

Product Cost and Costefficiency of Nixon Box Industries Ltd.



Daffodil
International
University

An Internship Report
On
Product Cost and Costefficiency of Nixon Box Industries Ltd.

Prepared for

Mr.Md.Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Daffodil International University

Prepared By

Md. Arif Khan

ID # 183-14-085

Program: MBA

Major in Accounting

Date of Submission: 28th December, 2019

Letter of Transmittal

28th December, 2019

Professor Dr. Mostafa Kamal
Dean of Permanent Campus
Department of Business Administration
Daffodil International University
Datta Para, Chou Baria
Ashulia Model Town, Savar, Dhaka

Subject: Submission of the Internship Report.

Sir,

I feel honored to present my internship report on Product Cost and Costefficiency of Nixon Box Industries Ltd. Which I have done one of the main requirements for the completion of MBA degree. I am looking forward to your sincere judgment regarding this report.

I am delighted to get the opportunity to do my internship in a reputed organization Nixon Box Industries Ltd like Export oriented packaging industry in Bangladesh. I enjoyed preparing this report which enriched my practical knowledge of the theoretical concepts which I have learned from different courses.

I sincerely hope and believe that my Internship report will secure your approval and serve its purpose. During the progression of preparation due to various limitations there may be some mistakes. However, I apologize for those and beg your kind consideration in this regard.

Yours truthfully,

Md. Arif Khan

ID: 183-14-085

Program: MBA

Major in Accounting

Daffodil International University

Supervisor Declaration

This is to certify that Md. Arif Khan, Id#183-14-085, Program MBA, Major in Accounting, Daffodil International University has completed his internship in Nixon Box Industries Ltd. under my supervision. He has always maintained communication with me and has followed gives necessary advice. Under my guidance and supervision, he has successfully prepared an internship report on financial statement analysis of Nixon Box Industries Ltd.

I wish him every success in life.

Mr.Md.Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Daffodil International University

Student Declaration

I am Md. Arif Khan, student of Master of Business Administration (MBA) program, at the DIU- Daffodil International University, declaring that, this internship researchreport on the topic of **“Product Cost and Costefficiency of Nixon Box Industries Ltd”** has only been prepared as a partial fulfillment of the Master of Business Administration (MBA) program and have not been previously submitted to any other University/Collage/Organization for any academic qualification/Certificate/Diploma or any other degree. The report contains no material previously published or written by anyone except where due reference is made in the text of the appendix part.

This Research report is not prepared for any other purpose like reward or publication.

Thanking you,

Md. Arif Khan
ID # 183-14-085

Acknowledgement

At first I would like to pay my gratitude to the Almighty Allah for giving me abilities to work hard. I am also grateful to my parents who provided me with the necessities of life since my early childhood.

Many people contributed in the making of this report. I would like to thank my academic supervisor of the internship program Professor Mr. Md. Anhar Sharif Mollah for giving me the opportunity of preparing this report & for his effortful supervision. He also provided me some important advice and guidance for preparing such a type of new idea-based report. Without his help, this report could not have been a comprehensive one.

My deepest appreciation and special thanks goes to **Tareq Al Naser, (Manager of H.R. Admin & Compliance)**, for extending his support in compiling this report. I would specially like to thank Osman Gani and Kazi Toufiqul Islam officer of Nixon Box Industries Ltd who helped me a lot during my internship period with valuable advices, guidance and necessary information.

I must mention the wonderful working environment and group commitment of this factory that has enabled me a lot of deal to do and observe the office services during my internship period of three months.

Lastly, I would like to thank MBA department at Daffodil International University and for the development of such an important & firm curriculum of report required for MBA.

Executive Summary

I have prepared my internship report based on the three months long internship program that I have successfully completed in Nixon Box Industries Ltd. 100% Export oriented packaging industry in Bangladesh as a requirement of my MBA program in Daffodil International University. This report is focus on **“Product Cost and Costefficiency of Nixon Box Industries Ltd”** The first chapter shows different aspects of report like introduction, objective of the report, scope of the report, limitations.

In Second chapter shows company overview. In this section different important data about Nixon Box Industries Ltd. is provided like Background of the organization, corporate information of the organization, corporate governance, mission, vision, Products and services, and financial analysis

The Third chapter is all about the project. Definition of Product cost, Different types cost, Cost efficiency, of the Nixon Box Industries Ltd.

In chapter four I mentioned actually those things that I have learned in my internship period.

The five chapters I mentioned Findings and Recommendations, Conclusion, References.

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Chapter: 1

Introductory part

1.0 Introduction to the report:

It is possible to gather theoretical knowledge passing through books but it is insufficient to acquire practical experience. Three month internship program which is a part of MBA program, gave me the opportunity to gather practical knowledge at Accounting in packaging industry. This assignment is basically about “**Product Cost and Cost efficiency of Nixon Box Industries Ltd.**”. This topic is literature and practical based which I tried to find out what is all about in the theoretical part and matches it with Nixon Box Industries Ltd; what are they doing?

The company internship program applied by the faculty of Business study helps me to have practical experience and it's reporting also. As the requirement of the MBA Program a student have to complete an internship under an organization for a period of three months in relation to this requirement my concentration is on Accounting practice and activities.

The Accounting of a Company is the most important part of package manufacturing for the export-oriented business. It increases the opportunity for entrepreneurship development in packaging sector. Thus it helps the unemployed people as well as the government to remove unemployment problem and also play an important role in the economic development of the country.

Through this internship program, I come to know about the organization structure, problems, prospects, operational procedures and accounting of Nixon Box Industries Ltd. So, it is impossible to deny the importance of internship program.

1.1 Origin of the report:

I prepared this report as a part of fulfillment of our practicum which is an integral part of the MBA program under the department of Accounting in the faculty of College of Business Administration of Daffodil International University. This subject is 3 credit hours course and duration is four months. This report is prepared for Professor Dr. Mostafa Kamal Dean of Permanent Campus. The main objective to do internship is gathering practical knowledge before beginning the job career. As an intern, I was worked in Nixon Box Industries Ltd, for three months. And during my internship period I got the opportunity to perform different task related with Accounting.

- To understand business operation of Nixon Box Industries Ltd.
- To understand the mission, and vision of Nixon Box Industries Ltd.
- To identify the factors that affects performance of Nixon Box Industries Ltd.

To get the additional knowledge in different sectors about the organization activities of the Nixon Box Industries Ltd and these broaden my own perception about the operation of the packaging industry.

I was assigned to the Nixon Box Industries Ltd. I started the internship there from October 4th to December 5th, 2019 under the Accounting department of Nixon Box Industries Ltd. The report attempts to identify the Accounting practices and activities and the topic of the report has been chosen as **“Product Cost and Cost efficiency of Nixon Box Industries Ltd.”**.

1.2 Research Aims

The aim of this report is to learn about Product Cost and Cost efficiency of Nixon Box Industries Ltd activity of Nixon Box Industries Ltd. to complete my post-graduation.

1.3 Specific Objectives:

- To have an idea about the background of Nixon Box Industries Ltd.
- To get an introduction about the organizational structure & how co-ordination among different set of activities is made.
- To set a general idea about operating procedures and functions of Accounts and Finance Department of Nixon Box Industries Ltd.
- To explore the specific costing procedure followed by the Nixon Box Industries Ltd.
- To find out cost efficiency of Nixon Box Industries Ltd.
- To identify the factors which affect the costing procedure?
- To relate the theoretical learning with the real life situation.

1.4 Methodology:

The report part is prepared based on primary and secondary data. The primary data is basically collect from direct observation and secondary data collect from internet, official website etc. Maximum information is included from secondary data. Primary data also included when it's required. These make my report more healthy and qualitative.

1.5.1 The Primary data sources are:

- Direct observation of each section of factory.
- Seeing personnel daily activities.
- By doing Accounting related task.
- Direct conversation with Accountant and senior employers.

1.5.2 The Secondary data are:

- Website of the organization.
- Profile of the organization.
- Internet.
- Accounting related books and articles.

1.5 Scope of the study:

My capacity of the study is over Nixon Box Industries Ltd. I tried to make report on the activities of this company. The main part of the report is Product Cost and Cost efficiency. I tried to look over the whole organizational performance. The company also ensures their highest qualitative activities. So, my report is describing the possible fresh image of the organization. It also briefly determines the Accounting section, the reason of problem and solution. After all it will give you clear idea of Nixon Box Industries Ltd.

1.6 Limitation of the study:

In my internship program there are some limitations are noticeable. Firstly I am not their actual employee. So there are some restrictions to overview all procedures of the organization. Basically the Accounting section is too much busier than others. So their official staffs are

always busy for doing their organizational job. The website also doesn't fill with huge and up-to-date information. Time is another important limitation for this internee program. At last I don't get enough opportunity to get information about Accounting for lack of knowledge.

1.7 Ethical Considerations:

This report is prepared on the basis of works done at Nixon Box Industries Ltd. and information collected from Nixon Box Industries Ltd. No portion of this report is copied from any work done earlier for a degree or otherwise. I also confirm that report is prepared solely for the academic purpose and not for any other purposes and not for the use of any other party.

- This information only use for study purpose.
- Prepared for practical knowledge and experience.
- All the information of the report keeps secretly.
- Don't direct copy form others

Chapter: 2

Organizational Part

2.1 Background of Nixon Box Industries Ltd.

Nixon Box Industries Limited is a 100% export oriented printing & Packaging, Shoe Box & Accessories Industry for production of Quality Printing Corrugated Master Carton, Shoe Box, and Back Board & Neck Board. Nixon Box Industries Limited, 100% ownerships located at New Town, Golan, Kaligonj, Gazipur-1720, Bangladesh nearby Purbanchal project of RAJUK. Nixon Box Industries Limited a leading 100% export oriented printing & Packaging manufacturing Industry in Bangladesh. They have started their journey back in 2003. Today in the year 2019, with in short time Nixon Box Industries Limited has earned huge reputation in the international shoe market and presented itself as the symbol of quality. We are a successful manufacturer of different kinds of printed shoe box and other related accessories. Our major clients are world famous and high profile shoe brands around the world especially from Europe, America and Japan. We import state of the art raw material from different countries for ensuring high quality and durability of our products. We have a highly professional and skilled team who are working relentlessly behind the management.

