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A REPORT ON WORKING PROCEDURE OF FINANCE AND ACCOUNTING SYSTEM OF BIMAN BANGLADESH CORPORATION

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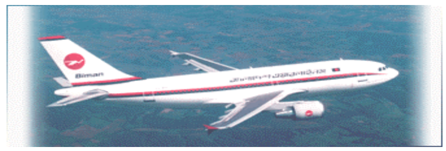

By

Sultan Asif Mahmood

ID# 0420228

Has been approved
December 01, 2008

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Rajkin Mohseen
Lecturer
School of Business
Independent University, Bangladesh

December 1st, 2008

Rajkin Mohseen

Lecturer, School of Business

Independent University Bangladesh.

Dear Sir,

It is a great pleasure for me to submit the report on “A report on working procedure of finance and accounting system of Biman Bangladesh Corporation
I am submitting this report as the part of my internship (BBA-499A) in Biman Bangladesh Corporation.

The preparation of the paper was an experience which made me know a lot about of Biman Bangladesh Corporation and Airlines Sectors.

I hope that you will assess this report considering the limitations of the study. It will be a great honour for me if you require me to explain any sort of query.

Sincerely Yours,

Sultan Asif Mahmood

ID# 0420228

Acknowledgement

I feel immensely pleasure to have an opportunity, on the very occasion of submitting my internship report, to thank a number of individuals for their unprecedented support, cordial co-operation, objective direction and endless encouragement that have significantly contributed to the preparation of the report.

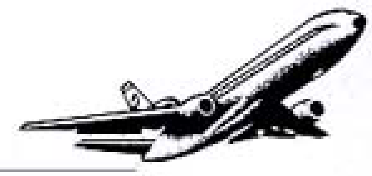
First and foremost, I would like to thank almighty ALLAH, the omniscient and omnipotent, who bestowed me the capability of successful completion of my internship report and the internship as well.

I would like to offer my heartfelt thank and gratitude to my internship advisor Rajkin Mohseen sir. his instructive advice and guidance have emerged as stepping-stone in making this report a fruit. This report has smelt the scent of my creativity only as she entrusted his every belief on my capability and analytical ability in preparing the report.

My pleasure turns blooming to offer thanks to Muhammad Mohiuddin (FCMA Manager Central Accounts of Biman Bangladesh Corporation of Bolaka Bhabon) for allowing me to show my practicability in an organizational area under his supervision.

I like to convey something more than thanks and usual gratitude to Abdul Khair (Assistant Manager Account Biman Bangladesh Corporation of Bolaka Bhabon), Mohammad Anisuzzaman (Accounts Supervisior), Monjur Emer (FEMA, DGM, Central Accounts and Manager), Tariqur Alam (Manager Accounts Insurance Section Biman Bangladesh Corporation of Bolaka Bhabon). Their delightful co-operation, benevolent patronage, intention to make other knowledgeable, not only fascinated me but also I had had this executive in dream before joining the Biman Bangladesh Corporation.

And last but not the least; I would like to thank all the personnel working at Biman Bangladesh Corporation of Head Office. They made the environment congenial and favorable for me to understand the task. Without their assistance and co-operation, this report might not have seen the light of day.



1.0 INTRODUCTION

Biman Bangladesh Airlines is the National Flag Carrier of Bangladesh, with its main hub at Zia International Airport in Dhaka, the capital of the country. It also operates flights from Shah Amanat International Airport in Chittagong and earns significant revenue from the connecting service to Osmani International Airport in Sylhet. Currently it provides passenger and cargo service in different international routes in Asia and Europe along with major domestic routes. Biman now carries the nation's flag to South Asia, South-East Asia and Far-East, Gulf and Middle-East region and European

In modern Bengali, the word biman refers to "aeroplane", originating from the Sanskrit word vimāna, The logo, painted on the tail, is a stylised white stork (bôlaka) inside a red circle. The initial livery was a dark blue line extending across the aircraft along the windows and covering the tail section. This was replaced in the 1980s by dark green and red lines, matching the colours of the Bangladesh flag. The bôlaka has also given its name to the Biman headquarters, the bôlaka bhôban (Stork Building),

After becoming a public limited company, Biman has trimmed the number of staff and turned its attention to modernising the fleet. Biman struck a deal with US aircraft manufacturer Boeing for procurement of 10 new generation aircraft along with options/purchase rights for another 10. The carrier is also in the process of leasing some aircraft for the interim period to re-start flights to some of the destinations in Asia, Europe and North America. Biman Bangladesh Airlines Ltd the national flag carrier of Bangladesh.

Bangladesh Biman Corporation (Amendment) Act, 1987

The following Act of Parliament received the assent of the President on the 18th July, 1987 (1st Shravan, 1394) and is hereby published for general information

Act No.32 of 1987

An Act made to amend the Bangladesh Biman Corporation Ordinance, 1977

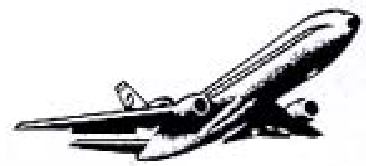
Whereas it is expedient to amend the Bangladesh Biman Corporation Ordinance, 1977 (XIX of 1977);

Now, therefore, it is hereby enacted as follows:-
1. Short title.- This Act may be called the Bangladesh Biman Corporation (Amendment) Act, 1987.

2. Amendment of section 5 of Ord. XIX of 1977.- In section 5 of the Bangladesh Biman Corporation Ordinance, 1977 (XIX of 1977), for sub-section (1) the following sub-section shall be substituted, namely:-

The authorised share capital of the Corporation shall be two hundred crore taka divided into two crore shares of one hundred taka each: Provided that the Government may increase the authorised share capital of the Corporation from time to time and shall divide the increased share capital into required number of shares of one hundred taka each".

