Dissertation

on

Financial Activities of Sheba Platform Ltd.

Submitted by:

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ID: MBA 2002020004

Program: MBA

Major: Finance

Semester: Spring 2021

Submitted to:

Department of Business Administration

Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of MBA



Sonargaon University (SU)

Dhaka- 1215

Date of Submission: May 5, 2021

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Prepared for:

Abul Kalam

Associate Professor

Department of Business Administration

Sonargaon University (SU)

This paper is submitted as the partial fulfillment of the degree of MBA, Department of Business Administration, Sonargaon University (SU).

Letter of Transmittal

May 5, 2021
Abul Kalam
Associate Professor
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Dissertation

Dear Sir,
With humble honor and respect, I am submitting my dissertation report on "Financial Activities of of Sheba Platform Ltd. (Sheba.xyz)". As per partial accomplishment of the requirements for the MBA degree, this dissertation has been carried out under your kind supervision.

This paper is an integral part of our academic courses in completion of the MBA program which has given me the opportunity to have an insight into the core part of topic. I hope this report reflects on the contemporary issues on the finance area that are being practiced by organizations in our country.

In completing the paper, I tried my best to blend all my knowledge and imparted every available detail and also attempted to avoid unnecessary amplification of the report.

I humbly request you to accept this report for your kind evaluation.

Sincerely,



_____

Student's Name: Md. Kamal Uddin Khan
ID: MBA 2002020004
Department of Business Administration
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Student's Declaration

I, the undersigned, a student of Business Administration, Department of MBA program, Major in Finance of Sonargaon University do hereby declare that the internship report on ***"Financial Activities of Sheba Platform Ltd. (Sheba.xyz)"*** is the original one and has been prepared by myself and has not been submitted anywhere for any degree, diploma, title or recognition.

The report was prepared under the supervision of Abul Kalam, Associate Professor, Department of Business Administration of Sonargaon University.

Yours Sincerely



……..

Md. Kamal Uddin Khan

ID: MBA 2002020004

Master of Business Administration

Sonargaon University

Letter of Authorization

Certified that this project report titled **"Financial Activities of Sheba Platform Ltd. (Sheba.xyz)"** is the bona fide work of **Md. Kamal Uddin Khan**, who carried out the study under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Abul Kalam
Associate Professor
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

At first I want to express my deep gratitude to the Almighty, the most merciful for his kindness to give me the ability to complete this report successfully. I extend my deep gratitude to my supervisor Abul Kalam, Associate Professor, Sonargaon University for her guidance, suggestions, and encouragement for the preparation of this report. Without her guidance I could not have finished this work on time. He provided me full support and ideas necessary in analyzing the industry and thus to accomplish my goal. To conclude, I am also grateful to all of the respected teachers of the Master of Business Administration for their continuous inspiration, assistance throughout the year.

Executive Summary

Finance department is the part of an organization that manages its money. The business functions of a finance department typically include planning, organizing, auditing, accounting for and controlling its company's finances. The finance department also usually produces the company's financial statements. The activities expected from a finance department cover a wide range from basic bookkeeping to providing information to assisting managers in making strategic decisions. What to expect from your finance department will depend largely on factors such as how much involvement the owner/manager has in the organization. At the base level, your bookkeeper will be responsible for all the day-to-day transactional accounting for the business. This will include the tracking of all transactions and the management of any government reporting. In very small owner-managed businesses, this role is often filled by a family member with accounting experience. An outside accounting firm is usually used for annual financial statements and returns. In larger organizations this role will extend right through to preparing the financial statements with an external auditor engaged for assurance purposes. Sheba Platform Ltd. (Sheba.xyz) is the first online service market place in Bangladesh. Its service area is increasing day by day for various customers.

List of Acronyms

BB	Bangladesh Bank
SEC	Securities and Exchange Commission
CRA	Credit Rating Agencies
COGS	Cost of goods sold
ERP	Enterprise Resource Planning software systems
HR	Human Resource
MIS	Management Information System
NBR	National Board of Revenue
PPE	Property, Plant, and Equipment
R&D	Research and Development
SU	Sonargaon University
VAT	Value Added Tax

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CHAPTER 1: INTRODUCTION

1.1 Origin of the Research

This report is based on three months' comprehensive study with direct participation, which is the part of MBA program. It helped me to gather practical experience which is necessary for my future life. Here, I got the opportunity to combine my theoretical knowledge with the practical experience. For this great opportunity, I would like to express my deepest respect to my honorable academic supervisor Mr. Abul Kalam Associate Professor Department of Business Administration, Sonargaon University (SU) for giving me his valuable advice, time and all the necessary guidance, which inspired me to prepare this report as it is. This internship program allowed me to have a better access to a well-structured organization in course of furnishing my future career.