2.2 Corporate information of Nixon Box Industries Ltd.:

Nature of Business 100% Export printing & Packaging Manufacturer.

Factory Location: New Town, Golan, Kaligonj, Gazipur - 1720, Bangladesh.

+88-01730-112079

+88-02-8412172,

+88-02-8415214

E-mail: info@nixonbd.com & nixonbd15@gmail.com

Factory Space: 10000 square feet consisted

Total Workforce: 350 Persons

Yearly Turnover US\$5 Millions

Address Head Office:

Nixon Box Industries Limited

Office

Ka-210/2, Kuril, Vatara, Dhaka-1229.

+88-02-8412172,

+88-02-8415214

Web : www.nixonbd.com

E-mail: info@nixonbd.com & nixonbd15@gmail.com

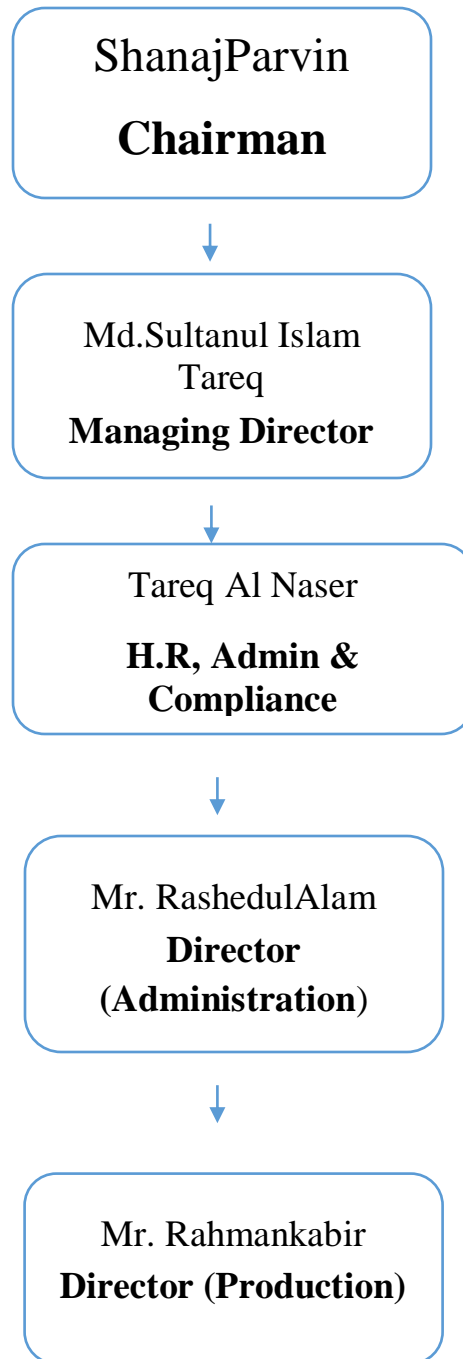
Logo:



2.3 Corporate governance:

Nixon Box Industries Ltd. believes in sound and effective governance as a preferred priority. It also believes that this is essential for the long term creation of value for the industries. Their corporate governance policies are designed to ensure the independence of the Board of Directors in policy matters and administration of the operations of the company by the Management within the preview of rules and regulations. The highest governance body Nixon Box Industries Ltd. is the Managing Director and Directors. It decides on the business and revenue goals of the industry and supervises the performance. Nixon Box Industries Ltd. emphasizes participatory governance policy to create friendly environment.

2.4 Board of Directors:



2.5 Mission:

Our mission is to maximize the buyer's satisfaction to the full and continue ensuring high quality and top notch products.

2.6 Vision:

Being the symbol of quality our vision is to be a global leader in shoe box manufacture industry by adopting new innovations and latest machineries. In 2018, we are aiming to manufacture a record 1, 000, 00 pcs products per day.

2.7 Organogram of Nixon Box Industries Ltd.:

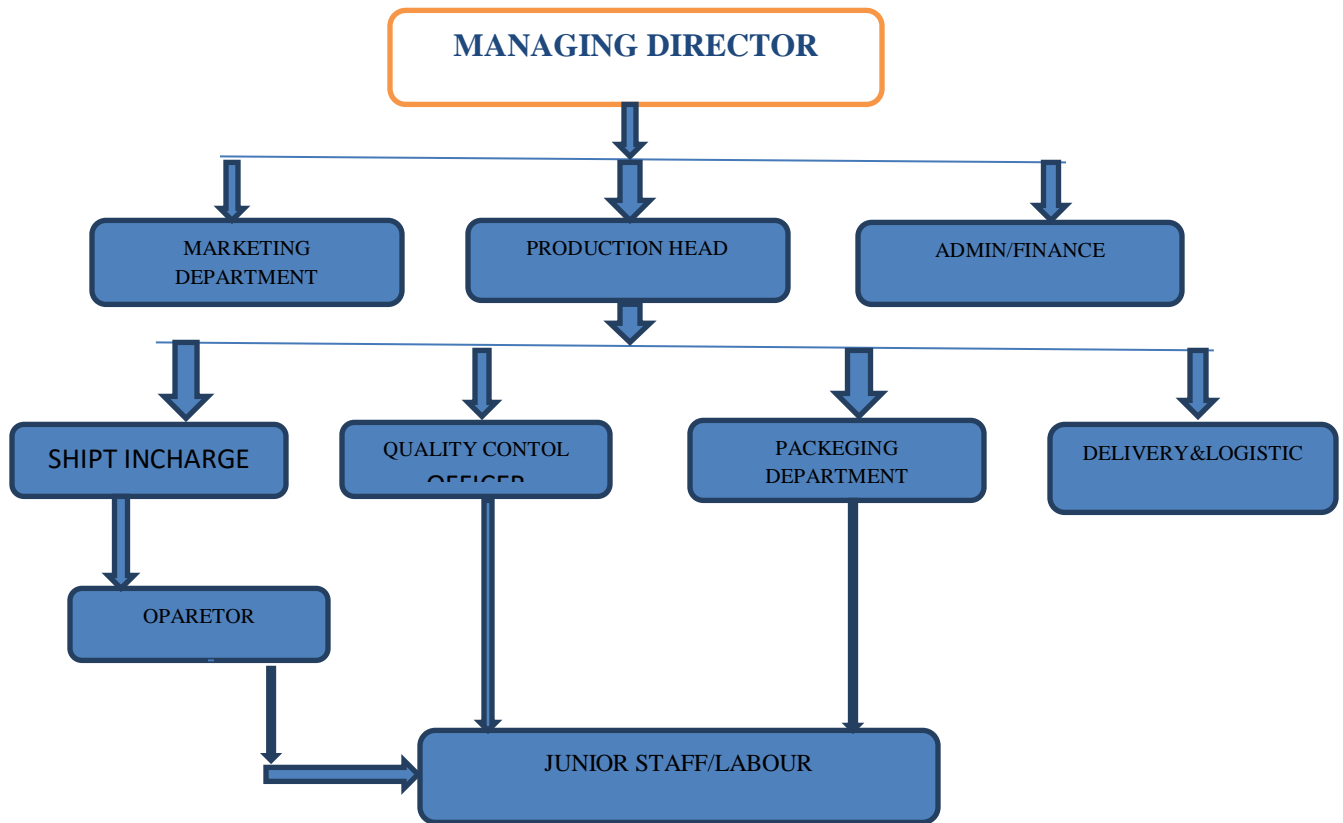


Figure 1.1: Organogram of Nixon Box Industries Ltd.

2.8 Organizational Culture:

The management of Nixon Box Industries Ltd. is dedicated to its commitment of quality and all employees of the organization follow documented procedures to ensure quality standards.

2.8.1 Decision-making: Decision making is a big issue in every organization. In Nixon Box Industries Ltd. the top-level management is responsible for taking decision about any particular matter of the organization.

2.8.2 Teamwork: The Nixon Box Industries Ltd. believes in teamwork. Every employee is a part of a team for doing any activity.

2.9 Organization Values:

The organizational values of Nixon Box Industries Ltd. are-

- Integrity
- Commitment
- Quality
- Customer Satisfaction
- Fairness
- Environment
- Loyalty
- Honesty
- Reliability
- Mutual respect

2.10 Corporate Social Responsibility Commitments:

Nixon Box Industries Limited commitments are as following:

- Execute business with simplicity and reliability.
- Emphasizing and rewarding for better job.
- Completely with all legal requirements to conduct business.
- Focusing to achieve loyalty to the customers.
- To become environment friendly as much as possible.

2.11. Manufacturing country of our raw materials:



2.11.1 Audits & Social Compliance: We are certified by BSCI. Now we are prepared other audits SADEX & WRAP. Also we are ongoing our factory to get ISO Certified.

2.12 Competitors of Nixon Box Industries Limited:

1. China brands.
2. Mr. Box online.
3. Paper Mart.
4. Packaging supplies.
5. Premier Packaging.
6. Tiny Box Company.
7. Stock Pack.
8. Self-Packaging
9. Varanaa Industries.
10. Prodhan Packaging Ltd.
11. Tampaco Foils Ltd.

2.13 Social Responsibilities:

Nixon Box Industries Limited Provides some social work besides their organization. The responsibilities are given below-

- Construct some road beside their organization.
- Make an eco-friendly environment over their organization.
- Develop the main route of entering the organization.
- Business plan are suitable for the people who are surrounding this organization.
- Donation and social work are done by this organization.

2.14 Machineries:

Types of Machines used in Nixon Box Industries Limited:

1. Auto Side Pasting Machine.
2. Auto Corrugation.
3. Lamination machine.
4. Paper rolls Cutting Machine.
5. U.V & I.R. Coating Machine.
6. Paper cutting Machine.
7. Embossed Machine.
8. Printing Machine.
9. Sport Machine
10. Auto Pasting Machine.
11. Cutting Creasing & Slotting Machine
12. Auto Di Cutting Machine.
13. Stitching Machine.
14. Manual Di Cutting Machine.
15. Wastage Machine.
16. Judge QC (D50)X-rite.
17. X-rite eXact Device.

