



Cooperative Education Report

A STUDY ON FINANCIAL MANAGEMENT OF PROXY INFOTECH SOLUTIONS PVT. LTD.

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**This Report Submitted in Partial Fulfillment of the Requirements
for Cooperative Education, Faculty of Business Administration
Academic Semester 2/2017
Siam University**

Title: A Study on Financial Management of Proxy InfoTech Solutions Pvt. Ltd.

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We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 2/2018

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Degree : Bachelor of Business Administration
Major : Finance and Banking
Faculty : Business Administration
Semester / Academic year: 2/2017

Abstract

The internship was done on proxy InfoTech Solutions Pvt. Ltd which is a startup IT Company. The company focuses on digital marketing Advertisement, Information Technology and Event management. Report was focused on the working capital management of the company. The objective of the internship was to learn the work culture and environment, to understand the financial management system of the company, to understand the budgeting process, to know the basis of making budget and learn the process of collecting monetary funds and making payments of the bill. I had to do Day to day activities like receiving of documents, photocopy, scanning, mailing and filing. I also communicated with the customers about the due payment. One of the major responsibility for me was given in Ford Corporate Futsal where I did record keeping budgeting and maintained the petty cash account throughout the tournament. Through the internship I found out that current assets of the company generally consists of cash and accounts receivable and current liabilities consists of accounts payable. It is one of the most important job of finance department to keep adequate working capital in the company for the smooth running of the organization. I also found some difference between theoretical knowledge and its practical application.



Keywords: Working capital management/Budgeting / Petty cash fund/Work environment/Work Culture

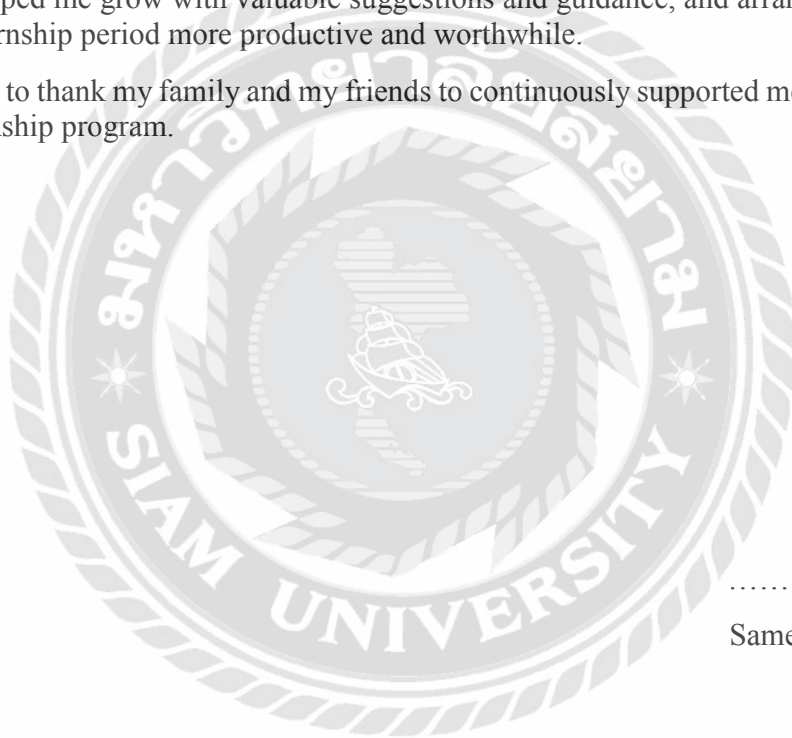
Acknowledgement

I wish to extend my sincere thanks to Siam University for providing me the opportunity for an internship at Proxy InfoTech Solutions during 14 Feb – 15 May 2018. This project has been successfully completed with satisfaction and memorable experiences.

I undertake full responsibility for any deficiencies that may have remained in this study. I believe that the experience and knowledge we have gained from this institution will help shape us and contribute much to our achievements in our future career.

I would like to express my sincere thanks to Dr. Tanakorn Limsarun, my internship supervisor who continuously helped me grow with valuable suggestions and guidance, and arranged the facilities to make my internship period more productive and worthwhile.