1.2 Objectives of the Study

The specific objective of the report is to shed light on the details about the "Activities of finance department of Sheba Platform Ltd (Sheba.xyz)". However, along with this, the report has been directed by the following general objectives:

- Exploring how Sheba Platform Ltd (Sheba.xyz) control their total financial activities.
- Investigating how Sheba.xyz control their inventory management.
- Understanding the overall performance of Sheba.xyz.
- Apprehending the emergence of Sheba.xyz and its contribution in the economy of Bangladesh.
- To apply the practical knowledge of my theoretical understanding in an organizational setup.
- To know various kinds of products and/ service provided by Sheba.xyz.
- To examine the investment policies of Sheba.xyz.
- To know the rules and regulations of Sheba.xyz regarding the sector wise investment and modes of investment.
- To know about the investment processes of Sheba.xyz.
- To analyze the performance regarding the investment activities of Sheba.xyz using some important trend analysis such as – investments of Sheba.xyz, Classified investments to total investments, provision against classified investments, investment deposit , capital adequacy etc.
- To compare the performance regarding investments of Sheba.xyz with its Competitors.

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

1.3 Methodology

Research Approach: The project inscribed here basically is an ourcome of descriptive type of study. It is composed on the basis of qualitative paradigm and all the information synthesized here are the outcomes of a participatory observation.

Data Collection Instruments: The study was primarily based upon information extracted from the official documents of Sheba.xyz. Interviews with the managerial personnel and officers of various departments were also conducted. On the other hand, secondary sources like-books, journals, newspapers, annual reports, web sources etc. were the major secondary sources used here. These sources were used generously to collect data regarding the company and different kinds of associated issues

Table 1: Means of Report Composition

Report Style	Descriptive
Method of data collection	Participatory Observation, Secondary Analysis
Time horizon	Cross sectional and Longitudinal (Small-scale)
Data types and Sources of data	Primary: Asking questions to key officials and participatory observation Secondary: Books, journals, organizational publications, newspapers, websites, other online sources etc.

1.4 Scope

The report covers the organizational structure, background, functions and the performance of Sheba.xyz. The scope of the study is to acquaint with the operational scenario of Sheba.xyz.

The focus was only to understand the organizational attributes in course of understanding the finance related issues of this organization.

1.5 Limitations

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

- The general activities of Finance department are so vast. Therefore, they had a limitations in providing me enough time always.
- Time of my internship program was very short. So, the issues I have experienced directly may suffer from lack of completeness.
- They did not provide me vast information due to their official code of conduct to maintain their organizational confidentiality.
- All the information is not included in this report due to confidentiality of organization.

The report has encountered these limitations that may have an overall impact on understanding the activities of the deparment from a critical perspective. Despite, these limitations, I have tried from all aspects to collect all necessary information and make the report a comprehensive one.

CHAPTER 2: OVERVIEW OF THE ORGANIZATION

2.1 About the Organization

Sheba.xyz is an online service marketplace in Bangladesh that connects households with verified service providers to make life more convenient and hassle-free. It started its journey in the year of 2015. It provides the service needs that one comes across in everyday life. More than 300 home and office services in total are all available online and also in one mobile application. Avail experienced & verified service providers for- beauty, appliance & gadget repair, food, laundry, cleaning, rent-a-car, shifting, and renovation and so on. This company maintains a greater communication with all the spheres of people and government representatives. Research proves that companies with board connections to state-owned firms and family business groups had greater crisis-period accounting performance and stock returns (Acemoglu et al., 2016; Baek et al., 2004; Carney et al., 2020). This certainly indicates company's greater ability to crises management.

2.2 Objectives of the Sheba.xyz

Sheba.xyz is a startup organization aims at fulilling the following general objectives upholding the necessity of people from a social business perspective which is considered as one of the prioritized aspect of business entrepreneurs nowadays (Fisk et al., 2019; Kabadayi et al., 2019; Mejia, 2019).

- To achieve and continue growth in service providing
- To continuously develop human resources at that service providing activities

2.3 Mission

The mission of sheba.xyz is to provide services with a very convenient price and to improve the quality of services. This is not only a business issue but also extending the entrepreurs' hand to support the wellbeing of human in national and international arena.