2.15. Our Products:

- Shoes packaging Box

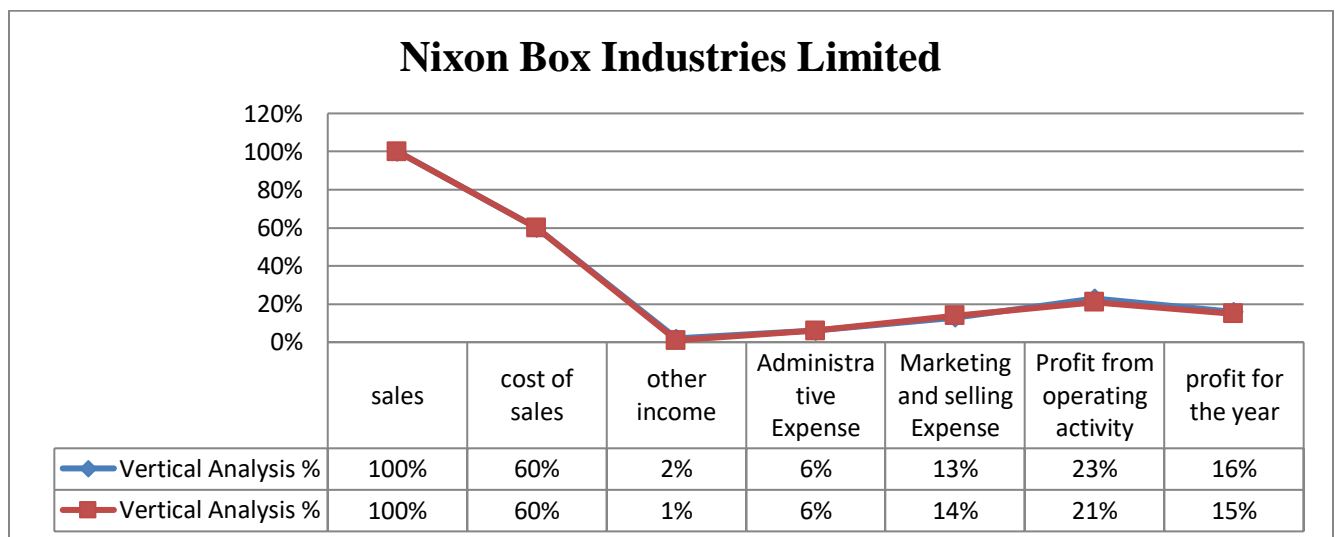
2.16. Financial Performance last 2 years.

Nixon Box Industries Limited

Vertical Analysis

(Assume)

Vertical Analysis of Income Statement				
Particulars	2018	%	2017	%
Sales	55,77,44,300	100%	50,13,03,420	100%
Cost of sales	33,55,02,000	60%	3,01,53,800	60%
Other income	11,32,49,820	2%	1,06,53,260	1%
Administrative Expense	13,25,94,840	6%	1,08,66,290	6%
Marketing and selling Expense	36,55,1760	13%	2,97,68,280	14%
Profit from operating activity	1,30,35,260	23%	1,06,79,530	21%
profit for the year	9,14,26,200	16%	7,55,28,060	15%

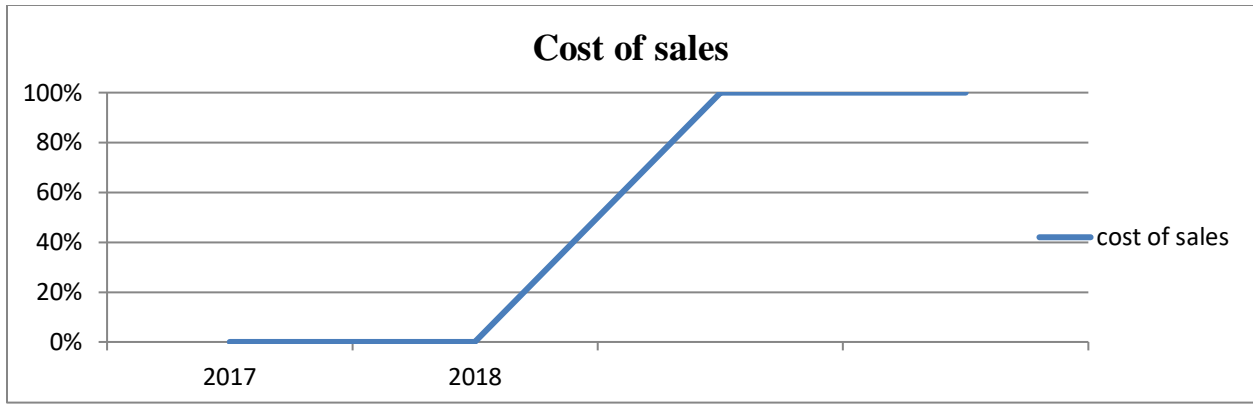


- In year 2017 among the sales cost of goods sold and other expense is high rather than net income also other income and profit from operating activity is high rather than net income so they should reduce their cost and expense

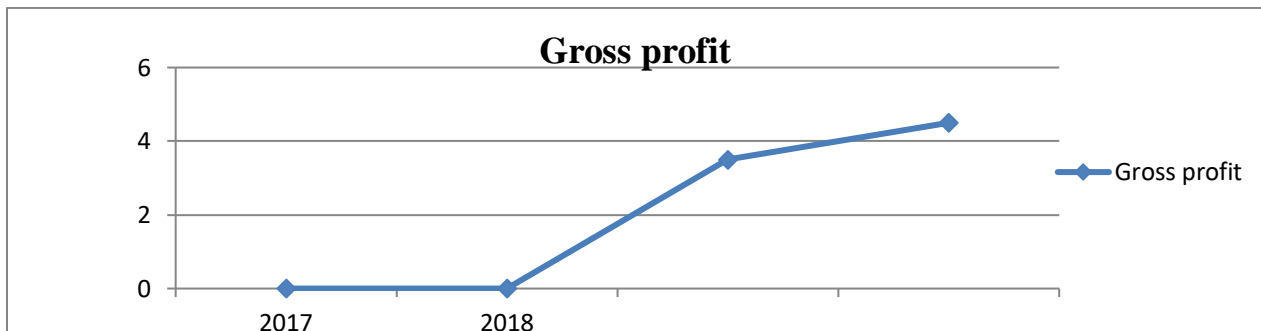
- In year 2018 the corporate has same cost of goods sold 60% and Administrative expense 6% but their marketing expense reduce by 1% on the other hand other income also increased by 1% and profit from operating activity increased by 2% at the end net income also increased by 1% so that the company is working to increase their net income but the process is little bit slow
- Effect: In 2018 In terms of reduce cost of sales it is same from previous year. It could be effect on net income as well as owner equity. Because the amount of cost sales is high but net income is low so that company Stockholder's will face trouble. By this marketing and selling expense is reduce in unnoticeable which make bad impression on company because it is not helpful to increase net income in a good position . Beside Other income is increase little bit it could create impact on cash proficiency
- If they could reduce cost of sale and increase net income it will better for them as well as our economy. Because Nixon Box Industries Limited is based on construction if there is more constriction than demand could occur. So that production could increase also sale could increase as well as net income could increase.

Horizontal Analysis (Assume)

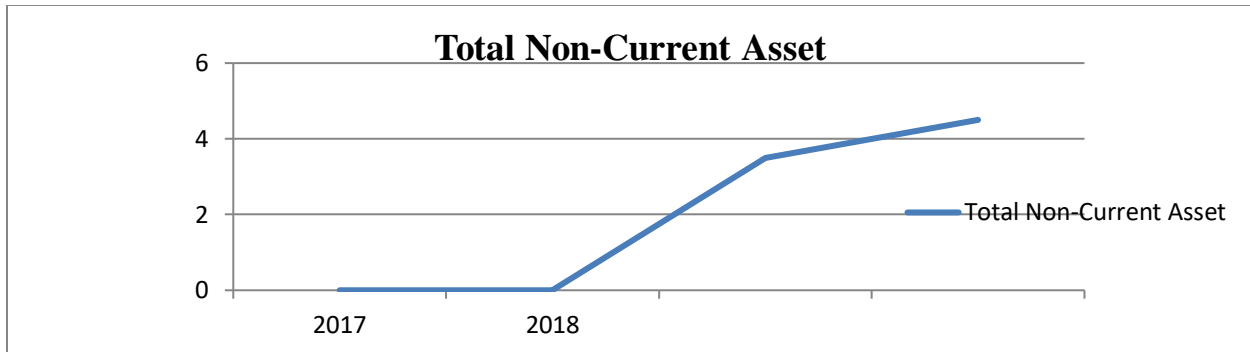
Income statement Horizontal	2018	2017	Increase or Decreases	
			amount	%
sales	55,77,44,300	50,13,03,420	5,64,40,880	11%
Cost of sales	33,55,02,000	30,01,53,800	30,53,48,200	11%
Gross profit	11,32,49,820	1,06,53,260	10,25,96,560	11%
Total Non-Current Asset	13,25,94,840	1,08,66,290	12,17,28,550	3%
Inventories	36,55,1760	2,97,68,280	67,83,480	13%
profit for the year	1,30,35,260	1,06,79,530	23,55,730	21%



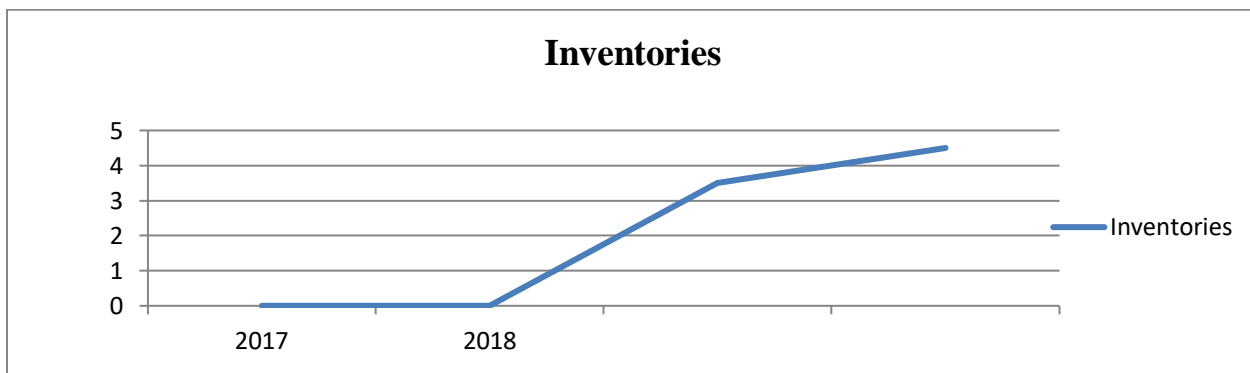
We can see that their cost of goods sold was increased by 11% at the year of 2018. In the year 2018 the amount of cost of goods sold was increased due to increase of production quantity as the information indicates that the sales were increased in 2018 so the cost of goods sold was also increased. Because the cost of goods sold was quite related to the sale. Nixon Box Industries Limited COGS was increased that is effect on their net income. Net income will decrease. That's why they could be reduced their COGS to increased their profit.