I would also like to thank my family and my friends to continuously supported me to complete this wonderful internship program.



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Chapter 1: Introduction

1.1 Company Profile

In the world where information and marketing is leading, Proxy Infotech Solutions (P) Ltd is an agency which provides service in Advertisement, Information Technology and Event management. It is currently a startup which is aiming to conquer the market of digital marketing in Nepal. It is driven by its four core beliefs i.e. research, strategy, design and technology in that order so that they can help brands communicate with their target market efficiently and effectively. Some of their clients are Jay SB Metal Industries, Precast Tiles Industries, Radio Kathmandu, Air Asia, Ford, Yeti Brewery and Aussizgroup. It also has more than 10 SME clients and helping them grow effectively.

Work Areas of the company:

1) Advertising:

Proxy InfoTechhelp companies craft brand message, expand their market, fight competition, enhance goodwill and educate the customers. They believe that id advertisements are executed beautifully, brands can communicate with the consumers in the ways that they prefer consistently and effectively which will strength their competitive positioning and differentiation strategy.(Proxyinfotech, 2018)

2) Information Technology:

Proxy InfoTech believes information technology is revolutionizing the way business processes used to be. In the country like Nepal where the organizations are hesitant to employ Information Technology in their day to day operations, they help organizations to invest in information technology and choose the path of innovation, simplify business process, reduce cost, gain competitive advantage and increase market share.(Proxyinfotech, 2018)

3) Event Management:

Proxy InfoTech Believes creativity and execution is the core factors for success of any event. Since the events boosts credibility, prospects, media and other various stakeholders, Proxy InfoTech will ensure the event will be written in the golden plates of history.(Proxyinfotech, 2018)