2.4 Vision

The organization wants to be the most admired and respected familiar company in the country. Sheba.xyz has been successful in realizing this vision by creating a lasting brand name in every sector. Sheba.xyz Group claims that it has continued to expand in the field of

consumer durables by acquiring new companies producing related products. It also describes aspiration for the future, without specifying the means necessary to achieve those desire ends.

CHAPTER 3: ORGANIZATIONAL STRUCTURE

3.1 Human Resources Department

Creating a complement and healthy working environment, Sheba.xyz values its Human Assets and committed to their growth and prosperity. The success of any business organization depends on the quality of its human resources i.e. their caliber and commitment. Sheba.xyz is committed to ensure that the Company is capable of continued growth and profitability by satisfying customers' needs and to provide employees with high level of job satisfaction. It is evident that employee well-being is directly connected to key organisational outcomes such as performance and productivity, identifying ways to enhance employee well-being (Kowalski & Loretto, 2017; Kun & Gadanecz, 2019; Meyers et al., 2019).Consequently, Company's personnel initiatives are designed to encourage open communication, creativity, innovation and initiative. Because the Company believes well trained and proactive employees with high level of job satisfaction will ultimately contribute to the increase in profitability of the Company (Dastmalchian et al., 2020; Iqbal et al., 2019; Zhang, 2010). However, the HR department of Sheba.xyz is the combination of other four departments, i.e.-HR management, administration, training and legal department (Figure 1).

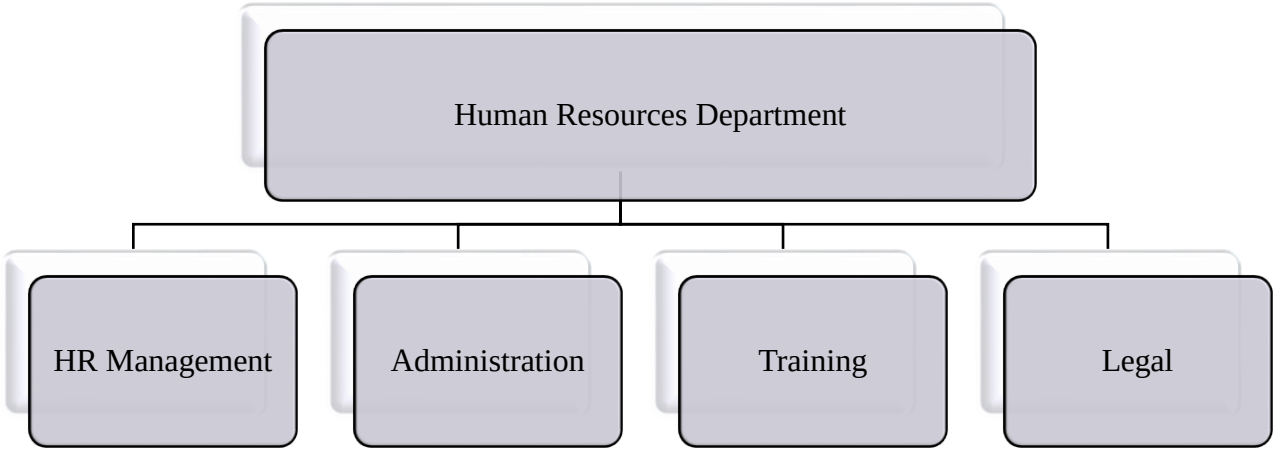


Figure 1: Primary Hierarchy of Human Resources Department

Major functions of this department are:

- Recruiting, transferring, promoting and terminating of employee.
- Arranging training both in-house and outside.
- Personnel policy evaluation and implementation/n.
- Maintaining protocol, counseling and discipline of organization.

- Legal aspects.
- Recording employee's salary, leave administration and annual performance evaluation.
- Handling recruitment & selection, training & development, job review, Performance appraisal, employee relations, and disciplinary issues in Formulating HR policies and procedures
- Implementation of Company HR policies and
- Reviewing HR policies and procedures and revising as per need of the Organization
- Ensuring the departmental policies is competitive within the Company ρ HR planning and budgeting
- Handling employee disciplinary actions and or separations i.e. termination, Discharge, dismissals and voluntary separations
- Managing Performances and ensuring evaluation of all employees
- Handling grievances of employees
- Check & calculate Allowances for applicable cases to include in monthly Payroll.

