



**Cost Accounting Principles and Procedures followed by Pharmaceuticals
Company: A case study of Square Pharmaceuticals Limited.**

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Submitted in Partial Fulfillment of the Requirements for the Degree

Bachelor of Business Administration

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Project Report Approval Form

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INTERNSHIP/PROJECT INFORMATION

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Letter of Transmittal

May 26, 2022

Dr. Milan Kumar Bhattacharjee, Professor
ULAB School of Business (USB)
University of Liberal Arts Bangladesh (ULAB)
Satmasjid Road, Dhanmondi, Dhaka-1209

Subject: Submission of Internship report on “Cost accounting principles and procedures followed by Pharmaceuticals Company: A case study of Square Pharmaceuticals Limited”

Dear Sir,

With due respect I would like to state that I have completed my project research on Square Pharmaceuticals Limited has ended. The project report paper titled " Cost accounting principles and procedures followed by Pharmaceuticals Company: a case study of Square Pharmaceuticals Limited" was created to complete the requirements of my undergraduate program Bachelor of Business Administration (BBA) at the University of Liberal Arts Bangladesh (ULAB). In this report, I've done my best to combine the principles I've learned in my program with secondary research.

I hope this report will entice your kind appreciation.

Sincerely,

Sajuti Nag

ID: 173011084

Bachelor of Business Administration

Concentration: Accounting

ULAB School of Business (USB)

University of Liberal Arts Bangladesh (ULAB)

Acknowledgement

I'd want to provide due recognition and respect to a few persons that aided me not only in resolving my issues and writing my internship paper, but also in smoothly adjusting to this new role. As a consequence, I'd want to express my deepest appreciation to them. First and foremost, I want to thank God for giving us the patience and fortitude to finish this big project on time.

Dr. Milan Kumar Bhattacharjee, my supervisor, deserves my deepest appreciation and highest regard for his persistent help (Professor, ULAB). He went to the trouble of offering outstanding and positive remarks, inspiration, and thoughtful guidance with infinite patience from the beginning to the conclusion.

In addition, I'd want to thank my university for creating an environment that is healthy, smooth, and welcoming to me.

Last but not least, I am grateful to my family and friends for their unending love, support, and drive.

Executive Summary

The purpose of this report is to identify Cost accounting principles and procedures followed by Pharmaceuticals Company: a case study of Square Pharmaceuticals Limited. In this report, I identified cost accounting principles and procedures theoretically, cost accounting principles and procedures as applied by the firm, examined legal issues relating to cost determination and control, their techniques such as SWOT Analysis and the five forces model, and made recommendations on the stated issue for well development.

In their organization, they maintain a highly pleasant culture and an equitable atmosphere for all employees. Their policies are well-executed, and their growth is expected to continue in the foreseeable future. The whole performance demonstrates a dynamic positive satisfaction and has the potential to bring our country prosperity in the future.

I have tried to understand how the accounting system works in a manufacturing company and how do they apply cost accounting principles and procedures on the perspective of a large Pharmaceuticals Limited. Square Pharmaceuticals Limited is one of Bangladesh's most profitable businesses. It is a subsidiary of Square Group. Since 1985, the firm has been active in Bangladesh's pharmaceutical sector. The firm began operations in 1958. Samson H. Chowdhury created the firm with three friends: PK Saha, Kazi Harunur Rohsid, and Radhabinod Rai. The corporation began as a private enterprise before becoming a public limited company in 1991.

Overall, the stats reveal that Square Pharmaceuticals is doing pretty well at the moment. Square Pharmaceuticals should keep doing what they're doing and make sure they work towards their vision and have the same vision so that everyone in the company is on the same page and working towards the same goals to reach their ultimate goal.

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Part A: Internship Experience

Chapter One: Organization Profile

Company Overview

Square Pharmaceuticals Limited is the flagship company of Square Group. It is holding a robust leadership position in the pharmaceuticals industry of Bangladesh. Square Pharmaceuticals Ltd is one of the top-of-the-line conglomerates in Bangladesh. Square Pharmaceuticals Ltd is the largest pharmaceutical company in Bangladesh and it has been keeping the first position among all the national and multinational companies in the country since 1985 and is now on its way to become a high-performance global player.

Mr. Samson H Chowdhury was born on 25 September, 1925. After completing education in India, he returned to the then East Pakistan and settled at Ataikula village in Pabna district where his father was working as a Medical Officer in an outdoor dispensary. In 1952, he started a small pharmacy in Ataikula village which is about 160 km off capital Dhaka in the north-west part of Bangladesh. Mr. Samson H Chowdhury then ventured into a partnership pharmaceutical company with three of his friends in 1958, PK Saha, Kazi Harunur Roshid, and Radhabinod Rai. The company was converted in a public limited company in 1991 and listed in Dhaka/Chittagong stock exchanges in 1995. Square Pharmaceuticals Limited has extended its operation overseas; it pioneered exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other drugs. At present Square Pharmaceuticals Ltd exports antibiotics and other medicines to 42 countries. Square today symbolizes a name and a state of mind.