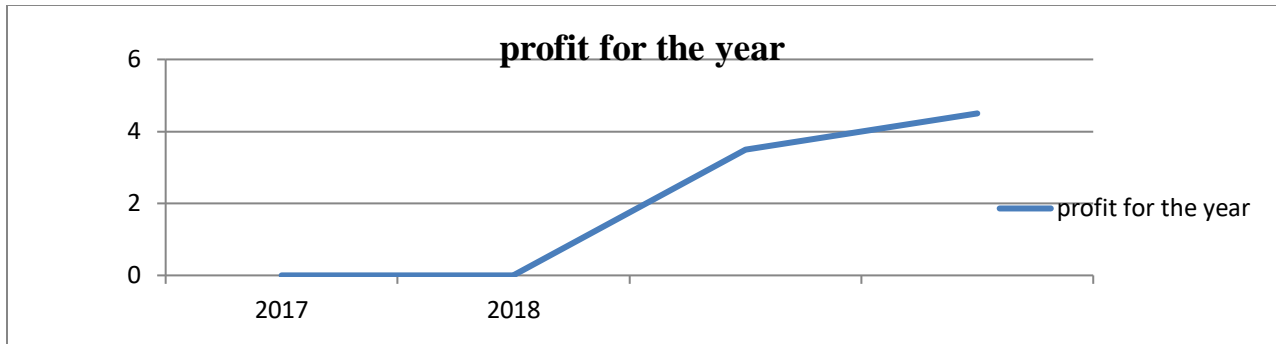
We can see that their gross profit was increased by 11% at the year of 2018. Gross profit we are seeing that it was increased in 2018 because raw material cost reduced in tiles by BDT 2.11 mn due to change in product formulation and portfolios. Nixon Box Industries Limited gross profit was increased that is effect on their net income. Net income will increase. Also increased their owner equity. So they could be increased their sales and also reduce their COGS to increased their gross profit.



We can see that their total noncurrent asset was increased by 3% at the year of 2018. So the figure indicates that the assets increased in 2018 from 2017. The reason could be that they failed to utilize their assets properly. If total noncurrent assets increase also increase total assets. And our liability also increased because we cannot adjust properly fixed assets depreciation. So they have to adjust their proper method of depreciation.



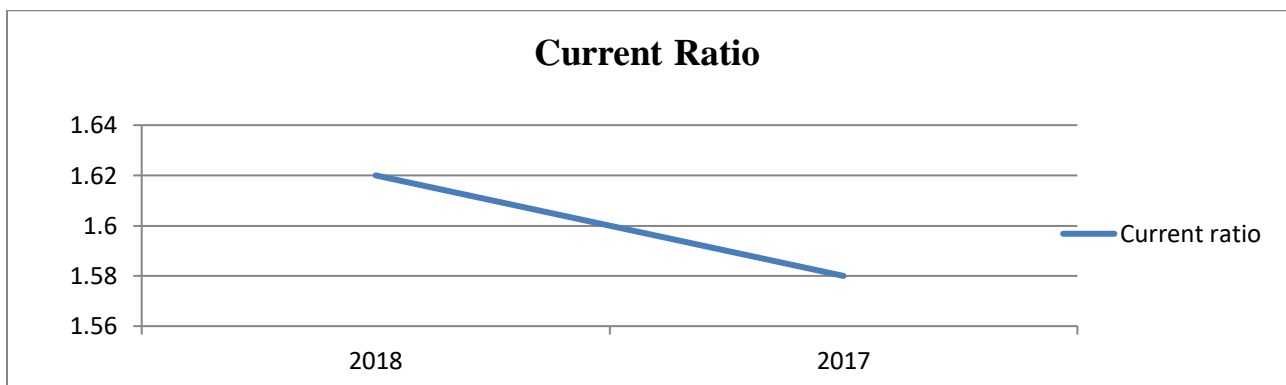
We can see that their inventory was increased by 13% at the year of 2018. This figure indicates that the stock of inventories increased in 2018. As the sales increase in 2018 the cost of production or uses of inventories increase. But also they have huge stock of inventories. Manager failed to manipulate this inventory because their sales were not enough if their sales increased that times their inventory also decreased. To reduce their inventory they have to increase their sales.



We can see that their profit for the year was increased by 21% at the year of 2018. This figure indicates that profit increase in 2018 because their sales increase and also their raw material cost reduced due to change in product formulation and portfolios. For that their profit increases in this year.

Current Ratio: The current ratio is mainly used to give an idea of the company's ability to pay back its liabilities with its assets.

Item	2018	2017
Current Ratio	1:1.62	1:1.58

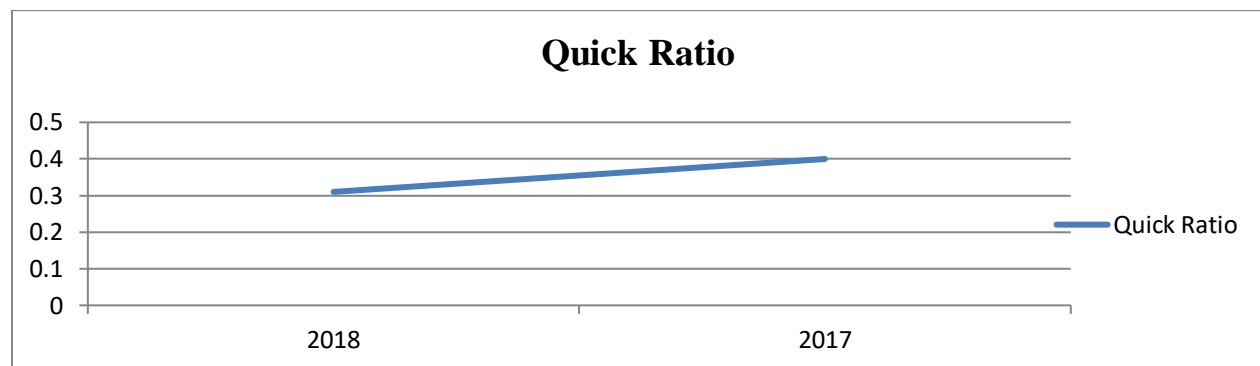


Current ratio was 1:1.62 in 2018 and at the year of 2017 the amount of current ratio was 1:1.58. So it was increased at the year of 2018. When a current ratio is low and current liabilities

exceed current assets then the company may have problems meeting its short-term obligations In Nixon Box Industries Limited we are seeing that current asset is increased then 2017. Nixon Box Industries Limited will have no problem to meet the day- to-day expenses.

Quick Ratio:The quick ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets.

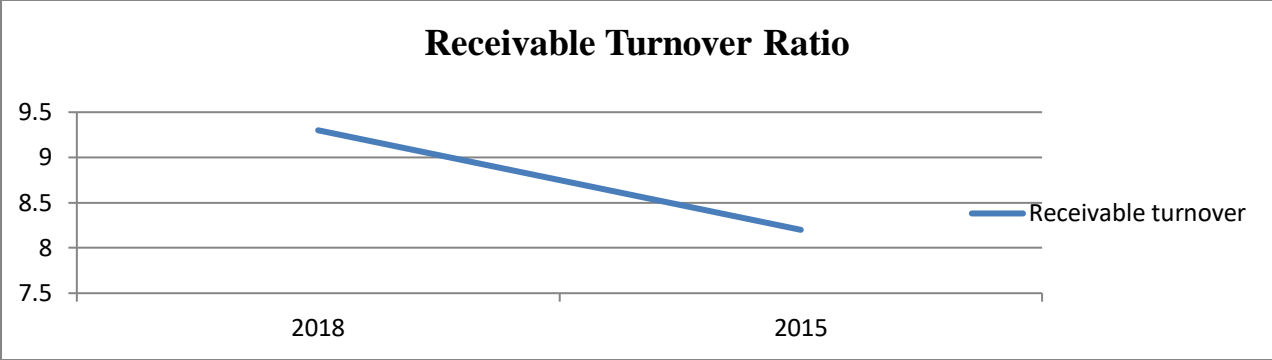
Item	2018	2017
Quick Ratio	1:0.31	1:0.40



Quick ratio was 1:0.40 in 2017 and at the year of 2018 the amount of quick ratio was 1:0.31. So it was decreased at the year of 2016. Quick assets are current assets that can be converted to cash within 90 days or in the short-term. In Nixon Box Industries Limited initially this ratio was very low and also its decrease day by day. Nixon Box Industries Limited may face problem to meet up immediate liquidity.

Receivable Turnover: The receivables turnover ratio is an activity ratio measuring how quickly a firm can convert certain assets to cash.

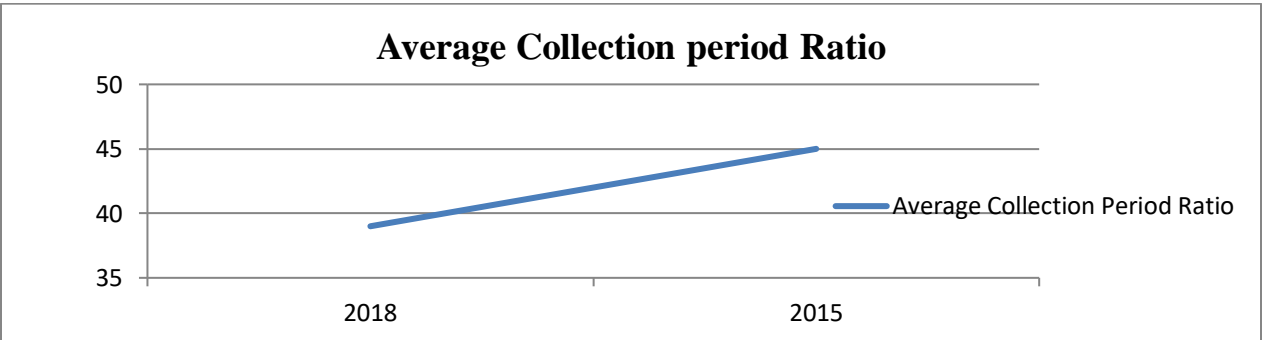
Item	2018	2017
Receivable Turnover	9.30 times	8.20 times



Receivables turnover ratio was 8.20 times in 2017 and at the year of 2018 the amount of receivables turnover ratio was 9.30 times. So it was increased at the year of 2018. The high turnover, the better for the company. In Nixon Box Industries Limited can turn its accounts receivable into cash during a period. In other words, the accounts receivable turnover ratio measures how many times they can collect its average accounts receivable during the year.