3.2 Marketing Department

Sheba.xyz has a unique retail network. Its products are sold more than 230 outlets across the country. These are strategically located all over Bangladesh. Sheba.xyz is the only company in the country with such an extensive retail network. As a retail company, marketing consumer durable products, Sheba.xyz Group efforts have been focused on the store-merchandising concept

3.3 Marketing Services Department

The head of this department, the Marketing Services Director, has three sub-sections management team under him. They are:

1) Product Management.
2) Advertisement & Sales Promotion.
3) Service Center.

3.4 Finance Department

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

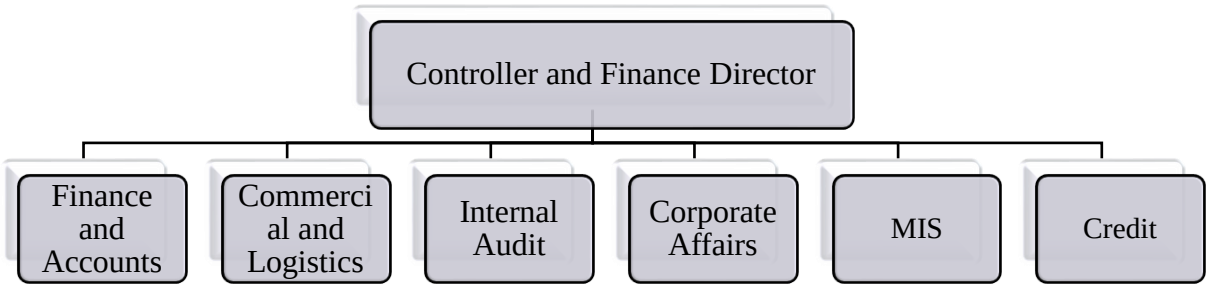


Figure 2: Structure of Finance Deparment

3.4.1 Finance & Accounts:

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

Accounts division creates and maintains records of company transactions for both internal and external audiences. The Accounts unit may be considered a department by itself, for it has the following functional units - Sales Accounts, Costing & Inventory, Payables, Cash Management, and General Ledger. The company accounts represent the financial statements. The investment in associate companies was accounted under the cost method. The carrying value of associate company investments is shown at cost and only dividend income received from associate companies is recognized as income.

The company accounts represent the financial statements. The investment in associate companies was accounted under the cost method. The carrying value of associate company

investments is shown at cost and only dividend income received from associate companies is recognized as income.

3.4.2 Credit department

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

3.4.2.1 What is hire purchase?

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

3.4.2.2 Credit scoring:

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

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

3.4.2.3 Guarantors

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

3.4.2.4 Hire purchase contract

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

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

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

3.4.2.5 Black List

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

3.4.2.6 Legal Recourse

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

3.4.2.7 Commercial & logistics

In the commercial & logistics department they are responsible for control all import transactions and opening of L/C operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

- Requisition for order
- Purchase of product
- L/C Opening
- Select L/C opening Bank
- Insurance
- VAT
- Warehouse

Requisition for order

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

Purchase

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

L/C Opening

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

Select L/C opening Bank

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

VAT

Value Added Tax (VAT) is one of the major indirect taxes in Bangladesh. It is paid on the value that an individual or an organization adds to goods and services at each stage of their production and distribution. This is generally done in accordance with the guidelines of the National Board of Revenue (NBR) of Bangladesh. The tax eventually gets passed on to the consumers. Vat is payable to the government on the service revenue.

Warehouse

Inventory Procurement & Management

- Based on annual sales plan and regular forecasts.
- Product-wise inventory available as required
- Identification of idle stock & transfer to other locations.

3.4.2.8 Monthly Stock Building Plan

Objective is to move the products through a system on regular basis.

3.4.2.9 Product Delivery

- Consolidation of product mix for a single/multiple destination.
- Consolidation of product mix required for a month –single/multiple destinations.