When it was asked why they chose the name SQUARE, the founder recalls, "We named it SQUARE because it was formed by four friends and also because it implies accuracy and perfection, which means quality," since they were committed to producing high-quality items. That modest corporation from 1958 is now a publicly traded diversified group of enterprises with over 28,000 employees. The group's current annual turnover is 616 million dollars.

Name of Company	Square Pharmaceuticals Limited
Incorporation Date	1958
Status of the Company	Public Limited Company

Corporate Head Quarter	SQUARE 48, Mohakhali Dhaka 1212, Bangladesh	Centre C/A
Chairman	Mr. Samuel S Chowdhury	
Managing Director	Mr. Tapan Chowdhury	
Number of Employees	+28,000 people	
Phone Number	+8802222283604,	
Website	http://www.squarepharma.com.bd	

Table 1: Organization Profile

Products of the Organization

At present Square pharmaceuticals Limited has presented modern assembling advances like biosimilar items, insulin, bi-layer tablet, lyophilized items, hormone items, ophthalmic preparations, novel drug delivery system, huge volume parenteral, little volume parenteral, suppositories, effervescent formulation, continued discharge dose plans, or dispersible items, anesthetics, metered dose inhaler, dry powder inhaler, nasal spray, and so on.

Square Pharma also provides herbal and nutraceuticals provide as well as agro vet and pesticides.

Sister Concern

- Square Hospital Limited
- Square toiletries Limited
- Square Food and Beverage
- Square Informatix Limited
- Square Fashions Limited
- Maasranga Communications Limited

- Mediacom Limited
- Sabazpur Tea Company Limited
- Aegis Services Limited
- Square College of Nursing
- Astras Limited
- Square Air Limited
- Square Texcom Limited
- Square Textiles Limited
- Square Yarns Limited

Strategic Business Units (SBUs) of Square Pharmaceuticals Limited

Square Pharmaceuticals Limited is divided into three main business units: pharmaceuticals, consumer brands, and corporate hospitals.

Consumer Brands

Consumer brands include a wide range of things needed in a person's daily life. As a sister business of Square Group, Square Food & Beverages is accountable for being honest and transparent in all of its activities, as well as delivering the highest level of quality. Radhuni, Ruchi, Chashi, Chopstick, and Aaram are just a few of the consumer brands available from Square Food and Beverages.

Similarly, SQUARE Toiletries Ltd. (STL) serves people's everyday demands for personal care and hygiene in a unique way, allowing them to feel and look beautiful while getting the most out of their life, with 16 brands and over 50 international standard items. Jui, Chaka, Senora, Sepnil, Revive, Meril, Select plus, ZeroCal, Kool, and more popular Square toiletries include:

Corporate Hospital

The SQUARE Group owns SQUARE Hospitals Ltd., a 300-bed tertiary care hospital. The institution's associate partners include Methodist Healthcare in Memphis, Tennessee, Christian Medical College in Vellore, India, and Care IVF (In-vitro Fertility Centre) Centre in Singapore. SQUARE Hospital's vision is to be a destination for great healthcare for Bangladeshis and people from South and Southeast Asia, as well as an integrated center for clinical services, medical and nursing education, and research. The hospital, located in the center of Dhaka, aims to serve a greater region of the city. It is now made up of two buildings, one on either side of Panthapath and connected by an over bridge. The main hospital building is 18 floors tall and 450,000 square feet in size.

The outpatient department of this hospital, which includes 60 examination rooms, can treat up to 1200 patients each day. Waiting times for patients in outpatient clinics, emergency departments, and hospitalizations are constantly evaluated to offer the greatest possible healthcare-hospitality.

Values of Square Pharmaceuticals Limited

Quality: Square Pharmaceuticals Limited consistently strives to provide the best quality products and services in order to meet and exceed their customers' expectations.

Customer Focus: Square Pharma's primary focus is always on its clients. They are dependable in providing the greatest products and services to their consumers in order to attract and retain customers.

Innovation: Square Pharmaceuticals Ltd. is quite confident in its ability to innovate. As a result, they pursue consecutive new work in order to develop and upgrade their product on a regular basis.

Fairness: Square Pharmaceuticals Limited consistently strives to be fair in whatever they do and accomplish. This aided them in gaining the confidence and assurance of their customers, as well as working effectively in the market with their competitors.