Biman
BANGLADESH AIRLINES
Your home in the air



AT A GLANCE

The only world wide travel service, provided in Bangladesh. Biman Bangladesh offers 16 Domestic and 102 International flights, consisting 13 local and 28 world wide branch offices.

For flight services, Biman Bangladesh Airlines uses the following four types of aircrafts:

- **McDonnel Douglas DC-10-30**
- **Airbus Industries A310-300 Series**
- **Fokker F-28**
- **British Aerospace ATP**

Combining these types of aircrafts, Bangladesh Biman Bangladesh has two categories of services:

- **Domestic Flights**
- **International Flights**

Departments of Biman Bangladesh Airlines:

Biman Bangladesh Corporatrion (BBC), Biman Poultry Complex (BPC), Biman Flight Catering Center (BFCC):

Biman Bangladesh Corporatrion BBC:

Bangladesh has started its journey from scratch virtually with no aircraft, no ancillaries. Biman has been able to establish its reputation as an airline of welcome smile and an ocean of hospitality. To make Biman passengers feel "once Biman always Biman" the airline has recently brought in some qualitative changes in its service concept.

Biman
BANGLADESH AIRLINES
Your home in the air

Biman Bangladesh Airlines national flag carrier. Biman was established with a slogan "Your Home in the Sky". Biman Corporation is doing business as Biman Bangladesh Airlines under the Ministry of Civil Aviation and Tourism.It was established as a corporate body called Bangladesh Biman Corporation under the Bangladesh Biman Ordinance (Presidential Order No. 126) of 4 January 1972. Biman was established as of a corporation on 27 October 1972 with a view to ensuring better operation and development of air transport service .Initially it started with a Second World War vintage Dakota, DC-3, a gift from the airforce. Biman's domestic services with the DC-3 commenced within a month after its inception. .The initiative to launch the national flag carrier was taken by 2,500 former employees, including 10 Boeing 707 commanders and 7 other pilots, of PIA – Pakistan International Airlines, who submitted a proposal to the government on 31 December 1971 following the independence of Bangladesh. The airline was initially called Air Bangladesh International but was soon renamed Biman Bangladesh Airlines.

Biman Flight Catering C enter(BFCC):

Biman has non-aviation enterprises, one of which is the Biman Flight Catering Centre (BFCC), a wholly owned subsidiary of Biman Bangladesh Airlines which was set up in 1989. The BFCC provides Biman's in-flight meals and is one of Biman's profitable operations, supplying food to British Airways, Qatar Airways, Dragonair, Uzbekistan Airways and Iran Air, along with casual orders from other airlines operating in Bangladesh. The BFCC consumes 90% of the eggs and chicken from the Biman Poultry Complex.

Biman Poultry Complex(BPC):

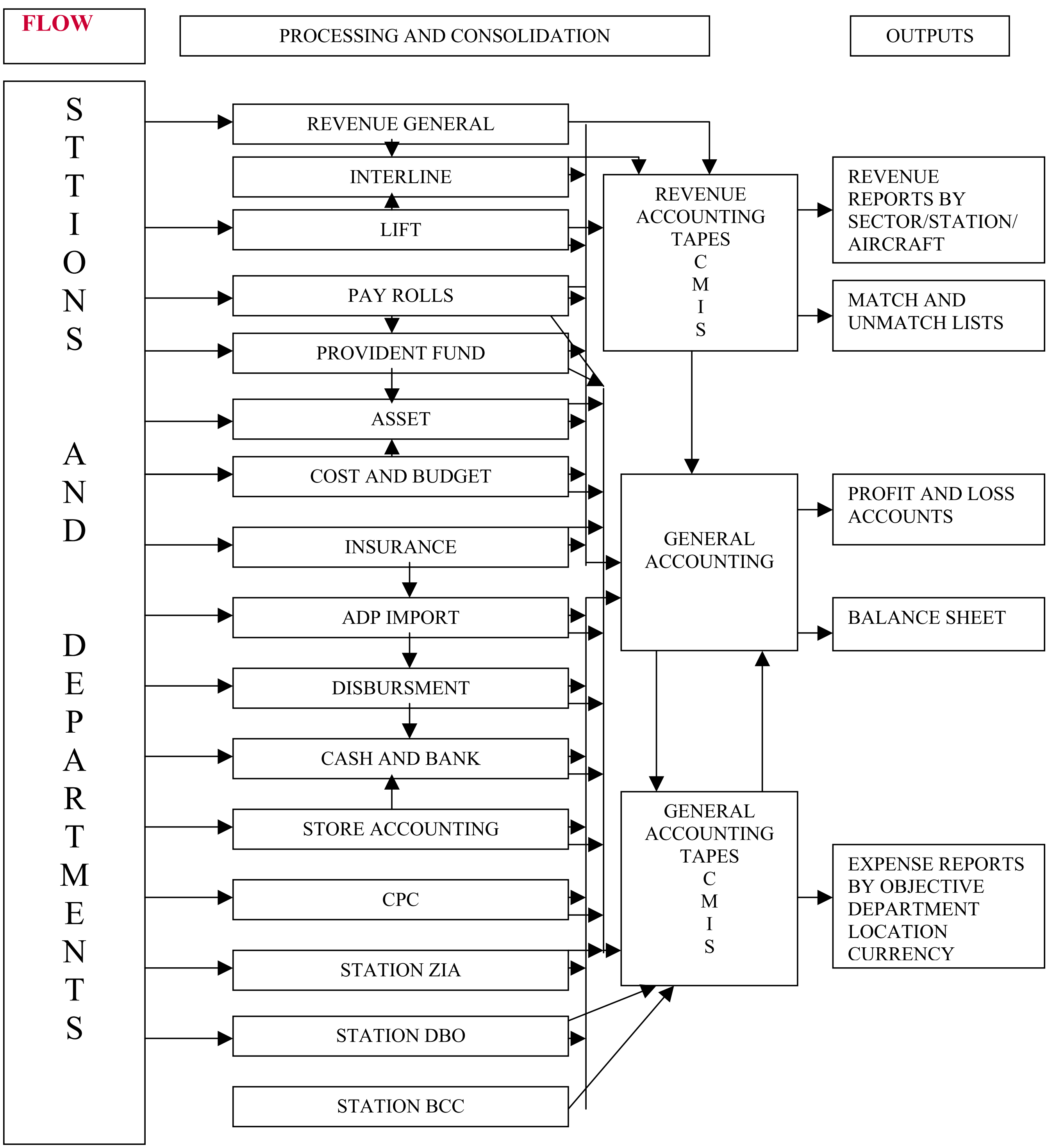
Biman Poultry Complex(BPC) is another profit-making subsidiary of Biman which was formed in 1976 and put into operation in November 1980 to rear poultry at farms in Dhaka. Bird flu was detected at one of the farms in March 2007, and many of the birds were culled. This was the first incident of bird flu in Bangladesh.