3.4.3 Internal Audit department:

In the internal audit department they are responsible for control to reduce variance of income and cost operation. They are responsible for Keeping close watch on irregularities (if any) & taking prompt actions. Coordination with all locations to identify phased out /defective/ obsolete products, spare parts & prompt disposal. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

Regular audit at

- Sales Agents
- Corporate Office
- Warehouses
- Services Centre
- Manufacturing Unit

3.5 Corporate Affairs:

In the corporate affairs department they are responsible for control all company related secretarial matters operation. They are responsible for makes sure that, the operation running smoothly. Their general activities are describing below:

- Company Legal Issues
- Statutory Accounts & Dividends
- Corporate Tax & Other Taxes
- Fixed Assets Management
- Treasury Functions
- Board Meeting Issues

3.6 MIS Department

Management Information System (MIS) is a key department of present IT based service providing companies (Laudon & Laudon, 2018; O'Brien & Marakas, 2011; Valacich & Schneider, 2018). Management Information System (MIS) section presents ERP (Enterprise Resources Planning) for less time consume. ERP is a new division which deals with computerized financial data transaction within the organization. And shortly MIS will bring online record transaction.

Enterprise Resource Planning software systems (ERP) encompass a wide range of software products supporting day-to-day business operations and decision making. ERP serves many industries and numerous functional areas in an integrated fashion attempting to automate operations from supply chain management, inventory control, manufacturing scheduling and production, sales support, customer relationship management, financial and cost accounting, human resources and almost all other data-oriented management process. ERP systems have become increasingly prevalent over the last 10 years throughout the world. By the year 2000, ERP systems have been implemented in over 60% of multi-national firms.

3.7 Distribution Department

Sheba.xyz has a unique retail network. Their products are sold through their own chain store numbering 90 and exclusive sales agents numbering 50, strategically located all over Bangladesh. Sheba.xyz is the only company in the country with such an extensive retail network of its own. As a retail company, marketing consumer durable products, their efforts have been focused on the store-merchandising concept. They have successfully given a different perspective to all their retail stores keeping in mind what makes a good purchasing experience.

CHAPTER 4: POLICY & GUIDELINE FOR FINANCE AND ACCOUNTS DEPARTMENT

4.1 Introduction

The company provides a comprehensive manual as a guideline for the operating activities of finance & accounts department. The set of guidelines acts as the foundation for the system of internal accounting controls of the deparment. Examples of the key documentation are discussed in the following to achieve the objectives of the department. This instructions are provided and advised to use only as an aid and not inspired as a replacement for management involvement.

4.2 Cash receipts

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

4.3 Cash disbursement

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

1. Management will approve payment vouchers.

2. All payments especially vendor payment must be made through cheque.

3. The signatories of the cheque will be top management and top level staff is authorized.

4. No cheque should be prepared without the approval of payment vouchers.

4.4 Account payable

A. An authorized individual, who indicated approval by initialing the invoice, should approve invoices for payment in writing after review.
B. Checks maybe generated manually.
C. Supporting documents referred to as voucher to as voucher are attached to the cheque for signing. The documents usually contain as:
    - Purchase order
    - Receiving report

- Invoice

D. Money receipt should be received when payment is made.

E. Source tax should be deducted, if applicable, form the payment.

4.5 Recurring expenses

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

(i) Monthly

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

(ii) Occasional

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

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

4.6 Payroll

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

4.7 Imprest cash

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

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

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

- To establish the imp rest fund account, make a fund available to the in charge for an amount sufficient to cover small expenditures for a designated period of time.
- The in charge is required to provide expenditure vouchers to corporate office immediately after the close of designated period of time.
- The concerned section of finance and accounts department should process the vouchers and send to the proper authority for approval.
- Discrepancy detected at the examination of vouchers. 27

4.8 Advances

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

4.9 Prepayments & security deposits

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

4.10 Investment

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

• The finance and accounts department is to implement the investment decision to the company.

• The present policy in this regard is to place fund in fixed deposit reserve with banks and in saving certificated issued by the government.

• The investment will be made when the board of directors takes decision.

4.11 General ledger

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

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

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

- Approval of all journal entries by a designated authority before posting.
- Checking of validation sheet of journal entries to confirm the accuracy of the posting.
- Review of month end financial statements by departmental heads.

4.12 Accounting Activities

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

4.13 Cash activities

- Cash receipts: Cash payment is received through money receipt from different sources

1. Cash sales
2. Credit collection

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

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

4.14 Operating activities

- Accounts payable: There are some recurring expenses identifies as accounts payable such as

a) Direct cost

b) General cost- Salary, Rent etc.

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

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

4.15 Cash flow

Cash flows are classified as operating, investing, or financing activities on the statement of cash flows, depending on the nature of the transaction. Each of these three classifications is defined as follows.

- **Operating activities** include cash activities related to net income. For example, cash generated from the sale of goods (revenue) and cash paid for merchandise (expense) are operating activities because revenues and expenses are included in net income.