Transparency: Square Pharmaceuticals Limited maintains openness by providing the best products and services to their consumers and communicating their goals to their workers.

Continuous Improvement: Square Pharmaceuticals Limited consistently strives to enhance their goods and services in order to meet the demands of their customers and keep up with the current trend.

Mission

The mission of Square Pharmaceuticals Limited is to create and provide people with high-quality, innovative healthcare aid while adhering to the greatest ethical standards in business operations and benefitting shareholders, stakeholders, and society as a whole.

Vision

They regard business as a means of improving the material and social well-being of investors, employees, and society as a whole, resulting in wealth creation through financial and moral advantages as part of the human civilization process.

Objective

Square Pharmaceuticals Limited's aims are to conduct transparent commercial operations based on market processes within a legal and social framework in order to achieve the purpose of our vision.

Five Forces Model

Porter's Five Forces is a methodology that identifies and investigates five concentrated powers that define any sector and determine its flaws and strengths. Porter's model, which is frequently used

to differentiate an industry's structure in order to determine business strategy, may be used to any sector of the economy to seek for profitability and appeal. I used the Porters Five Forces Model to analyze Square Pharmaceuticals Limited.

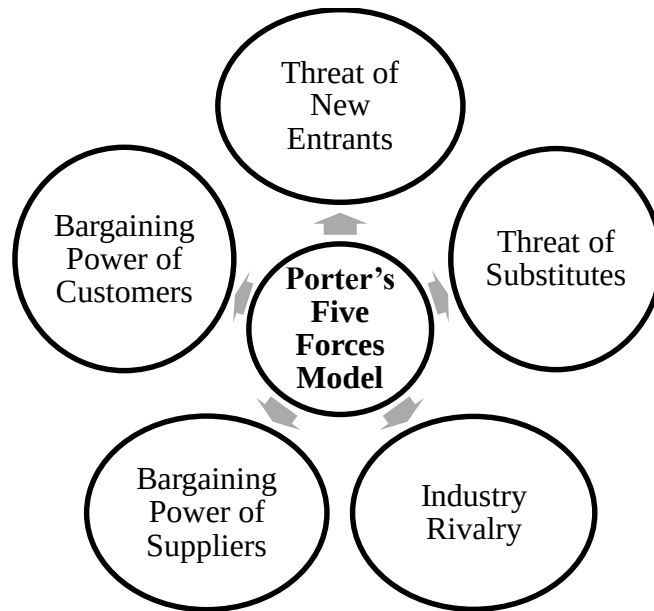


Figure 1: Porter's Five Forces Model

Threat of New Entrants:

Threats of new entrants are low for Square Pharmaceuticals Limited since the product is undifferentiated, there are large fixed expenses in machinery, capital requirements are high, research and development costs are high, and government policy makes it difficult for enterprises to enter the market.

Threat of Substitutes:

Because of the lack of patent protection, there are several pharmaceutical enterprises selling comparable products and services. Square Pharmaceuticals Limited faces a significant threat of substitution since the cost of switching is somewhat cheap for the buyer.

Bargaining Power of Buyers:

Buyers have great bargaining power since, due to restrictions on direct medication promotion, corporations must sell through doctors by encouraging them to suggest a certain prescription. This is frequently to blame for unethical behavior.

Bargaining Power of Suppliers:

Suppliers' bargaining power is significant since, at the moment, only a small portion of Active Pharmaceutical Ingredients (API) is generated in-house; the remainder is imported. The excessively small size of the majority of providers makes investment in API manufacturing unappealing.

Rivalry between Existing Competitors:

Existing rivals in the pharmaceutical sector compete fiercely because they are very reactive, and the crucial element is that the pharmaceutical industry is increasing in Bangladesh. Square Pharmaceuticals Limited's primary rivals are Beximco Pharmaceuticals and ACI Pharmaceuticals.

SWOT Analysis

An examination of a company's strengths, weaknesses, opportunities, and threats is referred to as a "SWOT analysis." It encourages the firm to correct defects and improve its performance in comparison to rivals. SWOT analysis may be used to identify the present status of an organization. It is a critical tool for a company to make strategic changes. The following are some of Square Pharmaceuticals' main strengths, weaknesses, opportunities, and threats that have been observed.