Nture of the business and the consolidation:

The principle activities of the corporation are to provide all kinds of airlines services to customer at home and abroad through its national and international air network. The accounts of Biman Flight Catering Center (BFCC) and Biman Poultry Complex (BPC) the project of Bangladesh.

Biman Corporation (BBC) were audited b y the statutory auditors and the accounts of these two support projects have been consolidated with the Corporation's accounts.

Processing and consolidation on Accounting system of Bangladesh Biman Corporation:



Biman
BANGLADESH AIRLINES
Your home in the air

Accounting System of Bangladesh Biman corporation that I worked on:

1. Revenue

Revenue generel   Revenue lift   Revenue intrline

2. Cost and budget

3. Profident fund

4. Asset

5. Insurance

6. ADP import section

7. Disbursement

8. Cash and banking

9. Store accounting section

10. CPC

11. Station Zia

12. Station DBO

13. Station BCC

14. Payroll secton

15. BFCC

1.0.0 Revenue general

System and processing of accounting records for all Biman network sales done at station. In this section they sell the tickets of domestic international line. Revenue documents sales are made at stations and forward to revenue general section through the following reports which are called revenue returns/ reports. These are as follows:

R-1: Passengers and baggage/sale report.

R-2: Cargo sales report

R-3: Cargo delivery and collection report.

R-4: Miscellaneous cash/credit transaction report.

R-5: Invoice collection report.

R-6: Refund report.

R-7: Invoice collection advice for other station.

R-8: Invoice reconciliation statement.

R-9: Statement of cash transaction and banking form

R-10: Agent sales report.

Basically they work with domestic and international station of selling ticket.

CGP sells ticket in two ways.

CGP

CGP CTR(City office) | CGP A/P(Airport office)

Services provided by CGP are given bellow:

- Sell domestic tickets
- Sell international tickets
- Reissue the ticket
- And also sell international ticket by Billing and Statement planning(BSP) which is worked under IATA

Revenue general works for General Sales Agent (GSA). GSA sells tickets by the counter. May be they can use sub agents and GSA gives a statement of account ts to Biman. Basically GSA does two programs- work for Biman in abroad and they do bill to Biman. What they are performing is given bellow:

- Net ticket sales bill
- Cargo bill(airway bill)
- Cru, captain's and hotel bills
- City office bill
- Car or driver bill
- Every expenditure of Biman in foreign countries they pay in stead of Biman and after that they do bill to Biman and take overcharge of 3% commission. They get overall total 7% commission.

They have some problems with GSA like they do not pay the full payment rather they keep some part of money on hand.

In this section they work with three career sectors.

- One way sector
- Two way sector and
- Four way sector

2.0.0 Interline section:

Interline involves with four categories

a) Pax (passenger)- ticket
b) Cargo(airway bill)- baggage
c) Handling (ground bills)
d) Postal

Interline also does special port agreement which is done by internal career. Every carrier will do the bill to the IATA for every transportation and then the IATA will consider and will do the transaction with the carrier.

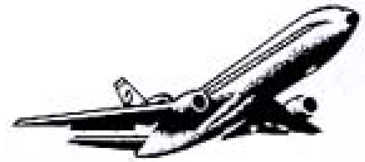
Prorate manual:

It contains worldwide passenger provisions. Prorate factors and base amount for use in proration of passenger tickets or excess baggage charges. Basically this manual is to provide a single source of passenger, prorate information for all carriers throughout the world.

Like manual id effective for a three month period periods commence on one March, September, October each year.

Function of revenue interlines section:

I. Revenue interline deals with to ascertain the interline revenue by billing to other airlines against carriage of other airlines, cargo and for the cost of various handling services.
II. Billing to GPO is being made by revenue interline section
III. Billing to credit card co's being done by revenue interlines section for the tickets. This section also deals in auditing of other airlines invoices to ascertain the payable amounts against carriage of the airlines passengers, Cargo and various handling services provided to the airlines flight operation by different foreign airlines.



Source of interline revenue earnings:

I. Carriage of other airlines passengers
II. Carriage of other airlines transports cargo.
III. Carriage of postal mail
IV. Settlement of sales against the credit cards/ international (USD) cards.
V. Services rendered to other carriers for ground handling, engineering handling, catering handling, cargo handling etc.

Ensure receipts of different interline documents from different uplifting stations.

I. All other airlines passenger flight coupons, E-tickets image, international and domestic uplifting station through revenue.
II. All credit card charge form along with relevant document
III. All handling related papers or documents
IV. All documents related to cargo terminal

Preparation of interline billings according to IATA(International Airlines Transport Association) by ICH(IATA Clearing House)

I. Passenger coupons
II. Passengers rejection
III. Passenger various category
IV. Cargo normal and changes collect shipments
V. Cargo rejections
VI. Cargo different category.
VII. Agreements storage or other charges relating to import and export shipments.