Average Collection period: The average collection period is the average number of days required to collect accounts receivables from customers.

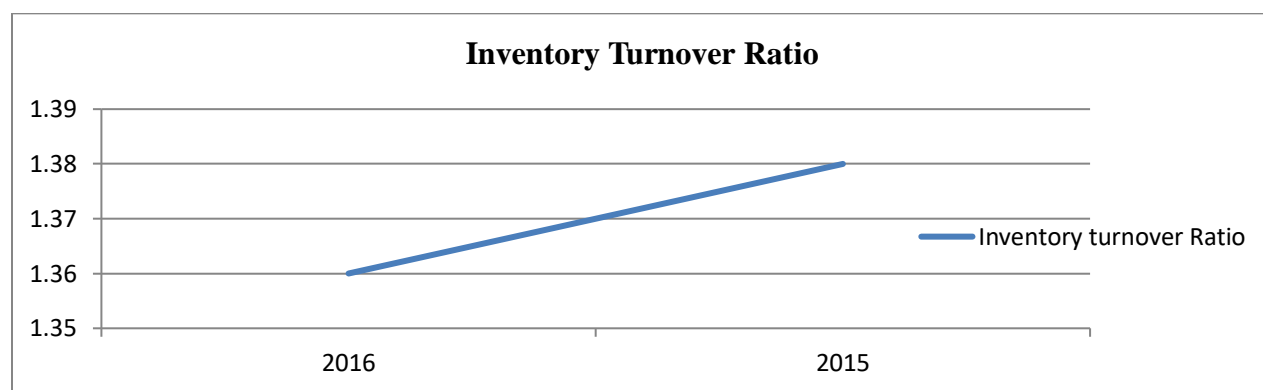
Item	2018	2017
Average collection period	39 day	44day



Average collection period was 44 days in 2017 and at the year of 2018 the amount of average collection period was 39 days. So it was decreased at the year of 2018. If they collect quickly account receivable that means increase cash amount and it is good for Nixon Box Industries Limited. If they are not able to collect their receivable that will affect their cash.

Inventory Turnover: Inventory turnover measure the number of times, on average, the inventory is sold during the period. It measures the liquidity of the inventory.

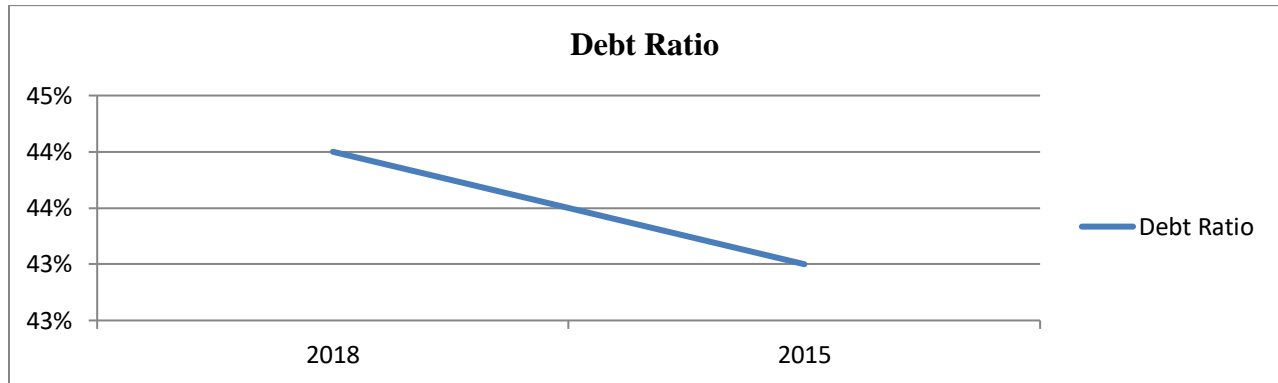
Item	2018	2017
Inventory turnover	1.36 times	1.38 times



we can see that their inventory turnover ratio was 1.38 times at the year of 2017 and at the year of 2018 it was 1.36 times So it was decreased at the year of 2018 A higher ratio implies stronger sales. So, high turnover means nothing unless the company is making a profit on each sale. Although Nixon Box Industries Limited was doing well in 2017 when it was 1.38 times but unfortunately they are not doing too well in recent times. And in last year it was 1.36 times. That means they have huge number of inventory they are not able to sale that will effect on their current assets so they could be increase their sales to reduce their inventory turnover.

Debt Ratio:Debt Ratio is a financial ratio that indicates the percentage of a company's assets that are provided by creditors.

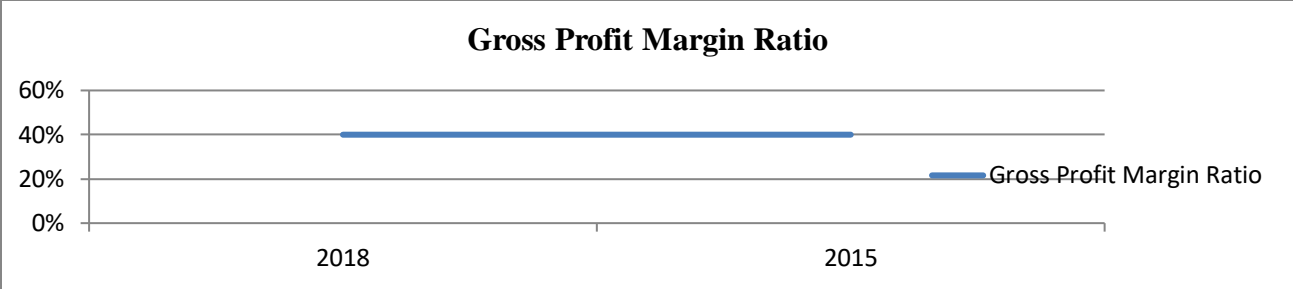
Item	2018	2017
Debt Ratio	44%	43%



We can see that their Debt Ratio was 43% at the year of 2017 and at the year of 2018 it was 44%. So it was increased at the year of 2018. Higher debt ratio is not good that is risk for a company. In Nixon Box Industries Limited debt ratio of 44% means that creditors have provided 44% of total assets. It is increased then 2016. If debt ratio increases that is risk for company and that will increase their interest. They could be reducing their debt by issuing some share.

Gross Profit Margin: Measure gross profit generated by each dollar of sales.

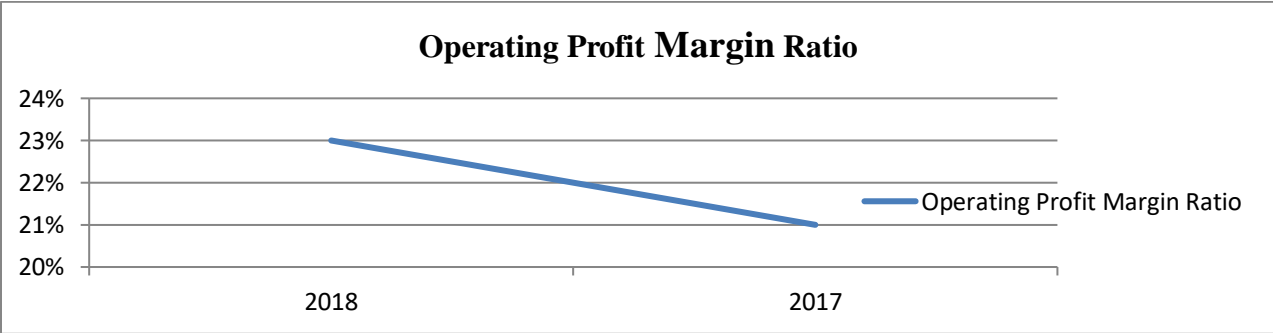
Item	2018	2017
Gross Profit Margin	40%	40%



We can see that their times gross profit margin was equal in both years. The higher the gross profit margin is the better. A high gross profit margin means that the company did well in managing its cost of sales. It also shows that the company has more to cover for operating, financing, and other costs. Nixon Box Industries Limited they could be reduced their cost of goods sold to increase their gross profit margin.

Operating profit Margin: Operating profit margin measures what proportion of a company's revenue is left over, after deducting direct costs and overhead and before taxes and other indirect costs such as interest.

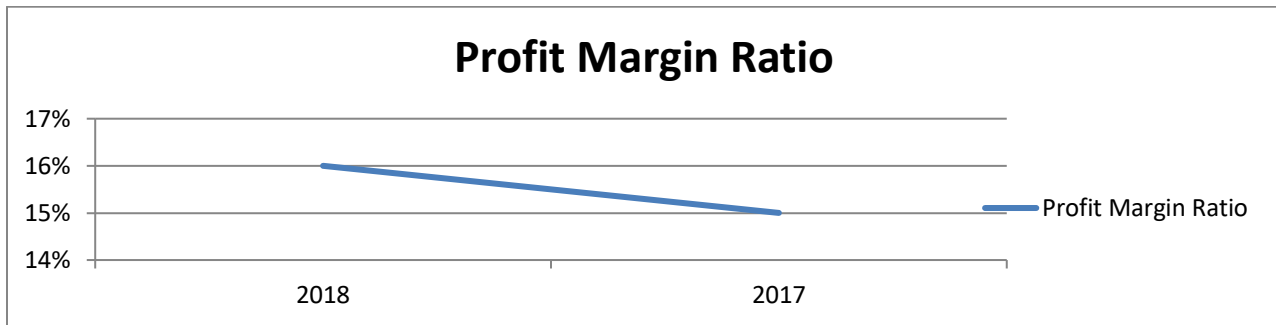
Item	2018	2017
Operating Profit Margin	23%	21%



We can see that their times Operating profit margin was 21% at the year of 2017 and at the year of 2016 it was 23%. So it was increased at the year of 2018. In this graph we can see that increased operating profit margin in 2018. That means Nixon Box Industries Limited reduce their operating expense in that result affect increased their net income.