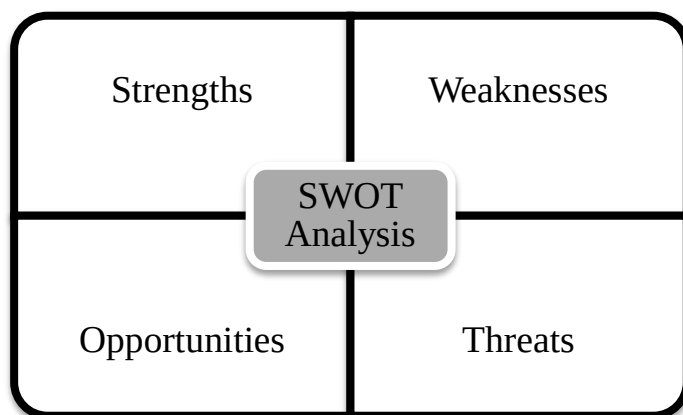


Figure 2: SWOT Analysis

Strengths:

- Product of high quality
- Environmental policy
- Product development
- A well-known brand image
- Capable of outperforming the market in terms of growth
- Technological advancements
- Product and business diversification

Weaknesses:

- Excessive reliance on imports
- Lack of competitiveness
- Lower profit margins on new items

Opportunities:

- Increased market growth
- Capture of new national and international markets
- Expansion of product line to fulfill a larger variety of demands
- Technological advancement and innovation

Threats:

- Numerous well-established rivals
- Product similarity
- Increasing customer and supplier bargaining power
- Exports may be reduced if the global economy suffers.
- Chemical import duty

Part B: Research Project

Chapter One: Research Design

Background

This paper discusses the cost accounting concepts and methods used by a pharmaceutical company: a case study of Square Pharmaceuticals Limited. Cost accounting is critical for top-level management in every firm since it is primarily the next step in costing. Cost accounting entails examining costing data, interpreting it, and presenting many management problems to management. It also assists management in both short-run and long-run planning. It also offers management with thorough records of the expenses connected to operations and analysis. The knowledge of cost accounting is very important since without it, no management can make better decisions for their respective business.

Objectives

The purpose of research is essentially the outcome that a researcher hopes to get after doing the investigation. In research, there are two types of study objectives: broad objectives and focused objectives. The primary goal of conducting research is to achieve a wide purpose. There is just one general goal for any research project. A wide aim should be formulated with the research question in mind, which is the major question that the research is attempting to address by doing the research. To get the general purpose of the research, the researcher must change the research question from an interrogative query to an assertive statement. The breakdown of the broad target into smaller logically related components that methodically address the many facets of the problem is known as a specific objective. In summary, distinct objectives inform us of the many activities that must be completed in order to attain our overarching goal. The particular aim should define exactly what it is the researcher will accomplish in each step of his or her study, including how, where, when, and why. The primary goal of the research is to examine and assess the cost accounting principles and methods used by a pharmaceutical firm. To achieve the purpose, the study includes the following objectives:

- To get theoretical knowledge on cost accounting concepts and methods.
- To adhere to the firm's cost accounting concepts and processes.
- To investigate the legal concerns surrounding cost determination and control.
- To assess the approaches such as SWOT Analysis.

- To provide recommendations for well development on the specified subject.

Methodology

There are several precise procedures that must be followed in an internship or project program, and for my research work, I used the observation method, interview method, library method, and desk study approach. Secondary data sources include websites, books, magazines, journals, yearly reports, and pertinent official documents. Various accounting, mathematical, and statistical approaches would be used to justify the hypothesis and to analyze and create the report based on the acquired data.

Type of the study

My research is of the qualitative variety. I essentially attempted to learn about the cost accounting method and technique. To explain the subject, I have identified sources of information that are particularly relevant to my study. In this paper, I attempted to learn about the cost accounting process and procedures of a pharmaceutical firm, Impress- Square Pharmaceuticals Limited. It provides a description, a pattern, of how the organization operates in terms of expenses, costs, assets, and investments. As a result, I employed Descriptive Research, which describes a market or its features. I gathered data for this study from secondary sources.

Scope

This study will go through the cost accounting concepts and methods used by Square Pharmaceuticals Limited, a pharmaceutical company. Its issue and potential outcomes will be identified. Limitations:

- Reliance on secondary data because outsiders do not have access to original data.
- The lack of vital information from original sources limits the quality of the conclusions.
- Insufficiency of time.

Limitations of the Study

Every organization has its own secrets that should not be revealed to outsiders. Certain constraints were encountered when doing the study, which are as follows:

- Because Square Pharmaceuticals is a major corporation with a broad organization, we were unable to cover the entire scenario.
- There was a lack of internal data collecting since doing primary research was not viable.
- Reliance on secondary data since outsiders do not have access to source data.
- The lack of key information from original sources limits the quality of the conclusions.

