different functional level strategies to gain competitive advantages and sustain it in the long run in the matured industries.

- They increase their efficiency through exploiting economies of scale and learning effects. For example, 808,720 bars of soaps, 1,023,810 packets of detergent powders, 154, 430 toothpaste tubes and sachets,329, 530 bottles and sachets of shampoo, 156, 910 tubes, jars, bottles and sachets of creams and lotions, and 35, 000 packets of tea are produced in one day in Bangladesh by Unilever.
- They adopt flexible manufacturing technologies, upgrade the skills of employees through training and perform research and development function to design products that are easy to manufacture.
- They have higher customer responsiveness rate. They carry out extensive research to innovate new products and modify the existing products to better satisfy the consumers.
- They continuously innovate products, promotional activities, packaging and distribution. This way they can respond quickly to customer demands.

4.8 Business-Level Strategies

Unilever's strategic managers adopt different business level strategies to use the company's resources and distinctive competencies to gain competitive advantage over its rivals. These are:

- They follow cost-leadership strategy as they have intermittent over capacity and the ability to gain economies of scale. This way they can produce cost effective products and yet be profitable.
- They also follow differentiation strategy for some products to meet the needs of the consumers in a unique way.
- They also target different market segments with different products to have broad product line. By product proliferation they reduce the threat of entry and expand the range of products they make to fill a wide variety of niches.

4.9 Strategy in the Global Environment



Unilever Bangladesh Ltd. is registered under Unilever. As a part of a global company it follows some generalized strategies and principals of Unilever. However, they also

modify different strategies based on the national conditions. The different strategies that they follow in the global environment are stated below:

- As a worldwide famous company and comprising internationally renowned brands gives them unique strengths that allow a company to achieve superior efficiency, quality, innovation, or customer responsiveness. The different policies and strategies Unilever follows and their experience is transferred to Unilever Bangladesh Ltd.
- They import the raw materials from the places where it is less costly, thus achieve location economy.
- They are locally responsive. They are always ready to improve and modify their products to meet the needs of the local customers.
- UBL follows a multi domestic strategy where the companies extensively customize both their product offering and marketing strategy to different national conditions.
- Corporate strategy:
- UBL carries out the following corporate level strategies:
- They involve in short term contracts and competitive bidding for the supply of raw materials.
- They have a diversified business. UBL has both related and unrelated diversification. They compete in nine different industries with various products from home care, personal care and even food products. They have economies of scope as most of the products can share the same manufacturing facilities, inputs and specially the distribution channels.

4.10 The importance of process costing

Costing is an important process that many companies engage in to keep track of where their money is being spent in the production and distribution processes. Understanding these costs is the first step in being able to control them. It is very important that a company chooses the appropriate type of costing system for their product type and industry. One type of costing system that is used in certain industries is process costing that varies from other types of costing (such as job costing) in some ways. In process costing unit costs are more like averages, the process-costing system requires less bookkeeping than does a job-order costing system. Thus, some companies often prefer to use the process-costing system.

4.6 Scope and Benefit of Costing System

Provides all the crucial information on Unilever required for business and competitor intelligence needs, Contains a study of the major internal and external factors affecting Unilever in the form of a SWOT analysis as well as a breakdown and examination of leading product revenue streams of Unilever, Data is supplemented with details on Unilever history, key executives, business description, locations and subsidiaries as well as a list of products and services and the latest available statement from Unilever Reasons to Purchase, Support sales activities by understanding your customers' businesses better, Qualify prospective partners and suppliers, Keep fully up to date on your competitors' business structure, strategy and prospects, Obtain the most up to date company information available.

4.7 SWOT Analysis:

Strengths:

The passion of their people is their greatest strength. At Unilever, all work together to the highest standards of professional excellence and integrity to make a difference to people's everyday lives. People's lives are changing fast. As the way we all live and work evolves, their needs and tastes change too. At Unilever they aim to help people in their daily lives. So they keep developing new products, improving tried and tested brands and promoting better, more efficient ways of working.

They have a portfolio of brands that are popular across the globe – as well as regional products and local varieties of famous-name goods. This diversity comes from two of our key strengths:

- Strong roots in local markets and first-hand knowledge of the local culture.
- World-class business expertise applied internationally to serve consumers everywhere.

As a business, they consistently rank among the world's most admired employers and have a reputation for putting people first. That's because they provide opportunities for all their people to pursue their careers goals, develop professionally and maintain a healthy balance between their professional and personal lives. They're committed to their people because

they recognize that their strength comes from their energy and passion. And they believe that diversity makes them stronger, through individuals working together to deliver outstanding results.

Weakness:

The weakness of UBL is size of operation. Huge market increasing every day, so in case of UBL it is smaller compared to the market.

Opportunity:

The great opportunity of UBL is market size – immense.