- **Investing activities** include cash activities related to noncurrent assets. Noncurrent assets include (1) long-term investments; (2) property, plant, and equipment; and (3) the principal amount of loans made to other entities. For example, cash generated from the sale of land and cash paid for an investment in another company are included in

- **Financing activities** include cash activities related to noncurrent liabilities and owners' equity. Noncurrent liabilities and owners' equity items include (1) the principal amount of long-term debt, (2) stock sales and repurchases, and (3) dividend payments. (Note that interest paid on long-term debt is included in operating activities.)

4.16 Budgets and forecasting

In this function, the finance department works with managers to prepare the company's budgets and forecasts and also give feedback with regards to the financial standing of the company. This information can be used to fulfil the cash needs of each department, plan company staffing levels, plan asset purchase and expansions at minimum cost before they become necessary. The finance department can also use past records from respective departments to make better budget and forecast over long-term and short-term time horizons.

4.17 Sales

Estimating the sales your business will generate over the forecast period can be difficult. If you are starting a new business you can base your estimates on market research and industry

benchmarks. For an established business, take into account previous sales data over the same time period. You will also need to consider the current market and other economic conditions.

4.18 Expenses

An expenses forecast estimates your ongoing operational costs over a period of time. Business expenses may include (amongst others) rent, insurances, vehicles, advertising, employee wages, and accounting and legal fees.

If you are starting a new business, base your forecast on market research and industry benchmarks. If you are already operating a business, use records from previous years to assist you. Make sure you allow for any likely changes, such as an increase in costs or employing additional staff.

4.19 Cost of goods sold (COGS)

If you sell physical products you will need to forecast how much it costs to produce or stock them.

The COGS forecast relates to your sales forecast. If you are forecasting an increase in sales, the cost of producing the goods will also increase (you will need to purchase more components or stock).

To forecast COGS you will need to include all the direct costs associated with production and preparation for sale. These may include:

- the wholesale cost of buying completed goods, raw materials or parts
- packaging
- freight and freight insurance
- commissions paid on sales
- direct labour costs used to manufacture the product

4.20 Profit and Loss Statement

The profit and loss (P&L) statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year. The P&L statement is synonymous with the income statement. These records provide information

about a company's ability or inability to generate profit by increasing revenue, reducing costs, or both. Some refer to the P&L statement as a statement of profit and loss, income statement, statement of operations, statement of financial results or income, earnings statement or expense statement.

Key Takeaways

- The P&L statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period.
- The P&L statement is one of three financial statements every public company issues quarterly and annually, along with the balance sheet and the cash flow statement.
- It is important to compare P&L statements from different accounting periods, as the changes in revenues, operating costs, R&D spending, and net earnings over time are more meaningful than the numbers themselves.
- Together with the balance sheet and cash flow statement, the P&L statement provides an in-depth look at a company's financial performance.

The P&L statement is one of three financial statements every public company issues quarterly and annually, along with the balance sheet and the cash flow statement. It is often the most popular and common financial statement in a business plan as it quickly shows how much profit or loss was generated by a business.

The income statement, like the cash flow statement, shows changes in accounts over a set period. The balance sheet, on the other hand, is a snapshot, showing what the company owns and owes at a single moment. It is important to compare the income statement with the cash flow statement since, under the accrual method of accounting, a company can log revenues and expenses before cash changes hands.

The income statement follows a general form as seen in the example below. It begins with an entry for revenue, known as the top line, and subtracts the costs of doing business, including the cost of goods sold, operating expenses, tax expenses, and interest expenses. The difference, known as the bottom line, is net income, also referred to as profit or earnings. You can find many templates for creating a personal or business P&L statement online for free.

It is important to compare income statements from different accounting periods, as the changes in revenues, operating costs, research and development spending, and net earnings over time are more meaningful than the numbers themselves. For example, a company's revenues may grow, but its expenses might grow at a faster rate.

4.21 Statement of changes in equity

The statement of changes in equity is a reconciliation of the beginning and ending balances in a company's equity during a reporting period. It is not considered an essential part of the monthly financial statements, and so is the most likely of all the financial statements not to be issued. However, it is a common part of the annual financial statements. The statement starts with the beginning equity balance, and then adds or subtracts such items as profits and dividend payments to arrive at the ending ending balance. The general calculation structure of the statement is:

Beginning equity + Net income – Dividends +/- Other changes

= Ending equity

The transactions most likely to appear on this statement are as follows:

- Net profit or loss
- Dividend payments
- Proceeds from the sale of stock
- Treasury stock purchases
- Gains and losses recognized directly in equity
- Effects of changes due to errors in prior periods
- Effects of changes in fair value for certain assets

The statement of changes in equity is most commonly presented as a separate statement, but can also be added to another financial statement.