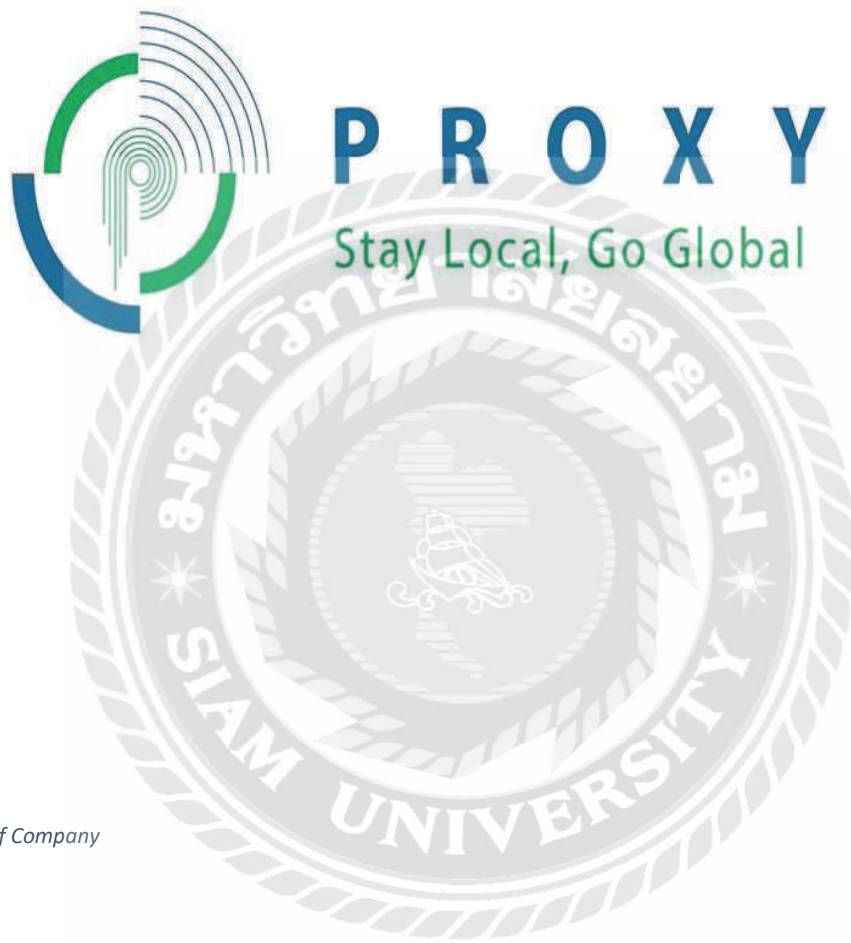
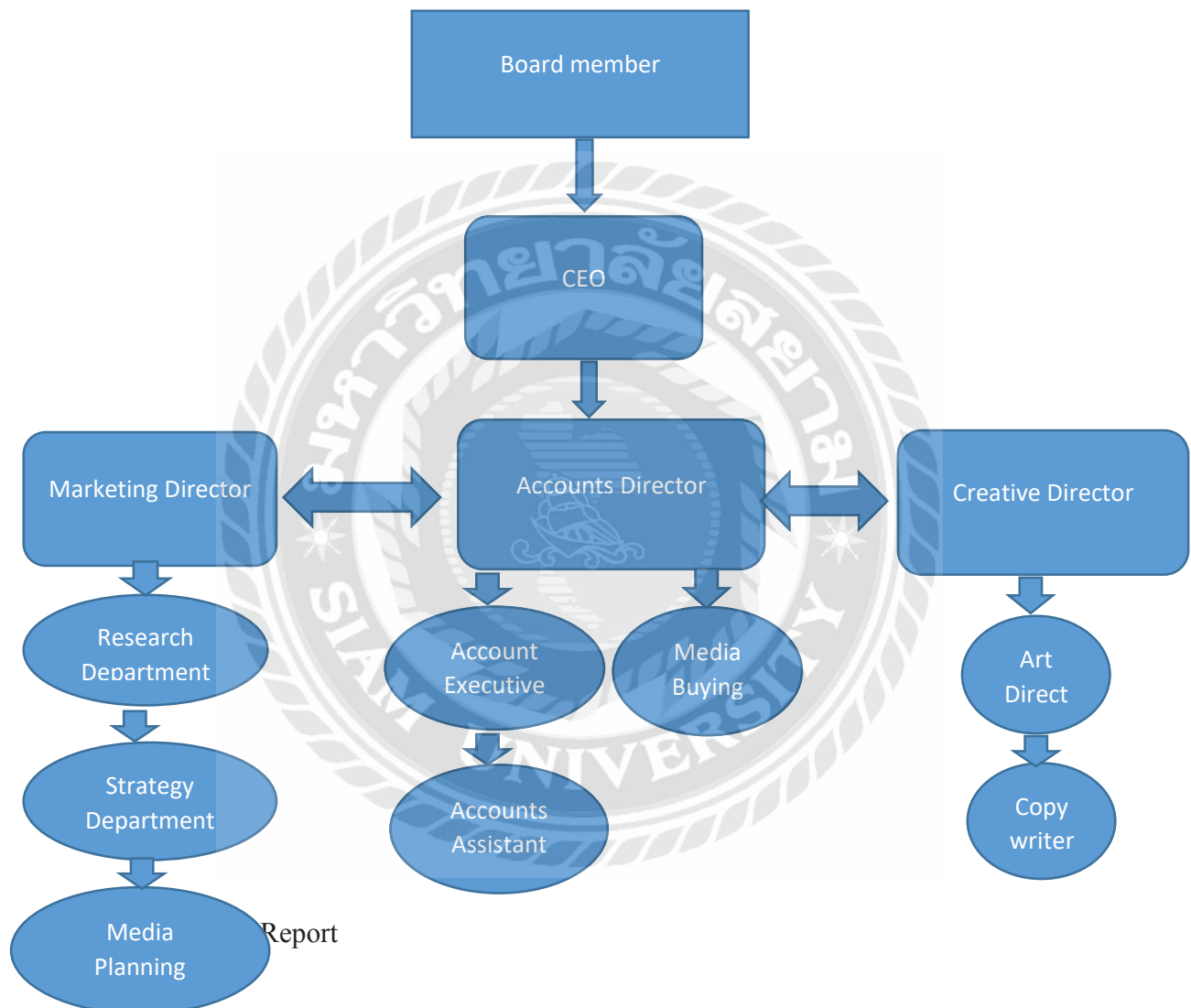


Figure 1 Logo of Company

1.2 Organizational Structure

The organizational structure of Proxy Infotech Solutions (P) Ltd is top-down approach headed by Board of Directors (BOD) that comprises of directors. The organization chart can be understood

with the help of given diagram. I worked with Accounts assistant under the supervision of Accounts director.