Profit Margin: is measure of the percentage of each dollar of sales that result in net income.

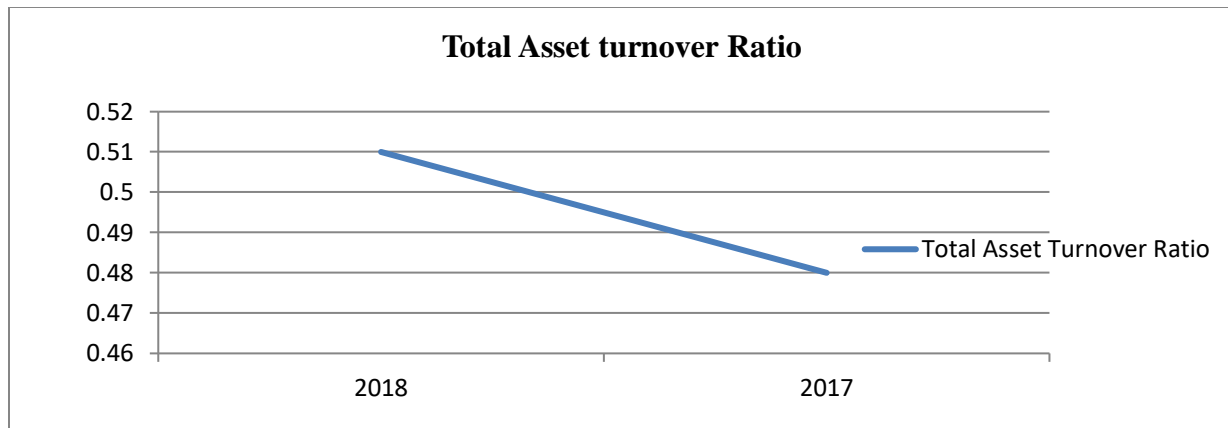
Item	2018	2017
Profit Margin	16%	15%



We can see that their times profit margin was 15% at the year of 2017 and at the year of 2018 it was 16% So it was increased at the year of 2018. Net profit margin measures how much of each amount of money earned by the company is translated into profits. A low profit margin indicates a low margin of safety: higher risk that a decline in sales will erase profits and result in a net loss. In Nixon Box Industries Limited we can see that it higher in 2018 but it is very low and that will effect on equity section. If Nixon Box Industries Limited tries to increase their net income they could be reduce their other expense and also need to improve their sales.

Total asset turnover: It indicates the efficiency with which the firms use to generate sale using its assets.

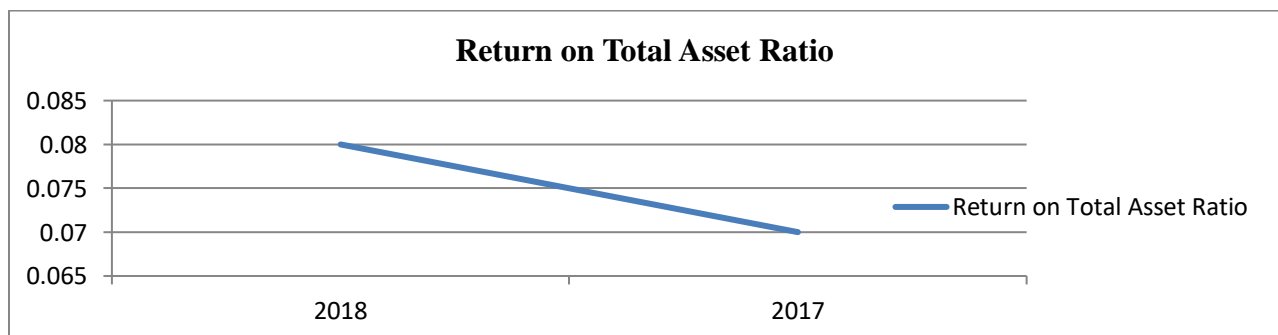
Item	2018	2017
Total Asset turnover	0.51 times	0.48 times



We can see that their times total assets was 0.48 times at the year of 2017 and at the year of 2018 it was 0.51times So it was increased at the year of 2018.This ratio shows how efficiently a company can use its assets to generate sales. If a company can generate more sales with fewer assets it has a higher turnover ratio which tells it is a good company because it is using its assets efficiently. For Nixon Box Industries Limited it was always less than 1 time but they should try to make it at least 1 times. So it's impacts on company's sales that how efficiently a firm uses its assets to generate sales. So if company makes their position good that time they have to increase their net sales.

Return on Total Asset: Measure overall profitability is return on asset

Item	2018	2016
Return on Total Asset	0.08	0.07



We can see that their times Return on Total Asset was 0.07 times at the year of 2015 and at the year of 2016 it was 0.08 So it was increased at the year of 2016. The return on assets (ROA) ratio illustrates how well management is employing the company's total assets to make a profit. The higher the return, the more efficient management is in utilizing its asset base. A falling ROA is a sure sign of trouble around the corner. For Nixon Box Industries Limited we are seeing it was 7% in 2015 than it improved to 8% in 2016 which is much better. That ratio effect on net income if we increase our net income that time our ROA also increased.

Chapter: 3

ACTUAL TASK PART

3.1 Internship Program:

Internship program is the mandatory part of MBA program for the student of Daffodil International University. The objective of internship is to provide the practical working experience before entering the professional working life.

I did my Internship at Nixon Box Industries Ltd, Golan, Kaligong, Gazipur, Bangladesh from 5thOctober 2019 to 5thJanuary 2020. Manager of the Nixon Box Industries Ltd. gave me the chance to join as an intern student.

3.2 Internship Position:

I joined in Nixon Box Industries Ltd as an internship student in the factory. In the time of internship period, I worked in office as a trainee under the supervision of **Md. Salim – Ullah** who is the Assistant Manager. They do not have any structured space or opportunities for working the internship students. So there my main objective is to skim through all over there system of working. On that time I observed the Order Process.

Task Area: In Nixon Box Industries Ltd. my position is as an intern at Accounting Department.

3.3 My Daily Routine:

I joined the Nixon Box Industries Ltd on the 5thOctober as an internee. After being an internee my daily work was maintained with a fine regularity. In this company only I gathered information about company and try to learn the Material and costing process. In the company my daily working hour started at 9a.m. and finished at 5p.m. During that time I did not have any organized or systematic duty. Sometimes as an assistant my duty was to observe or complete the others work.

3.4 Use of Office Machinery:

In Nixon Box Industries Ltd, I was not permitted to use all the machineries of the office service. Only I was permitted to use the office computer for my purpose.

3.5 Progress in Understanding:

Before doing my internee I have little experience understanding about the Nixon Box Industries Ltd. and Material and cost control process but in the time of my internee. I got a good understanding about packaging sectors. How to take order, booking, provide a sample product, payable system and what are issues related in this packaging sectors. Besides I got better understanding about the customers of the overseas and export system of the packaging products. I gather large number of information about the products and manufacturing phase of those products and finally how to deliver the customers.

3.6 Learning Outcomes:

3.6.1 Primary Learning:

The nature of my job is describing in below-

- To learn how they manage their buyer problems
- To learn about marketing sector of Nixon Box Industries Ltd
- To get real world work experience
- To get an idea about how to make a successful career in the Accounting sector
- Time management
- Mail communication
- How to communicate with general people
- Welfare responsibility
- How to deal with buyers

3.6.2 Secondary Learning:

In accounting department I do different type activities. It is given bellow:

- **Checking Mail:** I worked under an Assistant Manager, who helps me to learn about accounting process. I always worked on his computer and checked official mail and give notification to him.

- **Documents Prepared:**I had to complete several tasks under the guideline of the Asst. manager. During my working hour I had prepare some important document by the help of supervisor.
- **File Transfer:** I transfer different type of important file, paper etc.Factory to head office.
- **Contract with buyer:** Whenmanager were very busy, I contract with the buyer for the purpose of work order and I informed to my supervisor as soon as possible.
- **Attend meeting:** Sometimes I attend the meeting with my supervisor.
- **Making Presentation:**I was got an opportunity to make a presentation about the Nixon Box Industries Ltd. product from MD sir I got two weeks' time for that preparation.

3.7 Contacts with Bank:

I had never get chance to contact with bank. As an internee it was my lacking that I didn't get knowledge about banking section.

3.8 Learning's of this Report:

- Accounting activities.
- How to contract with organization.
- How to deal with buyers.
- How to contract with buyers.
- Material and cost inspection.
- Overall office task.

Chapter: 4

Learning Part

Product Cost and Costefficiency of Nixon Box Industries Ltd.

4.1 Product Costs:

Product costs include all costs involved in acquiring or making a product. In the case of manufactured goods, these costs consist of direct materials, direct labor, and manufacturing overhead. Product costs attach to units of product as the goods are purchased or manufactured, and they remain attached as the goods go into inventory awaiting sale. Product costs are initially assigned to an inventory account on the balance sheet. When the goods are sold, the costs are released from inventory as expenses and matched against sales revenue. Product cost is also called Manufacturing costs.

4.2. Components of Product cost:

- DirectMaterials.
- DirectLabor.
- ManufacturingOverhead.

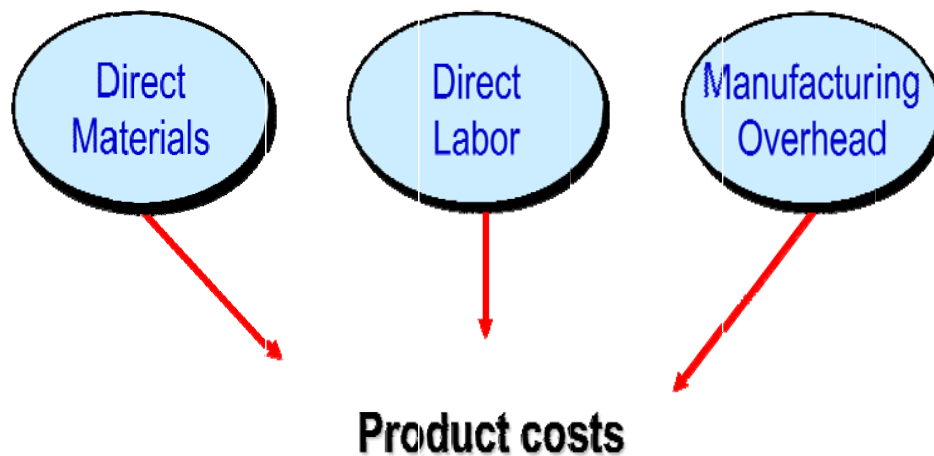


Figure 4: Product costs Classifications in Nixon Box Industries Ltd.