Finalize of receivable interline voice

I. All categorized receives invoice have to be prepared within a set fourth time-limit for each and every week according to IATA
II. Preparation of form
III. Final checking

IATA rules relating to interline billings

I. Rejection/ time- limit rules of passengers or cargo
II. Misc.

Payable invoice for other airlines

I. Receives of other airline/ parties other than airline invoice through
   a. Registered airmail
   b. Courier service
   c. Co-mail and serve
II. Charge back of none received invoice.

Accounting actions for

I. Receivable invoices for all categories
II. Payable invoice for all categories

Statement of payments and audit of all payable invoices received from other airlines

I. Passengers- normal and rejection
II. Cargo- prepaid, shipment and rejection
III. Misc-all categories.

Interline use different kinds of codes for fare

1. class code
2. season code
3. week part codes
4. part of day code
5. fare and passenger type code
6. fare level identifier

<u>3.0.0 Revenue lifts section:</u>

This section is assigned to receive uplifted flight coupons and its sorting and coding and finally prorate to ascertain earned revenue of the airlines. After performance of flight at different stations of Biman network, flight coupons are dispatched to revenue lift section as ship papers. On receipt of this ship papers, revenue lift sections reconcile the same with the daily flight performance report and record it properly through control sheet. After sorting all the flight coupons, interline coupons of other carrier sent to interline section for billing a0tion.

Revenue lift section check and prorate of BG flight coupons and send the same in batches to data entry section(CIMS) for creation of source and accounting coding and proration system of BG flight coupons are as follows:

Procedures

Step-1: Control the flight performance report (FPR)

Step-2: Checking

Step-3: Sorting

Step-4: Coding

Examples of station code are

London(LON)	701
France(FRA)	751
Rome(ROM)	725
Singapore(SIN)	504
ZIA	3

A/C code (aircraft code)

DC-10-3-	02
AIR BUS-310	05
F-28	07
BOEING 747	09

PAX code (passenger code)

CLASS	3
OTHERS	1
AUDIT	00
CHILD	60
INFANT	90

AIRLINES FOC	70
SUBLO-80%	80
STUDENT	10
SHIP CREW	30

Step-5: After doing all steps then comes the final step. The final step is as follows

1. After doing all the four steps then recorded in the batch register and send to CMIS for punching.
2. After punching they receive primary data batch with listing for checking and correction
3. After final checking they collect months revenue earned report from CMIS.
4. Finally the data transferred to Biman A/C accordingly.
5. Extra service is given to the passengers by the Biman are as follows.
    a. In case lost ticket, confirming lost ticket coupon no.
    b. To return wrong uplifted coupons to the pax with proper verification
    c. Giving refund of lost ticket after match-unlatch list
    d. To assist security personnel in connection with lost baggage claim
    e. Any other job as assigned from, time to time.

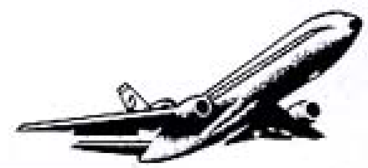
4.0.0 Pay rolls:

Employer gets the salary form this section.

Cost of budget

They determine the cost & budget by actual expense, estimated expense, revised budget which projected by head office. After that they estimated the budget by station. Finally they budget which projected by head office. The main sources of budget depends of fuel cost which cost of 50% .They does budget in 5 stages-

1. register wise
2. flight wise
3. aircraft wise
4. station wise
5. area wise
6. route wise
7. sector wise



5.0.0 Provident fund:

It is different sector from Biman Bangladesh corporations. They use computer management system (CMS). They contribute 8.33 % to the Biman. They work some external work as well. Such as:

1. they give loan to the employees
2. they get the interest and invest in other business

6.0.0 Insurance:

Biman does some insurance on

1. aircraft
2. passenger
3. handling
4. ticket services
5. cash in hand
6. motor vehicle
7. life insurance
8. marine insurance
9. frig, flood, cyclone, earthquake insurance

Aircraft:
For aircraft Biman does several kinds of insurance, which are as follows:

I. Hull all risk and spars:
Against 30 lacks 1% is general insurance.

II. Hall detective able:
For Hall detective able Biman does 99% foreign insurance

III. Hall liability premium:
Another kind of aircraft insurance is Hall liability premium. Here the Biman pay the Aircraft insurance for three reasons:

1) passenger and baggies liability
2) Third party

Here third party means, if aircraft go down in another place and then the insurance is given called third party

3) Aircraft departure

IV. Hall war:
For war, if any Aircraft face any kind of problem and get damage then for that it need to be given the insurance, which call Hall war insurance.

V. Hall liability aviation (AVN52E):
Hall liability aviations are the mixture of all kind of insurance.

VI. AVN war, Hijacking and other perils access liability.

Passenger:
Biman does the insurance for their passengers. Basically who are the customers for Biman.

Handling:
For all kinds of handling work Biman does the insurance for their safety.

Ticket services:
Another kind of insurance Biman does for ticket services. If, in future any kind of ticket is not given or seen any crisis with the ticket then for their safety Biman does the insurance for ticket.

Cash in hand:
One of the most important things is cash. Because without any cash no one can does anything. So, it should need to be do insurance against cash. For cash Biman does four way of insurance. They are as follows:

I. Insurance for cash in transact
II. Insurance for cash in hand
III. Insurance for fidelity
IV. Burglary insurance.

Motor vehicle:
There has another kind of insurance that is motor vehicles, which determine the motor transport insurance. Here motor vehicles mean all kind of motors that give the services to Biman in the indoor (Airport) or to the outdoor (for employer or employs).

Life insurance:
Life insurance is given to the employs. In every month from every employs Biman give some sort of money for insurance and it depends on basic. Like: 600000, 500000, and 400000

Marine insurance:
Biman also use Marine for their customer services. For any kind of need Biman serve by the help of Marinn and for reduce some risk they does insurance.

Frig, flood, cyclone, earthquake insurance:
Last but not least, another kind of insurance is Frig, flood, cyclone, earthquake insurance.