How a marketing company does manages its available funds? Working capital plays a vital role in working capital management so as an intern it is a basic things that we should focus while doing an internship in an organization because it is accessible to us. There are many ways through which a company can manage its working capital. Many startup do not focus on these things because they will be more focus on expanding its business. They will not focus on basics of working capital management which will hamper its day to day activities. Since I am a Finance major and it's a startup company I want to focus on its working capital management.

This report focuses on how the finance department can add value to the marketing company through effective use of funds. I will consider the things from the effect of late payment and the effect of early payment in the P/L account and relationship with its customers.

This report also focuses on the practical perspective of the theories that we have learnt during our BBA course. We have always learnt that we should do late payment to vendors and try to collect the payment as fast as possible but is it really done in the organization? This report focuses on these things.

1.4 Objective

The objective of the report is to understand the working of the company through financial point of view. I will try to analyze the management of working capital in the company. Other objective of the report is given below:

- i. To learn the work culture and environment
- ii. To know about the working capital management of the company
- iii. To understand the financial management system of the marketing company
- iv. To understand event budgeting and the basis of allocating funds to various campaigns

1.5 Limitations

There were many limitations while preparing the report. Some of them were,

- i. Time was the Limiting factor for the internship because it was not possible to observe all the activities within 3 months. Since I got chance to observe only some part of the operational cycle, I did not get the clear idea.
- ii. All the material needed to complete the report were also not provided because of the privacy issues. They did not show the information about P/L account and creditors.
- iii. Due to lack of technical knowhow of some ideas, it was not possible to analyze all information effectively.

Chapter 2: Literature Review

There are lot of theories in finance. They are related to identification of types of assets, wealth management techniques, capital budgeting, working capital management theory and many more. In this research I have done literature review of the theories which helped me answer the problem statement of the report. Theoretical research that supports this report are described below.

2.1 Non-Current Asset Theory:

Long term asset of the company will not be realized within a year. They will be capitalized rather than treating it as a expense. Investopedia explains that depending on the type of assets, it may be depreciated, amortized or depleted, but these are all just technical terms for allocation.(www.academia.edu, 2018)The resources of the company which cannot be converted into cash within an accounting year can also be treated as non-current assets.

2.2 Theory of Working Capital Management:

Working capital of any corporation means the net assets of the company minus the current liabilities of the company. Jhon Saagan from Ford Company has mention that the task of money manager is to insure that his firm has sufficient funds to operate. He must provide adequate safeguards for those assets incusted to his care and invest temporarily surplus funds as profitability as possible in view of his particular requirements of safety and liquidity.(Sagan, 1955)

2.3 Maximizing value of corporate current assets and cash management:

The main function of the finance department is to maximize the value of the corporation. Current assets are also one of the fundaments factor to achieve the goal. The increase in the current asset in the firm increases both net working capital requirement and the cost of holding and managing the working capital. Doing this can decrease the value of the firm. It is said that it also depends on the risk sensibility of the current assets.(michalski, 2012)He found out that company should choose a strategy accordingly.

2.4 Work Culture of Digital Marketing Company:

Nowadays company has started to focus on remote workplace. In the article published in The Gurdian, aurther Nick Van Mead has focused on the importance of remote working. Companies can do it through various online software like Skype. They need no training to use this software and the result can be dramatic. Once when there was a flood and almost all the companies had to shut down their office but one digital marketing company did not had to shut down because they were working through their home. He also found out that with remote working productivity is up, cost are down and average of 17% growth in revenue.(Mead, 2016)