It is also possible to provide a greatly expanded version of the statement that discloses the various elements of equity. For example, it could separately identify the par value of

common stock, additional paid-in capital, retained earnings, and treasury stock, with all of these elements then rolling up into the ending equity total.

To prepare the statement, follow these steps:

- Create separate accounts in the general ledger for each type of equity. Thus, there are different accounts for the par value of stock, additional paid-in capital, and retained earnings. Each of these accounts is represented by a separate column in the statement.
- Transfer every transaction within each equity account to a spreadsheet, and identify it in the spreadsheet.
- Aggregate the transactions within the spreadsheet into similar types, and transfer them to separate line items in the statement of changes in equity.
- Complete the statement, and verify that the beginning and ending balances in it match the general ledger, and that the aggregated line items within it add up to the ending balances for all columns.

4.22 Fixed Assets Register

A fixed asset register is a detailed list of all fixed assets which are owned by a business. Its main purpose is to enable an organization to accurately record and maintain both financial and non-financial information pertaining to each asset and to easily identify and verify an asset when required.

Items and information captured in a fixed asset register

Fixed assets are longer term investments which provide value to a business and are depreciated over a period of years.

Below are some typical examples of fixed assets that would be recorded on a fixed asset register:

- IT equipment such as computers, laptops, printers, and servers
- Office equipment such as photocopiers, scanners, and telephones
- Furniture
- Property, plant, and equipment (PPE)
- Land

- Fleet i.e. cars and vans

Organizations have the flexibility to capture as little or as much detail required for each asset. Storing detailed asset information and financial history provides valuable data to enable more informed decision making.

Typical information captured on a fixed asset register includes a unique identifier code, asset name, description, purchase and capitalization dates, purchase cost, department, cost center, residual value and asset life, and depreciation rule.

The benefits of creating and maintaining a fixed asset register

It is essential for an organization to maintain an accurate asset register to provide knowledge as to where an asset is and in what condition it is in. Listed below are just some of the key benefits which can be achieved from getting a fixed asset register in place:

- Provides complete information on asset status, history, and location for audit trail purposes.
- Assists in complying with statutory requirements such as US GAAP and SOX.
- Ensures that the balance sheet reflects an accurate fixed asset value.
- Provides an accurate reference to ensure that the appropriate level of insurance is in place, which in turn avoids the overpayment of insurance premiums.
- Facilitates a quick and easy asset audit and verification process.
- Simplifies month and year-end processes when asset data is up to date.
- Improves asset utilization across the business and avoids the duplication of asset purchases.

4.23 Balance Sheet

A balance sheet is a financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time, and provides a basis for computing rates of return and evaluating its capital structure. It is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders.

The balance sheet is used alongside other important financial statements such as the income statement and statement of cash flows in conducting fundamental analysis or calculating financial ratios.

Key Takeaways

- A balance sheet is a financial statement that reports a company's assets, liabilities and shareholders' equity.
- The balance sheet is one of the three (income statement and statement of cash flows being the other two) core financial statements used to evaluate a business.
- The balance sheet is a snapshot, representing the state of a company's finances (what it owns and owes) as of the date of publication.
- Fundamental analysts use balance sheets, in conjunction with other financial statements, to calculate financial ratios

Assets, liabilities and shareholders' equity each consist of several smaller accounts that break down the specifics of a company's finances. These accounts vary widely by industry, and the same terms can have different implications depending on the nature of the business. Broadly, however, there are a few common components investors are likely to come across.

The balance sheet is a snapshot representing the state of a company's finances at a moment in time. By itself, it cannot give a sense of the trends that are playing out over a longer period. For this reason, the balance sheet should be compared with those of previous periods. It should also be compared with those of other businesses in the same industry since different industries have unique approaches to financing.

A number of ratios can be derived from the balance sheet, helping investors get a sense of how healthy a company is. These include the debt-to-equity ratio and the acid-test ratio, along with many others. The income statement and statement of cash flows also provide valuable context for assessing a company's finances, as do any notes or addenda in an earnings report that might refer back to the balance sheet.