Chapter Two: Theoretical Background

Cost Accounting

It is vital to keep track of all costs when running a firm. And for business purposes, it helps to operate a firm by estimating costs, and it appears to be a good idea to make future decisions based on cost analysis. According to Edward J. Vanderbeck (2013), Cost Accounting symbolizes the right presentation of Accounting, and we can see from this that adopting a suitable Accounting aspect may make it simpler to maintain the accounts on monitoring the proper business difficulties.

And it is crucial to emphasize that the more we take care to think about, the better. And it is the concerns that we are thinking about in order to accomplish a decent job. And now we can see that the way a person views the way they move appears to be a really crucial factor.

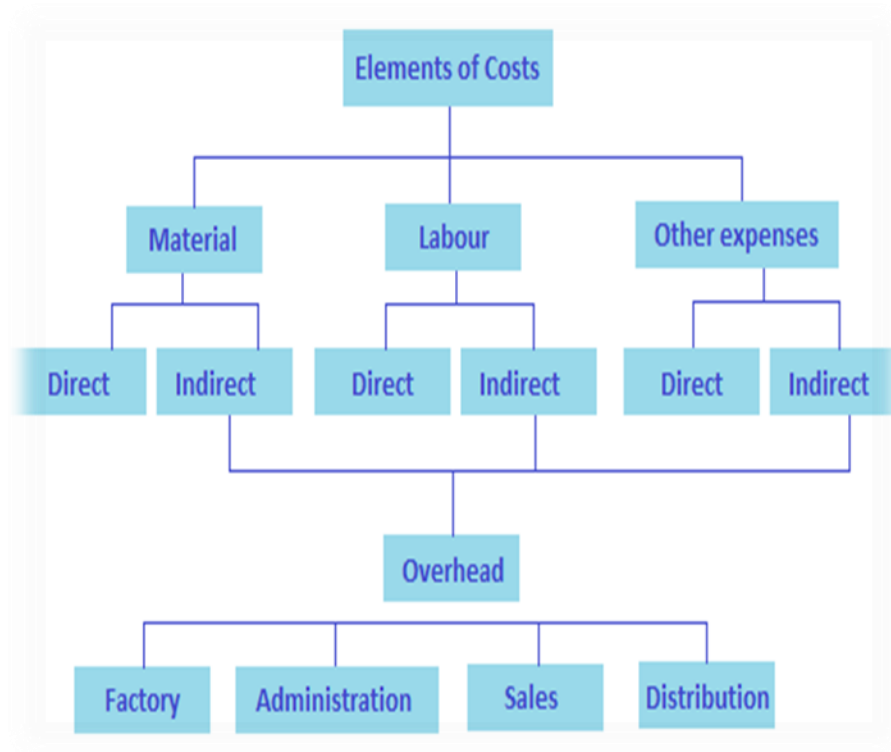


Figure 3: Elements of cost

Cost is divided into three categories: material, labor, and additional charges.

- There are two types of materials: direct and indirect. Direct materials are those that may be linked to a certain product, job, or process. Indirect materials are those that are not directly involved in the manufacturing process but nonetheless play a vital role.

- Labor is the most important component of product and service costs. The transformation of raw materials into completed commodities necessitates the use of human resources, which are referred to as labor. Labor is also divided into two categories: direct and indirect. Direct labor refers to those who are directly involved in the manufacturing process and are eligible to be paid by the firm. Indirect labor costs refer to workers who are involved in the company and do some job; they are also entitled to a wage, but they are not directly involved in the manufacturing process.
- Expenses are also divided into two types: direct and indirect. Direct expenses are those that may be directly attributed to a specific cost. Direct expenditures include the cost of machinery, patents, and many other items. Furthermore, an indirect expenditure is one that is not directly involved in the manufacturing process and is an item of overhead such as rent, rates, and insurance.
- Overheads included the cost of a non-direct material, non-direct labor, and non-direct costs. Overheads are divided into the following categories:
 - a) Factory overheads.
 - b) Office and administrative costs.
 - c) Selling and distribution costs.

For factory overheads, it is an indirect factory expenditure, which is any indirect factory expense, such as depreciation.

Office and administrative overheads are expenditures connected to business management and administration, such as office rent, stationery, and items utilized in the office for administrative purposes.

After producing, we must pay expenditures for selling and distribution, such as advertising, delivery charges, salesperson commission, and salesman salaries.

Cost is divided into six categories: elements, function, nature and behavior, controllability, normalcy, and management decision making.

- 1) For elements, as we have seen earlier, direct material, labor, and expenditures, indirect material, labor, and costs, so we can divide cost into two categories based on elements, which are direct and indirect.
- 2) Cost may be classified into four sorts based on function: production cost, administration cost, selling and distribution cost, and research and development cost.