4.3. Direct Materials:

Direct Materials are those materials that become an integral part of the finished product and whose costs can be conveniently traced to the finished product.

In Nixon Box Industries Ltd direct material classification is as follows:

1. RawMaterial:
 - Active
 - Excipients
2. PackingMaterial:
 - PrimaryPacking
 - SecondaryPacking

4.4 Direct Labor:

Direct labor consists of labor costs that can be easily traced to individual units of product. Direct labor is sometimes called touch labor, since direct labor workers typically touch the product while it is being made. In Nixon Box Industries Ltd direct labor includes labor cost of worker which is directly traceable.

4.5. Manufacturing Overhead:

Manufacturing costs that cannot be traced directly to specific units produced is manufacturing overhead. Manufacturing overhead includes indirect materials, indirect labor and costs related to the manufacturing facility.

4.6 Classification of Manufacturing costs in other way:

4.6.1 Prime cost:

Prime cost is the sum of direct materials cost and direct labor cost.

4.6.2. Conversion Cost:

Conversion cost is the sum of direct labor cost and manufacturing overhead cost. The term conversion is used to describe direct labor and manufacturing overhead because these costs are incurred to convert materials into the finished product. In Nixon Box Industries Ltd they use this conversion cost concept to report the Cost of Goods Sold and to prepare cost sheet.

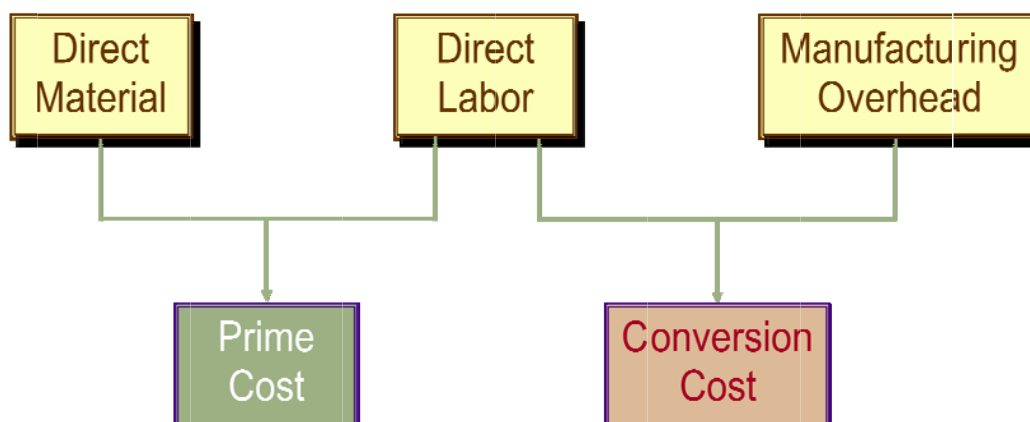


Figure 6: Classification of manufacturing cost in other ways.

4.6.3 Non-manufacturing Costs:

Non-manufacturing costs are often divided in Nixon Box Industries Ltd into two categories:

- Selling expenses.
- Administrative expenses.

Selling Expenses:

Selling costs include all costs that are incurred to secure customer orders and get the finished product to the customer.

Examples: Advertising, salary and allowances, rent expenses, printing and stationery, telephone & postage, market research & new product, sample expense, sales travel, depreciation, delivery commission, export freight, insurance, C&F expense etc.

Administrative Expenses:

Administrative costs include all executive, organizational and clerical costs associated with the general management of the organization rather than with manufacturing or selling. Examples: Executives' compensation, donation & subscription, auditor's remuneration, entertainment telephone and postage, AGM expenses, company secretarial expenses, legal & consultancy fee etc.

4.7 Product cost flow:

Product cost flow is the flow of costs in a manufacturing company. Nixon Box Industries Ltd follows this product cost flow. The graphical presentation of product cost flow is as follows:

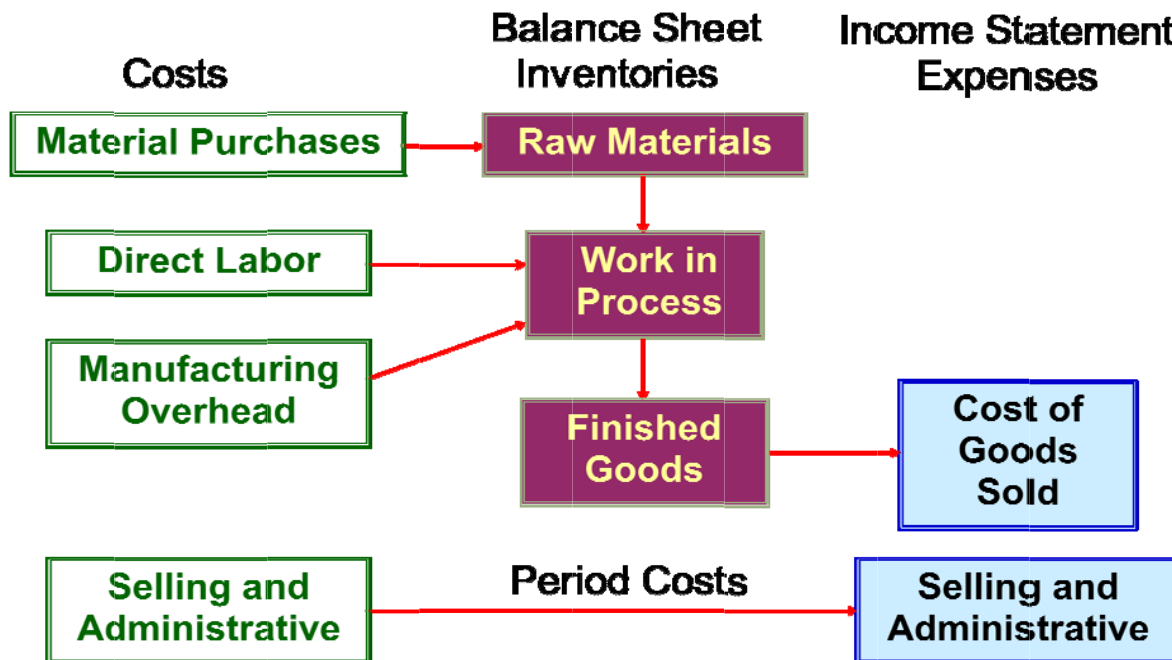


Figure 7: Product cost flow of Nixon Box Industries Ltd.

4.8 Factory Overhead:

Factory Overhead is generally defined as indirect labor, indirect material and all other factory expenses that cannot conveniently be identified with nor charged directly to specific job or products or final cost objectives. Other terms used for factory overhead are factory burden, manufacturing expense, manufacturing overhead, factory expense, and indirect manufacturing cost. To determine cost of production these expenses are to be apportioned to various department and then to the cost center or cost units. The procedures are as follows:

- Classification of Overhead.
- Collection of Overhead.
- Apportionment of Overhead
- Absorption of overhead by production units.

Classification:

Overhead can be classified into three ways. These are as follows:

1. Function wise: Production overhead, Administrative overhead and Selling and Distribution overhead.
2. Element wise: Indirect material, indirect labor and indirect expenses.
3. Behavior wise: Variable, fixed and semi-variable.

Some items and bases which are used in Nixon Box Industries Ltd. are as follows:

Items of Overhead	Basis of Distribution
Rent, Insurance of Building, Depreciation of Building.	Floor Space Occupied
Electricity	Meter reading
Power	Machine Hour
Fire Insurance	Asset Value
Insurance and Depreciation of Machinery	Capital Value
Supervision	Number of Workers
Medical Expenses	Number of Workers
Canteen Expenses	Number of meals
Store-keeping Expenses	Number of Requisitions
Fringe benefits	Number of workers
Purchase Department expenses	Number of Purchase order
Internal Transport	Number of Requisitions
Other items	Machine hours, Wages.

4.9 Determination of Manufacturing Cost per unit:

In Nixon Box Industries LtdL, they determine manufacturing cost per unit through the following cost sheet:

Nixon Box Industries Ltd.

ProductName:

Pack size

ProductCode:

Date:

Composition	Material Code	Per Tablet		Per Pack	
		Quantity	Cost	Quantity	Cost
Raw Materials: Raw material1					
Raw material2					
Total Raw material cost					
Packing Material:					
Packing material1					
Packing material2					
Total Packing material cost					
Total (RM+PM) cost					
Total Raw material cost per pack					
Total Packing material cost per pack					
Total (RM + PM) cost per pack					
Factory Overhead					
Depreciation					
Total Factory Cost					
Total Manufacturing Cost Per Pack					

4.5 Cost of Goods Sold:

Cost of goods sold reporting in Nixon Box Industries Ltd is as follows:

Particulars	2018	2017
Work-in-process(Opening)	18939687	17164777
Materials Consumed	2537648	2259811
Factory Overhead	8940977	5912897
Work-in-Process (Closing)	(19511178)	(18939687)
COST OF PRODUCTION	342603158	283335226
Finished Goods (Opening)	55439325	35801049
FINISHED GOODS AVAILABLE	398042484	319136276
Finished Goods (Closing)	(56504964)	(55439325)
	341537520	263696950
Cost of Physician Sample transferred to sample stock	(9773494)	(7076285)
	331764025	256620662

4.11List of Factory Overhead:

Particulars	2018	2017
Salary & Allowance	27091035	20012383
Repairs	6668057	5771774
Insurance Premium	1076298	371435
Municipal tax & land revenue	123729	100065
Advertisement & subscription	96769	82295
Registration & Renewal	71577	64561
Travelling	225037	130220
Entertainment	72185	48178

Research and development	681537	448987
Printing & stationary	576504	46785
Telephone & Postage	222812	194314
Toll Charge	7628194	3853438
Electricity, Gas & Water	4058716	1949545
Training	609919	506787
Plant certification and regulatory approval	1275361	
Depreciation	39289009	25466856
Other Expenses	279048	190454
	89409775	59128979

4.12 Inventory:

Inventory Reporting in Nixon Box Industries Ltds as follows:

Finished Goods	56504964
Work-in-process	19511178
Raw Materials	76988355
Packing Materials	32725373
Laboratory Chemicals	4076834
Physician Samples	4123990
Raw & Packing Material in Transit	8119398
	19838094

In Nixon Box Industries Ltd factory overhead is charged in Cost of goods sold and administrative and selling, marketing and distribution expenses are charged to the income statement as operating expenses. Nixon Box Industries Ltd follows the concept of conversion cost and does the reporting of cost of goods sold on the basis of this. In case of conversion cost direct labor and factory overhead are merged. In case of reporting inventory they fully

apply International Accounting Standard Nixon Box Industries Ltd makes compliance with in case of inventory.