There has another two kinds of insurance. They are in the following:

I. Foreign station insurance.
II. VVIP Flight Insurance

Foreign station insurance:
Biman has foreign station in another country. And so that for their Foreign station Biman does some insurance. They are as follows:

I. Fixed asset insurance
II. Employer insurance
III. Cash in hand insurance
IV. Transport insurance
V. Burglary insurance

VVIP Flight Insurance:
Biman does VVIP Flight insurance for Prime Minister or any kind of VVIP person.

Biman does in two ways insurance with some insurance company. One does with international company and another is done by national company.
International companies are:

I. AON lead insurance
II. MARSH

III. WILLIS e.t.c.

National companies are:

I. General insurance (JIBON BIMA)

These international companies give 99% insurance backups. And on the other hand general insurance give only 1% support.

7.0.0 Cost and budget:

Budget:

The directors of Biman Bangladesh Corporation administrate the budget on revenue expenses, which are: fixed pay, house rent, other fixed allowance, OT and meal allowance, other floating allowance, outstation allowance, local conveyance, postage telegram, office equipment, stationary and printing, entertainments, service hired, laundry, computer rental and other expense.

Biman Bangladesh does project their budget on some step. At first they find out the actual expenses and after that they estimated the expenses. Then the two budgets add and figure out the total estimated expenses. And finally they revised the budget and projected the budget by the HEAD OFICE. After figure out the final projected budget they again estimated the budget for the next year by the station and also projected the budget by the HEAD OFFICE.

Cost:

The maximum cost of Biman Bangladesh Corporation is fuel cost. Biman pay 50%of their cost for fuel. Biman price this fuel cost for Aircraft Flight LOG. The cost also estimated for Traffic Load summary (TLS). After that they determine the total cost. In total cost Biman pay in three ways of their cost like: Resonal, International and the third one is for Domestic. Biman find out the Block cost which is for one month. Block cost means when the carrier starts and landing to end.

They figure the cost in a several ways:

- ✓ Registration wise
- ✓ Flight wise
- ✓ Aircraft wise

- ✓ Area wise
- ✓ Route wise (two or more sector make one route)
- ✓ Sector wise

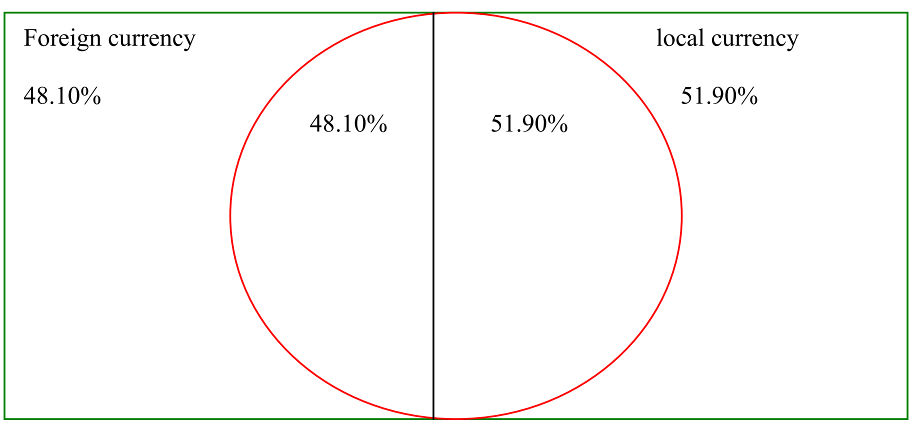
What Biman does for fuel cost:

- ➢ Biman use exchange rate for their fuel cost
- ➢ Aircraft wise fuel consumption and cost
- ➢ Area wise fuel consumption and cost
- ➢ Fuel cost in local and foreign currency

Example:

Type of aircraft	local currency	foreign currency	total cost
DE10-30	505297067.03	602379278.77	1107676345.80

Biman use fuel 51.90% for local currency and rest of 48.10% is for foreign currency.



- ➢ Route and Aircraft wise fuel consumption and cost
- ➢ Station wise fuel consumption and cost
- ➢ Fuel price : Fuel price for June2008 is 1USD=69.4tk

The total carrier of Biman Bangladesh Corporation is:

- DE10-04
- Airbus-02
- F28-03
- Bowing-02

Summery of budgeted profit and loss accounting:
(Including BIMAN, BFCC, BPC)

particulars	Budget 2008-09	Rev.budget 2007-08	Org. budget 2007-08	Act. Budget Jul’07-Dec’07	Provisional 2006-07
Revenue expenses	404726.97	307298.43	285701.52	153046.89	246366.64
Expenses	398201.95	317118.58	340594.69	142454.01	273583.75
Profit/(loss)	6525.02	(9820.15)	(54893.17)	10592.88	(27217.11)

Summery of cash budget:

particulars	Budget 2008-09	Rev. budget 2007-08	Org. budget 2007-08
Total cash available	57925.82	45678.41	(21052.55)
Total uses of cash	29801.19	31079.50	61894.92
Net cash surplus	38258.00	25000.00	(82947.47)

Balance sheet: for the year 2006-2007(provisional):

Total capital - 53422.60
Reserve - (57245.13)
Long term liabilities - 169642.59
Assets - 43405.42
Other long term assets -169642.59
Current assets - 109056.59
Current liabilities - (89025.37)

The government will decide whether or not to allow low-cost airlines to operate international flights from Zia International Airport as most of them, sensing good business prospects, have shown keen interest in carrying passengers from Dhaka.

8.0.0 Asset section:

In this section capital expenditure is shown. This sector is control by the Central Purchase Committee (CPC). GM is the head of this sector who control the store and purchase department. And of course all kind of assets are verified by this sector.