Production costs include all indirect material, labor, and expenditures paid throughout the manufacturing process on factory grounds, such as oil charges and factory supervisor compensation.

Office and administrative overheads are expenditures connected to business management and administration, such as office rent, stationery, and items utilized in the office for administrative purposes.

After manufacture, we must incur some fees for selling and distribution, such as advertising, delivery charges, salesperson commission, and salesman wage.

- 3) Based on nature and behavior, we may divide costs into three categories: fixed costs, variable costs, and semi-variable costs. Variable costs are expenses that alter with the degree of output, such as material and labor. A fixed cost is one that does not vary with the amount of production, such as a manager's pay. And, up to a certain level, semi-variable costs continue with the same level of output and alter after that level, such as telephone charges and power charges.
- 4) We may divide costs into two categories based on their controllability: controllable and non-controllable. Controllable expenses are those that can be controlled by management, such as labor or material. However, we cannot manage the rent of the premises, which is a non-controllable expenditure.
- 5) On the basis of normalcy, we may divide cost into two categories: normal and abnormal cost. Normal costs are expenses that are incurred as a result of the production process. In the event that an earthquake occurs, this is referred to as an abnormal cost.

- 6) There are several costs associated with management decision making, such as replacement costs, relevant and irrelevant costs, opportunity costs, and many more. These costs are critical for making decisions based on circumstance.

Costing is a method of calculating the price. This term's potential may be anticipated in large manufacturing firms that create hundreds of items and spend lots of money on material, labor, and overheads. In such companies, the cost of each product necessitates the recording of expenditures and the management of expenses such as direct material, labor, and overheads.

Cost accounting is critical for every company's senior management. Cost accounting is essentially the next step after costing. Cost accounting entails examining costing data, interpreting it, and presenting a plethora of management challenges to management. The concept of cost accounting include the production of numerous budgets for a company, as well as the determination of standard costs based on discovery, estimation, and comparison. Cost accounting aids in the disclosure of lucrative and unprofitable operations inside a company. It also assists management in combating fraud by monitoring costs using specialized strategies such as standard costing. Cost accounting assists management in both short-run and long-run planning. It also offers management with thorough records of the expenses connected to operations and analysis. Cost accounting information is highly important since without it, no management can make better decisions for their specific business.

Principles of Cost Accounting

Cost accounting provides information to an organization's management that aids in the effective operation of the firm. It is mostly concerned with expenses. Cost accounting concepts allow costs to be classified as either direct or indirect. Overhead expenditures can include the costs of general management, human resources, and firm facilities. A corporation may utilize cost accounting to identify and evaluate individual expenditures in a category, and it can also be used to reduce overhead costs by eliminating needless travel. The cost accounting method aids in determining

whether or not a cost is justified. It also aids in keeping track of previous prices and estimating future costs, which aids in controlling current costs and avoiding overspending on certain things.

Techniques of Cost Accounting

- **Costing Consistency:** The authority should adopt a regular and fundamental approach while doing the cost list. As a result, it can be followed in the near future for beneficial use.
- **Costing at the margins:** To assist management by performing a proper cost list and understanding how costs affect product pricing, volume, and other concerns.
- **Costing Methodology:** It is a method of standardizing the cost of each product so that it never needs to be corrected the following time.
- **Historical Pricing:** When a cost is incurred for the first time and must be reported in that manner, it is referred to as a historical cost.

Methods of Cost Accounting

1. Job Costing: Work costing is described as keeping a record for each issue or job. Keeping records of every work in cost accounting is beneficial to running a firm.

a) Contract costing

For the reimbursement method, it is a method of tracking the total cost of the entire procedure in order to provide the bill to the consumer. And this is referred to as contract costing in the context of job costing.

b) Cost-plus contract

When a contractor is paid with his expenditures and an additional percentage of the sum is paid for profit, this is referred to as contract plus costing.

c) Batch costing

Costing in Batches, like task costing, is established with precise batch numbers or a unique code to identify the cost of each item.

2. Process Costing: This way of costing is used for items that go through many processes, such as clothing production, where multiple processes are involved, such as spinning, weaving, and completed product. Each procedure produces a product that can be sold. Furthermore, process costing is used to determine the cost at each stage of manufacturing. Consider the textile industry.

a) Operation Costing

The expense that is incurred as a result of initiating the process is commonly referred to as the operating cost.

b) Operating Costing

Generally, it is used in industries such as service-oriented businesses. It is used to determine the price of a given service. For example, a hotel, a hospital, and so on.

c) Output Costing

The cost per unit is calculated by dividing the total cost by the number of units produced. Output cost is frequently referred to as unit costing. This strategy is utilized when a company produces per unit on a constant basis. It is mostly employed in sectors such as cigarette manufacturing and cement production.

d) Multiple costing

This approach combines two or more costing methodologies, such as operation costing and output costing. This strategy has been applied in the sectors such as motor automobiles.