4.13 Cost efficiency

4.13.1 Meaning of cost

Cost is defined as the cash amount given up for an asset. Cost includes all costs necessary to get an asset in place and ready for use.

4.13.2 Types of Costs

Fixed costs are costs that don't vary depending on the level of production. An increase or decrease in production levels would cause no change in these costs.

Variable costs are costs tied to a company's level of production.

Operating costs are costs associated with the day-to-day operations of a business. These costs can be either fixed or variable depending on the unique situation.

Direct costs are costs specifically related to producing a product.

Indirect costs are costs that cannot be directly linked to a product.

4.13.3 Definition of cost efficiency

The act of saving money by making a product or performing an activity in a better way

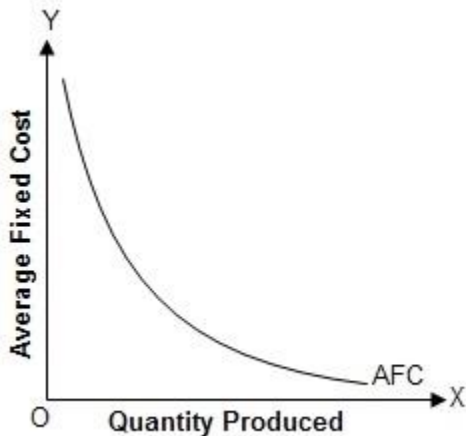
4.14 Reduce costs of production of Nixon Box Industries Ltd.

4.14.1 Average Fixed costs

Average fixed costs will reduce as output increases. Nixon Box Industries Ltd. They are tried to increase their production 1, 00,000 pieces productions per day .Now days they are produce 60,000 pieces per day. If they increase their production 60,000 pieces to 1, 00,000 pieces per day than their cost of fixed cost will be reduce .When their fixed cost will reduce than their cost efficiency will increase.

In Nixon Box Industries Ltd A machine produce 30 unit of production an hour and this machine work 8 hour a day and fixed cost of a machine is 60,00,000 taka .

Average fixed costs =Total fixed cost /total output



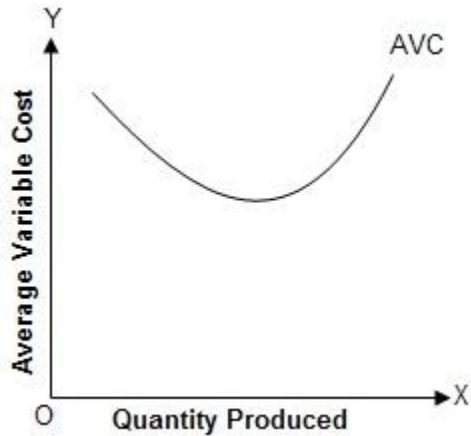
Then Average fixed costs is $(30 \times 8 \times 12) = 2,880$ units it will cost $(60,00,000 / 2880) = 2083$ taka but If they produce an machine 16 hour and they produce 14,400 units in a month that time their production cost will be $(60,00,000 / 5,760) = 1041$ taka the cost will go in half .in that way Nixon Box Industries Ltd. They increase their production in day by day to increase their cost efficiency. By this way we can also reduce our production cost and increase our profit.

4.14.2 Average variable costs

Average variable costs will reduce as output increases. Nixon Box Industries Ltd. They are tried to increase their production 1,00,000pieces productions per day .Now days they are produce 60,000 pieces per day. If they increase their production 60,000 pieces to 1,00,000 pieces per day than their cost of per production cost will be reduce .When their per production cost will reduce than their cost efficiency will increase.

In Nixon Box Industries Ltd A machine produce 30 unit of production an hour and this machine work 8 hour a day and variablecost are1,00,000taka.

Average variable costs =Total variable cost /total output



Then Average variable costs is $(30 \times 8 \times 12) = 2,880$ units it will cost $(1,00,000 / 2880) = 34$ taka but If they produce an machine 16 hour and they produce 14,400 units in a month that time their production cost will be $(1,00,000 / 5,760) = 17$ Itaka the cost will go in half .in that way Nixon Box Industries Ltd. They increase their production in day by day to increase their cost efficiency. By this way we can also reduce our production cost and increase our profit.

4.14.3 Economies of scale

Economies of scale, economies of scope provide companies with a means to generate operational efficiencies. Thus, economies of scale and scope can help companies gain a significant competitive advantage. Not only do they trim expenses on a per-unit basis and improve profitability, but they can also force less cost-efficient competitors out of the industry or discourage would-be rivals from even entering the market. Economies of scope occur where it is cheaper to produce a wider range of products rather than specialize in just a handful of products. Expanding the product range to exploit the value of existing brands is a good way of exploiting economies of scope.

4.14.4. Economies of scale Nixon Box Industries Ltd

Now days Nixon Box Industries Ltd they try to produce unlimited production because the main objective of Nixon Box Industries to produce their product in economics of scale. Because when they are produce 60,000 pieces per day's production. Now days they try to produce 1,00,000

pieces. When they go for 1, 00,000 pieces per days that time fix cost and variable cost of production per unit cost will decrease. Now days they are produce 60,000 pieces per days and their cost of this production 60, 00,000 (fix and variable cost) .If we divided total cost by total production than result will 100 taka per production cost if they produce 100000 pieces that time production cost will be 60 taka per production cost. By economic of scale Nixon Box Industries Ltd they reduce their production cost. By this way we can maintain cost efficiency.

Technical economics of scale

Large scale business can afford to invest in expensive specialist machinery. Nixon Box Industries Ltd they expand their business in a large way they buy new machinery from different country. If they could buy large printing machinery which would increase productivity and reduce unit costs.

Specialization of the workforce

In Nixon Box Industries Ltd most of the worker is new. They are not specialist if they are become specialize that time their production will increase and also decrease the cost of production in increase the cost efficiency.

Marketing economic of scale

The cost of advertising is fixed therefore the costs can be spread over the large output.

Managerial economic of scale

Large firms can justify having specialist manager's better management and investment in human resource raising productivity and reduce unit costs.

Financial economic of scale

Large firms are normally more credit worth and will find it easier to raise money for investment and may also be charge lower interest rates than smaller firms.in this way we can save cost of interest.

4.14.5 Break – Even Analysis:

A break-even analysis is a financial tool which helps you to determine at what stage your company, or a new service or a product, will be profitable. In order, it's a financial calculation for determining the number of products or services a company should sell to cover its costs (particularly fixed costs). Breakeven is a situation where you are neither making money nor losing money, but all your costs have been covered.

Fixed cost = 60, 00,000 taka

Variable cost = 1, 00,000 taka.

Sales price = 2500 taka

Contribution per unit = $(2500 - 34) = 2466$ taka

Break- Even Quantity = $(\text{Fixed Cost} / \text{Contribution per unit})$

Break Even Quantity = $(60, 00,000 / 2466) = 2,433$ unit

It shows that Nixon Box Industries Ltd must be require to sell the 2,433 unit of packaging in order to achieve the break even.

When the number of units sold exceeds the breakeven point of 2,433 units than the Nixon Box Industries Ltd would be making profits on the goods sold. When the revenue is greater than the total costs .When Nixon Box Industries Ltd sold their product more than breakeven unit that time fixed cost will gradually decreeing. In this way we can reduce our product cost.

Chapter: 5

Conclusion Part

5.1 Finding:

Accounting department of Nixon Box Industries Ltd. well experienced but I have got some findings during my internship period when I worked with accounting department. These findings are as follows.

- Accounting Department use manually records their activity.
- Management should take some step to digitalization and decorate the Nixon Box Industries Ltd.
- New worker is not productive in Nixon Box Industries Ltd.
- Nixon Box Industries Ltd use old machinery to their production.
- Lack of experience work force to run their machinery.
- Waste management is not properly maintained.
- Local raw material they buy in higher price.
- They are not properly utilize time to their production.

5.2 Recommendations:

Nixon Box Industries Ltd. is well-established organization in packing sector. I would like to recommend on the following areas that's should be help to achieve the goals of Nixon Box Industries Ltd. Generally I will give concentration on accounting activities of Nixon Box Industries Ltd. Those are given below:

- If they could be use software instead of manually that time their productivity will be increase.
- Management should take some step to digitalization and decorate their office.
- If Nixon Box Industries Ltd properly training their worker that time their productivity will be increase.
- Nixon Box Industries Ltd should update their machinery to increase their output.
- If Nixon Box Industries Ltd properly manage their waste their cost will be save.
- Nixon Box Industries Ltd should buy their raw material from cheaper source so that their production cost will be saving.

- If Nixon Box Industries Ltd properly utilizes their machinery and run in long time that time increase their productivity and decrease their production cost per unit for that time increase their cost efficiency.

5.3 Conclusion:

In conclusion, I can say that, the accounting Department of Nixon Box Industries Ltd gives me a pleasure to learn the accounting activities properly. Nixon Box Industries Limited is a 100% export oriented printing & Packaging, Shoe Box & Accessories Industry for production of Quality Printing Corrugated Master Carton, Shoe Box, and Back Board & Neck Board. From this department, I have learned practical knowledge about accounting. An accounting has to perform the activities from preliminary to end of the order. The Accounting of a Company is the most important part of package manufacturing for the export-oriented business. It increases the opportunity for entrepreneurship development in packaging sector. Thus it helps the unemployed people as well as the government to remove unemployment problem and also play an important role in the economic development of the country. The experienced accounting is always demandable in every sector for every country.

Chapter: 6

Appendix

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