In this section deal with five categories of assets:

- ✓ Land building and hanger
- ✓ Aircraft equipment
- ✓ Operating ground equipment
- ✓ Other ground equipment
- ✓ Spare routable

On the other hand this section does the deprecation exercise of all assets particulars of Biman Bangladesh Corporation.

9.0.0 Annual Deployment Plane (ADP):

There has a Lot of important job that done by this sector.

- They open LC
- They do every step for payment of import and also do every procedure that related to the import. Such as: invoice, bill of lading, certificate of origin e.t.c.
- They do the getting loan procedure
- They also make sure about the loan repayment procedure
- This sector also do the loan interest repayment procedure
- They keep the report of Government refund
- They keep the report of share capital
- This sector keep the report of foreign refund
- All kinds of work procedure done for ADP
- They also monitoring the fund position

10.0.0 Disbursement sector:

In this sector Biman pay two ways. They are in the following:

I. Fund payment:
   - Biman management does the prepayment procedure
   - Here done the job of cash and banking
   - And also keep the record of pity cash

II. Local payment:
   - They do the foreign payment
   - Section bill payment by locally
   - Construction bill

Biman has 24 sections. The all sections are getting the expenditure from them after the end of the month. After that they give the monthly payment and after 12 months they do one year fiscal account. D-15 is one of the disbursement sectors. In this sector made the station disbursement report where all data are come by D-15.

The sample of station disbursement report:

Serial no:	pay voucher no:	date	amount
01	001-78	17\02\07	150000

With approve if any one cheque seems to be wrong information then it will take the charge by him or her who did it.

<u>11.0.0 Central purchase committee (CPC):</u>

There have three kinds of CPC. In this section the committee decides the purchase policy for Biman. The three CPC are in the following:

- ✓ CPC 1
- ✓ CPC2
- ✓ CPC3

CPC1:

CPC1 involve with amount 10000000tk above. If any kind of thing is need to be purchase then this section will deal. Normally this sector involve with huge amount of money.

CPC2:
Basically CPC2 is formed for store item. Such as: spears, parts, computer items e.t.c.
CPC2 work for amount 10000tk to 5000000tk.

CPC3:
CPC3 is based on project and works. It determines the cost of building, road maintain, electricity, water pump etc.This sector involve with 5000000tk – 100000000tk.

The committee members are:

- ✓ Director Engineer and stores – Chairman
- ✓ GM store and purchase - Member
- ✓ DGM (Finance Director) – Member
- ✓ Concern Director – up to manager
- ✓ Manager/Asst. Manager – Mamber

12.0.0 Store accounts section:

There has three sector related with store accounts sections. The sectors are as follows:

1. Store accounting
2. Engineering accounting
3. and Cru payment

Store accounting:

This sector work for foreign purchase sector. Foreign purchase store section buys the Aircraft and other equipment form foreign. After that this section do bill to the Biman.

Work of store accounting:

I. This sector do ready the purchase order
II. After that foreign purchase store section give the proposal and also give the tender
III. If the proposal is approval then they buy the product
IV. Give the payment by LC or cash.
V. After all job are done then this sector do ready the receive voucher
VI. After that they get the receive voucher and also get the document of purchase.
VII. Finally they cheek it.

Engineering accounting:

This sector do very important roll for accounting. Basically in this sector do the several main jobs, they are:

1. Aircraft maintains cost
2. Fuel maintains cost
3. Labor cost
4. Parts of machinery cost
5. Ground service equipment cost
6. Handling cost

Engineering accounting keeps the record by the Management Accounting Engineering Store.

Cru payment:

Actually crus are paid the salary by hourly. With the actual salary also add overtime, meal, allowance etc. Above amount of 10000tk will give to the cru by cheque not in cash. Normally Biman paid the payment by two ways. One is by local currency and another is by foreign currency.

Another two ways to pay bill to the cru or captain:

Cru Voucher:

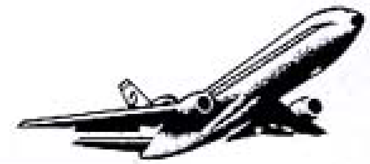
- ✓ Variance allowance by agreement which is given by US dollar

Cash payment:

- ✓ Under this section given the bill to Captain, Ground Engineer, Cabin cru, first officer. This bill will be by BDT or US dollar.

13.0.0 Station ZIA:

Station ZIA is deferent sector from Biman head office. In this section basically do the revenue and the disbursement job. In this section there has no agency counter.



Work that done in ZIA:

- Sales counter: sales the tickets to the employee only
- Excess baggies charge are given by this section
- Revenue one to revenue nine in work done by this sector
- Invoice collection
- Ground support equipment service
- V.I.P service

There has open another new section, which is Bangladesh Airlines Airport Services (BAAS). On the other hand Biman pay under Civil Aviation Authority of Bangladesh (CAAB).

Biman Bangladesh Corporation employee's "Pension and Trust":

Biman Bangladesh Corporation employee's pension fund was established in 1988-1989 under the auspices of Biman Bangladesh Corporation and its employees. Main initiative was taken during the year 2001. Board of trustees was formed to look into all assures of the fund. Board of trustees has six members. The fund constituted from contribution all expenses relating to this fund are bourse by Bangladesh Biman Corporation.

Biman Flight Catering Center (BFCC):

Biman has non-aviation enterprises, one of which is the Biman Flight Catering Centre (BFCC), a wholly owned subsidiary of Biman Bangladesh Airlines which was set up in 1989. The BFCC provides Biman's in-flight meals and is one of Biman's profitable operations, supplying food to British Airways, Qatar Airways, Dragonair, Uzbekistan Airways and Iran Air, along with casual orders from other airlines operating into Bangladesh.The BFCC consumes 90% of the eggs and chicken from the Biman Poultry Complex, another profit-making subsidiary of Biman formed in 1976 and put into operation in November 1980 to rear poultry at farms in Dhaka. Bird flu was detected at one of the farms in March 2007, and many of the birds were culled.This was the first incident of bird flu in Bangladesh.