CHAPTER 5: CONCLUSION & RECOMMENDATIONS

5.1 Conclusion

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

5.2 Recommendations

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

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

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

- Adaptation of more advance technology in their production process.
- Improvement of compensation structure for the staffs and employees.
- Uses of Modern updated software's in all departments for accomplishing the task which I think will make the work more effective and efficient. It will also save a lot of time and energy.
- Evaluation for the good performance of the employees by introducing award and incentives.

- Sheba.xyz Group should try to perform some social responsibility like establishment of Hospital, providing medical facility to any rural areas for particular period of time etc.
- Sheba.xyz Group should improve its existing distribution system.
- Delivery schedule should be modified, i.e., the number of weekly delivery should be increased according to the demand and expectations of the dealers.
- More surveys can be done in order to identify more deeply the causes of poor performance and other areas of flaws.
- Customers' database should be maintained using software that is more sophisticated so that existing road map/plan can easily be modified anytime.
- Modern and versatile software should be used to run the process of keeping records and invoices so that anytime a recheck can be possible.
- Crosschecking of every records and activities should be introduced and practiced.
- Beside distribution, Sheba.xyz Group should concentrate on improving the other areas of operation as well.
- Brand equity in terms of market share should be the main focal now because distribution alone can do nothing if the customers ultimately do not demand the product

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Appendices:

Appendix A: A picture of a program of Sheba.xyz



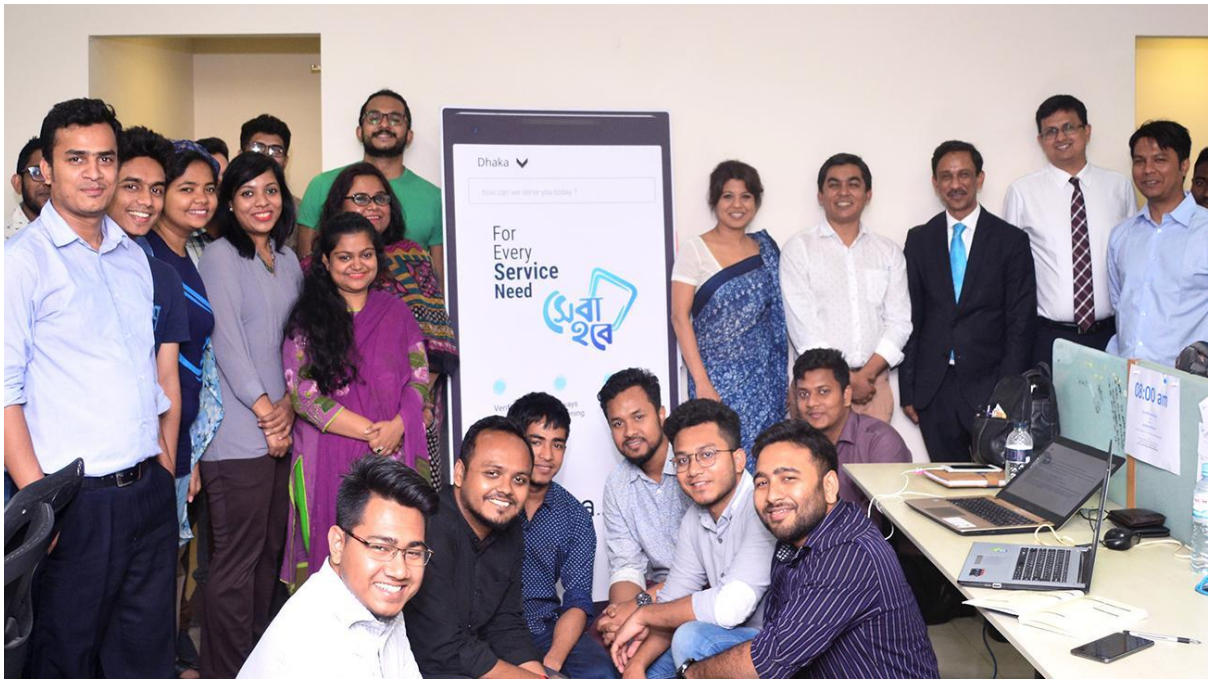
Source: https://www.observerbd.com/details.php?id=243741

Appendix B: Signing Agreement of Sheba.xyz with BRAC Bank



Source: https://en.prothomalo.com/corporate/BRAC-Bank-signs-agreement-with-Sheba.XYZ

Appendix C: **Launching New Apps**



Source:https://www.thedailystar.net/business/sheba-launches-new-app-marking-independence-day-1553716