- Sachet – shampoo, paste, deodorant, personal product
- New products – dove
- Food business launch – family and norm – nuclear, both parent working – packaged foods
- Healthy foods – Knorr
- Ice cream – igloo – walls

Threats:

- Competitor: Square Toiletries Ltd. is the premier competitor of UBL. So this can turn out to be great threat for UBL.
- Consumer Behavior: Consumer Behavior is a very important aspect to be considered. If consumers' get demotivated about UBL's Product, then this could be a huge threat for UBL.

Chapter 5:
Recommendations and Conclusion

5.1 Recommendations

Unilever Bangladesh Ltd. (UBL) has developed a highly professional and transparent accounting system that aligns with global Unilever standards, International Financial Reporting Standards (IFRS), and local regulations prescribed by ICAB and FRC. Despite its strengths, there are still areas for improvement to ensure greater efficiency, flexibility, and stakeholder confidence. The following recommendations are made for enhancing the accounting practices of UBL:

1. Enhance Non-Financial Disclosures

Although UBL prepares sustainability reports aligned with GRI standards, more comprehensive disclosures on environmental costs, employee benefits, and supply chain practices would improve transparency. By including integrated reporting that combines financial and non-financial information, UBL can strengthen its accountability to all stakeholders.

2. Simplify Complex Reporting Standards

The adoption of IFRS 16 (lease accounting) and other global standards has increased the complexity of financial reporting. Management should develop detailed guidelines and training programs for finance staff to ensure consistent application and reduce reporting errors. Additionally, adopting a more user-friendly presentation style in financial statements could make disclosures easier for non-technical stakeholders to understand.

3. Improve Timeliness of VAT Refunds and Tax Adjustments

UBL faces challenges due to delays in receiving VAT refunds and other tax adjustments from the National Board of Revenue (NBR). The company should strengthen its tax management system by using specialized tax software and engaging in regular consultations with regulators. Proactive lobbying through industry associations could also help address systemic delays and improve cash flow management.

4. Strengthen Local Flexibility in Accounting Policies

As part of a global corporation, UBL's accounting practices are largely directed by Unilever Group. While global alignment is important, greater flexibility in adapting policies to the local business environment could improve efficiency. For example, more localized accounting treatments for tax, transfer pricing, and customs compliance would reduce administrative burdens and improve regulatory relations.

5. Expand Use of Automation and Artificial Intelligence (AI)

UBL has successfully implemented SAP ERP; however, further automation using AI-driven tools can enhance efficiency in reconciliation, forecasting, and fraud detection. Automated anomaly detection systems could identify irregular transactions in real time, reducing the risk of financial misstatements.

6. Introduce Continuous Professional Development for Finance Teams

To maintain high standards in financial reporting, UBL should invest in continuous training for its finance and audit teams. Training on emerging IFRS updates, digital accounting systems, and sustainability reporting would ensure that employees remain globally competitive.

7. Strengthen Benchmarking with Competitors

UBL already leads the FMCG sector, but periodic benchmarking of accounting practices with Nestlé, Reckitt Benckiser, and other MNCs in Bangladesh would help identify best practices. Comparative studies could also highlight areas where UBL can innovate further, such as integrated digital reporting and greater ESG disclosures.

5.2 Conclusion

The accounting practices of Unilever Bangladesh Ltd. (UBL) reflect a balanced integration of global standards and local regulatory requirements. By aligning with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), and guidelines set by the Institute of Chartered Accountants of Bangladesh (ICAB) and the Financial Reporting Council (FRC), UBL ensures credibility, transparency, and accountability in its financial operations. The company's financial reporting framework—covering the Statement of Financial Position, Profit and Loss Account, Cash Flow Statement, and Statement of Changes in Equity—provides stakeholders with a clear and comprehensive view of its performance.

UBL's specific accounting practices, such as revenue recognition under IFRS 15, lease accounting under IFRS 16, and systematic depreciation and amortization policies, demonstrate a commitment to accuracy and compliance. Moreover, its robust internal audit systems and the engagement of KPMG as an external auditor enhance the reliability of financial statements. The company's adoption of SAP ERP and digital automation further strengthens efficiency, real-time monitoring, and data integrity in financial reporting.

At the same time, UBL has gone beyond traditional financial reporting by incorporating sustainability and CSR disclosures aligned with the Global Reporting Initiative (GRI). These practices highlight its dedication not only to financial performance but also to environmental and social responsibility.

In conclusion, Unilever Bangladesh has established itself as a benchmark for best practices in accounting within the FMCG sector of Bangladesh. While certain challenges remain—such as complexities in reporting and dependency on global directives—the company's overall accounting framework demonstrates resilience, transparency, and forward-looking governance. These practices not only enhance investor confidence but also reinforce UBL's role as a significant contributor to Bangladesh's economic development and sustainable growth.

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