Functions of Cost Accounting

- **Product cost determination:** Cost accounting determines the cost of production for each job, process, or work order by employing various cost accounting techniques, such as job costing, process operation costing, contract costing, and so on, and based on the organization's appropriateness and needs.
- **Establish the selling price:** Cost accounting assists in determining the cost of production and determining the selling price of a product, process, task, or activity. It also aids in the preparation of essential tenders or quotes.
- **Efficiency evaluation:** Cost accounting employs a common cost approach to assess the efficiency of any product, process, or department.
- **Procedure for cost control:** Cost accounting manages costs by establishing criteria and comparing them to actuals. The difference between them is detected, and if necessary, corrective action is performed.
- **Making Management Reports:** Cost accounting reports to management on a monthly, quarterly, or semi-annual basis. The management makes the required decisions based on the cost accounting data.

Cost Accounting Standards

According to Rayburn, Frank R., Cost Accounting Standards are a collection of 19 standards and guidelines published by the United States Government for use in estimating costs for negotiated procurements (1996). The following are the standards with titles:

Standards	Titles
401	Consistency in Estimating, Accumulating and Reporting Cos
402	Consistency in Allocating Costs Incurred for the Same Purpose
403	Allocation of Home Office Expenses to Segments
404	Capitalization of Tangible Assets
405	Accounting for Unallowable Costs
406	Cost Accounting Period
407	Use of Standard Costs for Direct Material and Direct Labour
408	Accounting for Costs of Compensated Personal Absence
409	Depreciation of Tangible Capital Assets
410	Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives
411	Accounting for Acquisition Costs of Material
412	Composition and Measurement of Pension Costs
413	Adjustment and Allocation of Pension Cost
414	Cost of Money as an Element of the Cost of Facilities Capital
415	Accounting for the Cost of Deferred Compensation
416	Accounting for Insurance Cost

417	Cost of Money as an Element of the Cost of Capital Assets Under Construction
418	Allocation of Direct and Indirect Costs
419	Unused
420	Accounting for Independent Research and Development Costs and Bid and Proposal Costs (IR&D and B&P)

Figure 4: Standards of Cost Accounting

Cost Control and Cost Reduction Techniques

The process of monitoring and managing the expenditure of cash is known as cost control. Planning, communication, motivation, decision-making, appraisal, and reporting are all facets of cost control that are included in various management procedures. Cost control assists the firm in increasing its profitability and competitiveness. It also aids in the reduction of costs and prices. Material cost management, labor cost control, overhead cost control, and sales cost control are the primary areas of cost control.

There are two types of cost-cutting tools: external and internal. External standards are used to compare cost performance with other businesses, whereas internal standards are used to evaluate cost factors such as material, labor overhead, and so on.

Budgetary control, standard costing, inventory management, ratio analysis, and variance analysis are hence cost control strategies. "Budgetary control is a management instrument used to plan, carry out, and regulate the operation of company," write Floyd H. Rowland and William H. Barr. Budgetary control has the following characteristics: planning, coordination, recording, control, and

corrective actions. Standard costing supplies managers with fundamental information for determining selling prices, transfer pricing, and so on.

Cost reduction, on the other hand, is the process of finding and removing superfluous expenditures in order to increase a company's profitability. Material handling, automation, value analysis, variety reduction, production control, materials control, activity analysis, work study, design, organization and procedures, and quality control are all cost-cutting techniques. Profit may grow as a result of cost reduction. It may provide additional bonuses to employees, resulting in more job opportunities. Cost-cutting measures may help strengthen the men-management connection. Cost reduction may aid in making items more affordable to customers, resulting in increased demand for the products.

Chapter Three: Analysis and Findings

Financial Data:

Components	Year 2017 (In term of Tk)	Year 2018 (In term of Tk)	Year 2019 (In term of Tk)	Year 2020 (In term of Tk)	Year2021 (In term of Tk)
Non- Current Assets	29,355,222,227	32,831,465,294	26,770,127,954	27,464,045,923	31,656,449,304
Current Assets	23,175,830,022	28,441,536,241	38,291,544,874	46,886,757,989	54,945,934,391
Current Liabilities	2,361,444,052	2,200,400,492	2,961,270,978	3,228,073,068	3,109,955,728
Net Profit Before Tax	12,743,062,576	13,847,938,760	13,965,288,785	17,185,381,957	18,755,932,542
Net Profit After Tax	9,719,176,205	10,490,891,282	10,562,863,531	12,955,973,632	14,743,264,610

Figure 5: Financial Data.