2.5 Work environment of the digital marketing company:

It is said that the work environment of the digital marketing more fun than other companies. People who work on digital marketing company are said to be passionate breed. They are always focused

on innovation. They always want to create better and innovate in everything possible. The most exciting part of working in a marketing company is that you can really help other directly. For example they can significantly increase traffic to their website which will give you direct job satisfaction and the best part is you can forge some great friendship in a marketing company. (Rennison, 2015)



Figure 1: People Working on a Marketing Company

2.6 Marketing Budget allocation technique:

Since Proxy InfoTech is a startup, its main focus was growth. Jonathan Gordon has said in an article that company should blend corporate finance and marketing thinking. They should look into ROI drivers instead of looking at company share or market competition. When they do this marketing team will get better support from finance department and management. (Jonathan Gordon, 2015)

Chapter 3: Methodology

While doing Internship I took data from both primary and secondary sources to complete this report.

3.1 Responsibility Assigned

Major responsibility assigned to me were as follows,

1. Account team support:

I worked under accounts assistant under the supervision of accounts officer. I used to do all the job which accounts assistant used to do. The responsibility was very challenging. Since there were very less member in the accounts team, I was very much involved in all type of transaction.

2. Responsible for updating costs in the MIS system:

I used to update the cost in the MIS system which were usually petty cash fund. I used to update the MIS system when the payment was made. I had to go to my supervisor for approval then upload it in MIS system.

3. Day to day activities like receiving of documents, photocopy, scanning, mailing and filing:

These are the basic job which all the interns usually do. I also did filing for the company. The filling of bills are done according to the bill number. They are kept in a folder in store room. I also did photocopy of the important documents. The documents are photocopied for the tax purpose also. I had to scan documents and send it to respective persons. Sometimes I also mailed several company to request for the payment.

4. Communicate with the customers about the due payment:

I had to call customers to make payment as fast as possible. I also followed up many times. I made a list of companies that had to make payment and ticked the name of company which made payments. Sometimes I also had to call vendors to come and receive check against the bills submitted.

5. Local purchase entry as VAT and non-VAT items:

Sometimes I had to make excel file where Vat bills and Non Vat bills were entered. They are done so that the company should make vat payment to company every in every three months.

Ford Corporate Futsal:

It was the futsal event Organized by our company. The main motive of this event was to find potential client for the company. We did lot of preparation and the team effort was excellent. I got to know employee of this company through this event. I got major role in this event and got chance to learn many things. Some of the things I did in this event was:

1. Budgeting:

I got chance to work with finance department in preparing the budget for the event. The process was straight forward. We had to forecast our expenses and revenue and find expected profit. We focused on quality event so the finance part was not so important but at least we had to provide budget to marketing team so that the event will not go on loss.

2. Disbursement of payment and maintain petty cash account:

I paid for the expense through cash and check. I made checks and sent it for approval. After approval I used to send it to vendors against the bill. I also used to maintain petty cash account for that event.



Figure 1: Ford Corporate Futsal

Chapter 4: Result and Discussions

I got chance to learn many things in the internship. The results I found on the researched area are discussed below.

Working capital management:

My main focus was working capital management. Since it was a startup company, they did not focus more on working capital management. Sometimes the funds needed to be borrowed externally from an individual and adjust the payment date accordingly but this was very rare. Most of the current assets were accounts receivable and cash whereas most of the current liabilities were account payable.

Work culture and environment:

The work culture was very modern. There was not any dress but everybody should wear formals. The office used to start late at morning and sometimes the work would go till very night. People working in the company were very passionate and they were always striving for innovation.

Financial management in Marketing Company:

There was not vast difference in the financial management in the marketing company. The profits were mostly retained for bigger projects. The accounting record were done in hard copy as well as their own MIS system. The main decision of funds were taken by accounts director. Financial Statements were prepared by Audit Office.

Event budgeting and the basis of allocating funds to various campaigns:

Allocation of funds are done according to the strategy of the management. Sometimes they invest in advertisement and sometimes they invest of various events which will generate revenue. To calculate revenue they usually predict total working hours which will be generally Rs.1000 per hours.