Biman Flight Catering Center (BFCC) gets the revenue from:

- Biman
- Foreign Air (casual)
- United Nation (UN)
- GMG
- Best Air so on.

Operating revenue of Biman Flight Catering Center (BFCC):

1. Sales to Biman Bangladesh Airlines
2. Sales to local airlines (such as: GMG,Best Air)
3. Sales to Foreign Airlines
4. Miscellaneous catering sales (cash)
5. Bakery sales to staff

Operating revenue of BFCC from others sources:

1. Sales of leftover
2. sales of garbage
3. sale of tender schedule
4. penalty
5. interest on bank deposit
6. Auction or sale on car
7. Training fee

Operating expense of BFCC:

1. Meat/poultry items
2. fish items
3. vegetables items
4. Grocery items
5. Dairy items
6. Fruit items
7. Procurement during the year:
   i. Opening year (+)
   ii. Closing year (-)
8. Office equipments
9. Raw materials
10. Insurance

Dhaka Bolaka Office (DBO):

Biman Offices:

Biman Bangladesh Airlines has 13(thirteen) branch offices in Bangladesh and 28(twenty eight) branch offices world wide.Their Head Office is in Dhaka, the capital of Bangladesh.

Using their own network system, Biman Bangladesh Airlines makes all contacts, bookings and other communications among all branch offices. They also provide their network to their authorized travel agents. Recently they are making plans to improve all of their communication systems for better service.

In this section all of work has done by same way like HEAD OFFICE of Biman Bangladesh Corporation. The finance and the other accounting system are also related with the HEAD OFFICE. The operating system of this section linked with computer management operating system, which is controlled by the HEAD OFFICE of Biman Bangladesh Corporation.

Biman Cargo:

Biman also operates a cargo service using the cargo holds of its passenger aircraft to ship freight to international destinations. It has established a Cargo Village at Zia International Airport where the cargo is packaged and labelled before being loaded onto its aircraft.

While the air cargo industry in Bangladesh grew by 16.5% in the fiscal year 2003–04, Biman's cargo operations remained stagnant when private operators such as Bismillah Airlines, Best Aviation and Air Bangladesh. The private operators increased their share of the cargo market by 10.6% and were responsible for handling 24% of the total 99,000 tons of cargo at the expense of both Biman and foreign airlines which saw a reduction in their shares by 4.6% and 6% respectively. Foreign airlines handled 47% of the total cargo with Biman taking on the remaining 29%.

As with its passenger service and management, corruption has also been rife at Biman Cargo. An investigation in 2004 uncovered irregularities in a number of Biman's Middle East operations which deprived the government of millions of dollars in revenue. Biman officials in Dubai were found to have been "extending special privileges" to the main freight handler in exchange for bribes. Smuggling of foreign currency and gold bars is reported to have taken place at the Biman Cargo Village by Biman and CAAB employees. A number of arrests were made but the perpetrators evaded punishment through lack of evidence and pressure from the CAAB union.

Central Accounting Section:

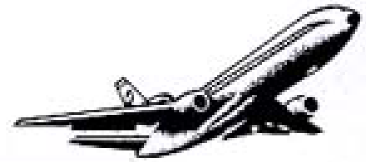
Central Accounting Section has a lot of responsibilities to do. The duties and responsibilities are as follows:

I. To supervise the work and performance of the staff
II. To receive Audit Report from the Govt. Commercial Audit in connection with domestic and foreign station
III. To collect reply from concerned Dept./Sec./Stn. And compile the same for submission to the Govt. audit
IV. To make correspondence
V. To prepare Income Tax Return
VI. To assist A.M. (Accounts) in preparing final accounts and balance sheet of every year
VII. To attend audit parties
VIII. Any other job assigned from time to time.

Civil Aviation Authority of Bangladesh (CAAB).

Civil Aviation Authority of Bangladesh (CAAB) Prior to that he'd held various posts in the Bangladesh Air Force.

Following the privatisation, an initiative was launched by ex-Biman employees, who left the organisation via the VRS, to set up a competing airline.Names proposed for the airline included *Air Bangla International*, *Biman Employees Airlines* and *Balaka*.They were joined by previous managing directors of Biman, along with the former president of the Bangladesh Airline Pilots' Association.



Biman's Dilemma:

Biman is obliged, by legislation, to priorities national interest over commercial ones, and not to be a purely commercial airliner. The government is exercising the power as given by the ordinance in its activities. In this context, the government is utilizing Biman to render services for the nation, e.g. operating government VVIP flights, relief flights and hajj flight, and carrying Perishable items at cheaper rates. In practice, the government is, on the one hand, receiving these services from Biman, but, on the other, creating an environment which dictates that Biman should run itself on its own finances by making profits. While it is passing through the most difficult period in terms of a financial crunch in its history of 35 years, to judge Biman's performance on Profitability alone, without giving any consideration to the wider service it has rendered for the national interest and at the behest of its owner, would not only be biased and partial, but also a great travesty of justice. Due to this dilemma Biman cannot operate itself distinctively either as commercial organization or as Service organization.

Hajj flights:

The annual Islamic pilgrimage to Makkah Al Mukarramah for the Hajj is undertaken by thousands of Bangladesh's predominantly Muslim population. Biman has been the sole Bangladeshi airline permitted by the government to provide flights for pilgrims. Every year, the commencement of these flights is inaugurated by high ranking government officials including, at times, the Prime Minister.

In 2002, the government opened the service to private operator Air Bangladesh. The initial private flights were plagued with delays, with both outgoing and return flights postponed for as long as nine days, which caused the Bangladesh government to return the Hajj flights' monopoly to Biman.