Source: Annual Reports & Official Records

Production Data:

Components	Year 2017 (In terms of TK)	Year 2018 (In terms of TK)	Year 2019 (In terms of TK)	Year 2020 (In terms of TK)	Year 2021 (In terms of TK)
Raw Material	480,770,796	548,723,855	1,531,223,724	1,939,329,998	2,647,266,800

Work in Progress	1,117,324,819	1,195,194,484	274,303,768	336,441,344	415,013,847
Finished Goods	410,426,860	535,109,509	1,226,561,623	1,677,371,032	2,118,362,474
Cost of Goods Sold	(18,274,858,914)	(20,089,819,913)	(19,711,065,988)	(22,536,669,960)	(24,800,035,555)
Sales	28,885,939,051	30,004,974,891	38,685,655,814	45,876,448,841	50,703,028,902
Gross Profit	18,268,281,192	19,564,011,725	18,974,589,826	23,339,778,881	25,902,993,347
Operating Expenses	(5,972,216,599)	(6,783,069,126)	(7,749,309,449)	(8,602,829,820)	(9,776,875,140)
Profit/(Loss) from operation	12,296,064,593	12,780,942,599	11,225,280,377	14,736,949,061	16,126,118,207

Figure 6: Production Data.

Source: Annual Reports & Official Records

Findings:

I got all of the information and explanations that, to the best of my knowledge and belief, were required for the objectives of my project.

According to our assessment of such books, the corporation kept appropriate accounting books as required by law. The statements of financial condition, profit or loss, and other comprehensive income dealt with in this report are consistent with the books of account kept by the firm and inspected by me. The expense was incurred for the sake of the company's operations.

Analyzing cost accounting data and other associated government documentation reveals:

- Standard buy processes are followed for raw material procurement.
- The average approach is utilized for issuing raw materials from storage to production.
- ABC analysis is used for raw material inventory management.
- Monthly pay is given to employees. However, a unit rate is used to calculate labor costs.
- Shifting efforts are underway. As a result, they are exempted from paying for overtime.
- The presence of idle time is not observed in practice.
- In accordance with normal norms, overheads are categorized but not included in cost records. Works overhead has been included in the cost of materials, while the other two major overheads, office and administrative and marketing and distribution overheads, have been totally assigned to the cost of sales.
- They have insufficiency of a dedicated research and development cell. However, certain initiatives are ongoing, therefore no precise research and development costs are reported.
- They do not adhere to any worldwide cost accounting standard for inventory management of work-in-process and finished goods.
- The plant and equipment depreciation policy is not uniform.
- They have an inclination to cut costs, but no conventional cost-cutting strategy is used.
- They also have an inclination to reduce costs, and two approaches, ratio analysis and budgetary management, have been used to accomplish this.
- Their Cost Accounting Information System is poorly organized and poorly informed.

Chapter Four: Recommendations and Conclusion

Recommendations

Square Pharmaceuticals is now performing really well, according to the data. The best advice which can be provided to Square Pharmaceuticals is to keep doing what they're doing and making sure they're working towards their vision and having the same vision because everyone else in the company is on the same common platform and work together for the same ambitions in order to achieve their desired purpose.

Square Pharmaceuticals Limited does not successfully implement cost accounting principles and processes, according to government data. As a result, I may propose certain adjustments in order to restore Square Pharmaceuticals Limited's present cost accounting system.

- They should have a strong standard method in place to keep track of all expenditures.
- They should have a distinct research and development cell.
- They should coordinate with other departments.
- They should engage in marketing operations to ensure long-term success.
- They should adhere to the Cost Accounting Principles.
- They should follow worldwide cost accounting standards for inventory management of work-in-process and finished items, which might result in a profit in the near future.
- They should look for methods to reduce labor costs.
- They should concentrate on current product pricing, as equivalent services are provided by other companies.

Conclusion

Square Pharmaceuticals Limited is gaining popularity as a brand among its rivals. Not just in terms of business, but also in terms of social responsibility, they are providing opportunities for many individuals to engage on long-term projects such as empowering women and building the capacity of small groups of people to alter their own fate. They have now established themselves as Bangladesh's most efficient medicines company. And they have been working tirelessly to help our country's economy. Behind all of this, excellent and standard practices must be followed in

order to keep track of all costs, money, and expenses. And they are doing so in the most scientifically sound manner possible. I express my gratitude and best wishes to Square Pharmaceuticals Limited for demonstrating how important it is to have a comprehensive accounting system in place while making business decisions in a large corporation.

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