4.1 Contribution of student made during the internship

1) Internet Global Package and SME Advertisement Package:

These were the Packages for the SME. I used to provide information to the clients who wanted to know about these packages. Internet global package was regarding IT development and SME advertisement package was regarding promotions. We used to charge 25,000 for development, 8,000 for yearly renewal fee. I provided the cost in detail and mailed the structure to potential clients.

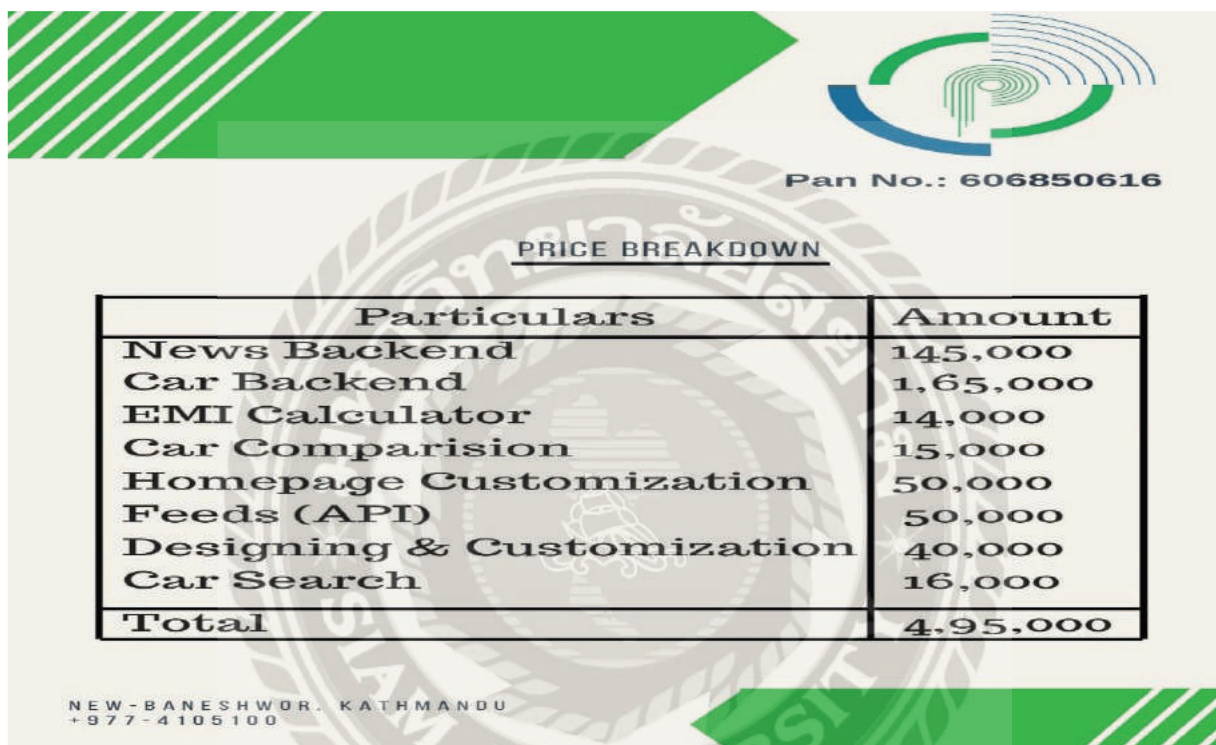
2) Ford Corporate Futsal:

I actively participated in the Ford Corporate Futsal in budgeting and organizing the event. Contribution was made in the Ford Corporate futsal where I got chance to show my financing knowledge and skill. I got chance to make pro forma income statement by forecasting revenues

and expenses. I was event head of a basketball tournament and experience from that event helped me a lot during the internship.

3) Breakdown of Meroauto website cost and Meroauto Lunch event Budgeting:

I helped to breakdown the cost of Meroauto under the basis of number of development hours. I even got chance help my supervisor with the event budgeting when meroauto launched their website. The event was organized in Hotel Shangrila where there were more than 150 guests.