In June 2007, the caretaker government approved a three-year Hajj policy aiming to alleviate the problems encountered during the previous two years. Hajj flights would also begin leaving from Bangladesh's two other international airports, Shah Amanat International Airport and Osmani International Airport.Biman put out a tender for the wet lease of two aircraft for additional Hajj flights and reached an agreement with Phuket Air. However, the deal fell through in August 2007 after Phuket Air demanded advance payment of 30% instead of the previously agreed 10%.Ausban Aeronautical Services of Australia was selected next, following a re-tender, to fill the gap left by Phuket Air

<u>Current Fleet:</u>

As of 4 November 2008, the fleet consists of 14 aircraft including two leased Boeing 747 Classics and two leased Boeing 737-800.Biman also have confirmed orders for 10 aircraft from Boeing, including four Boeing 777-300ER, four Boeing 787 Dreamliner and two Boeing 737-800 along with 10 purchase rights.

Biman Bangladesh Airlines

Aircraft	Total	Passengers (First/Business/Economy)	Routes	Notes
Airbus A310-300	3	221 (25/198)	International	One aircraft recently returned to lessor.
Boeing 737-800	2 (2 orders) (2 options)	189 (-/189)	Domestic/Regional	Leased from Pegasus Airlines Orders to be delivered in 2015
Boeing 747-200	1	542 (16/526)	International	Leased from Kabo Air
Boeing 747-300	1	512 (30/482)	International	Leased from Orient Thai Airlines

Boeing 777-300ER	(4 orders) (4 options)	451	International	Entry into service: 20134 to be leased 2009–2010 but 2 may join in late 2008
Boeing 787-8	(4 orders) (4 options)	294	International	Entry into service: 2017
Fokker F28 Mk4000	3	80 (-/80)	Domestic/Regional	Exit from service: 2015 Replacement Aircraft: Boeing 737-800
McDonnell Douglas DC-10	4	274 (30/244)	International	Exit from service: 2012–2015 Replacement Aircraft: Boeing 777/787

<u>Lacking or problem with Biman Bangladesh Corporation:</u>

1. Lack of Authority and Accountability of the Executive Body
2. Lack of Aviation Experts in the Authoritative bodies
3. Political Influence
4. Corruption
5. Corruption in Purchase and Lease of Aircrafts
6. Corruption in repair and maintenance
7. Corruption in tender process
8. Corruption in buying tickets and reconfirmation

9. Problem of Human Resource
10. Lack of Planning
11. Poor Financial Situation
12. Flight Schedule Delay
13. Operating Flights with Old Aircrafts
14. Various Kinds of Aircrafts leading to Higher Operating Cost
15. Poor Quality of Customer Service

Biman Bangladesh Airlines aims to significantly reduce its FY08 losses:

Biman announced (30-Jul-08) it expects its losses for the 12 months ended 30-Jun-08 to be six times lower than provisional estimates. Coming from a USD40 million net loss in its FY07, the carrier expects to narrow its losses to USD12 million for the FY08.

Amadeus ties up with Biman Bangladesh Airlines for e-ticketing:

Bangladesh / Singapore (Asia Pacific) 12 April 2007:

Amadeus, a global leader in technology for the travel and tourism industry, today announced the the launch of electronic ticketing with Biman Bangladesh Airlines, the national carrier of the People's Republic of Bangladesh. The move will see greater ease and convenience for passengers booking flights on the airlines via travel agents.

Amadeus is delighted to be the first Global Distribution System (GDS) provider selected to work in partnership with Biman Bangladesh Airlines, and assist them in their transition to a paperless ticketing system. Pressed to comply with the year end deadline set by International Air Transport Association (IATA),

Essentially, e-ticketing has been rapidly gaining recognition for its ROI by many airlines across the globe. Through the elimination of paper usage, it offers greater flexibility to passengers and travel agents, especially changes are to be made to the itinerary. Furthermore, it helps remove unnecessary processing charges that is otherwise essential for traditional tickets.

Boeing, Biman Bangladesh Airlines Sign Deal for 777s, 787s:

Biman Bangladesh Airlines and Boeing today announced the airline's order for four 777-300ER (Extended Range) and four 787-8 Dreamliner airplanes at a signing ceremony in Dhaka, the capital of Bangladesh.

The order for new Bowing airplanes represents a major step forward in the airline's reorganization and growth plans. The airline also has purchase rights for four 777s and four 787s.

Biman needs modern, fuel-efficient and reliable airplanes to move forward with our expansion and better serve our country's growing travel needs. Biman currently connects Bangladesh with 18 countries around the world, and has agreements in place that will allow it to serve a total of 42 countries as it implements its growth plan.

Biman wants to procure 10 new Generation Aircraft:

Bangladesh Biman will renew its effort to procure at least 10 new generation aircraft worth more than US$ 1.0 billion to upgrade its age old fleet. The state owned national flag carrier that is facing acute shortage of aircraft and struggling to maintain its international and regional schedules. Biman will propose to buy eight Boeing and two Airbuses. The Boeing will be operated in the international routes and the Airbuses in the regional routes. Biman has already cut its manpower by more than 2000 as part of its restructuring process to reduce the losses it incurred in the last couple of years. At present, Biman has a fleet of 12 aircraft and of them, eight aircraft are in operation while one remains idle and three undergoing routine maintenance. It lost two aircraft due to accident in the last three years and has to suspend some of it international and domestic routes. The airline has identified the fuel-guzzling over-aged fleet as one of main reasons behind its perennial losses.

<u>Conclution:</u>

The caretaker government has decided to turn Biman Bangladesh Airlines into a public limited company under a re-structuring plan to turn the huge loss incurring national airlines into a profitable organization. The government's restructuring plan is likely to cut Biman's existing 6,838-strong manpower to half. The government is thinking about making the national airlines profitable by turning it into a public limited company. But the government will own hundred per cent share.

Biman should make a phased fleet renewal plan. Biman should develop and adopt a coping strategy addressing the market need. Leasing will reduce immediate capital requirements and will allow Biman to have flexibility in capacity which means that the airlines can scale-up or scale-down available seat capacity according to the market trend.

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