Particulars	Amount
News Backend	145,000
Car Backend	1,65,000
EMI Calculator	14,000
Car Comparision	15,000
Homepage Customization	50,000
Feeds (API)	50,000
Designing & Customization	40,000
Car Search	16,000
Total	4,95,000

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Figure 1: Cost breakdown of Meroauto Website

4) Petty cash fund management and basic office work:

I also got chance to handle petty cash account which helped me maintain relationship with many vendors and accounts department. I helped the organization in filing documents. It was a routine job and I had to do it on daily basis. I made excel entries which helped finance department do better analysis.

4.2 Details of learning process and new knowledge student has received

My main objective was to learn about the working capital management of the company. I got chance to manage petty cash account which helped me a lot to understand this issue. When I got

chance to manage petty cash account, I was provided with fixed amount of cash and I had to buy things like tea, tape , marker , rope etc. with that money. When the money finished I asked my supervisor for fund with the bills of previous expenses. I found out most of the current assets of the company were usually cash and current liabilities of the company were very high. With proper relationship with vendors, management of working capital could be done properly. I got knowledge about how the banking system works with company, how funds are transferred and I also got knowledge about clearing house.

Working in the office everyday gave me the outlook of the organization culture, working environment and the organization norms and value. I learned it through observation and relationship with the employees of the company.



Chapter 5: Conclusion

Three months of internship helped me to understand the real business scenario. My main focus was to understand the business environment, learn about working capital management and to understand different accounting practices.

Working capital management:

I found out that management of working capital is very important to the firm as it can affect the company working process. If it is not managed properly the company will not run smoothly. I also got to observe some scenarios where the working process was badly affected due to lack of working capital. I also learnt about the budgeting process and working of the petty cash fund. Working capital management is vital for organization and not managing it properly can hamper the smooth functioning of the company.

Financial management of a marketing company:

Since there was not any vast difference in the financial management in the marketing company. The profits were mostly retained for bigger projects. The accounting record were done in hard copy as well as their own MIS system. This would help finance department for safety of records and better analysis of the data through their MIS system. The main decision of funds were taken by accounts director so that there would be maximum utilization of the funds. MIS system made by the company itself made it easier for the finance department to update its financial transactions.

Work culture and environment:

The dress code was smart formals. The timing was 11 to 6 unlike most of the company which were 9 to 5. Employees were like friends and they were given to play music and listen songs when they were bored. They always wanted innovation and routine work was very less. They used to have meeting 2 times a day. Work culture and work environment helps the employees to be more passionate and more innovative.

The internship did not go as smooth as expected because I had to encounter different problems in between. I also did some mistakes like not filling up cheque number in deposit slip due to which fund was not transferred to vendors account. Sometimes the entries on excel would miss few details. These type of problems mainly arise due to lack of practical knowledge. Even though I made mistakes, people in the organization always corrected my mistake and motivated me to do things better next time.

5.1 Self-Assessment as future professional

From the internship I got chance to learn the importance of finance department even in the marketing company. Proper management of funds is important to any firm as growth and survival of the firm depends on it.

After specialization in finance in my BBA course, I think I have knowledge and desire to be finance professional. I learnt that to climb up organization ladder I should take more advance finance courses.

In a marketing company like Proxy InfoTech, the role of finance is very important. On a marketing company finance professional do not need be to be much qualified and have advance financial knowledge. Even master's level could handle most financial transaction. So after completing my BBA working in a marketing company can help me climb organization ladder and when I have advance finance degree I can join an Investment company or start my own company.

5.2 Comparison of practical learning Vs theory

From literature review I found out that the main job of fund manager was to keep adequate working capital and which was the same in the company. Finance department always tried to keep adequate working capital in the company. There is not vast difference between theory and practical work place. Some of the difference can be the way of preparing financial statement. Even though there will be no difference in the figure, the process of making financial statement is different that learnt in classroom.

During my BBA course I learnt many subjects which include Marketing, Finance, Human Resource Management and Accounting. These helped me a lot during internship. Accounting was most helpful because I could apply the principal of accounting directly while making Pro Forma Income statement, Budgeting and handling Petty cash accounts. The format for doing it were not exact as the format taught in class but it was very helpful. However, my opinions were not taken to make decision on big financial matters even though I had some theoretical knowledge about those matters.

The things like organization culture and working environment were very similar as discussed in the literature review.

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