

Financial
Year
Ending
December
31, 2015

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2015

The basic Guide line for closing the books of accounts, preparation and submission for Audit.

Accounts
Closure guide



“Approach the year end Professionally” with
Nasser Auditing Services and Business Management.

- ❖ **All the transactions, till December 31, 2015, are to be entered/ recognized.**
 - ✓ Sales invoices/Income vouchers are to be raised for all deliveries of goods/services rendered before December 31, 2015.
 - ✓ All the income for the year accrued, is to be accounted, though the payment is not received.
 - ✓ Payment vouchers, Receipt vouchers are to be prepared and booked for all cash transactions done up to the close of the year.
 - ✓ Purchase account should be updated with all goods received, whether paid or not. The goods in transit from the supplier on FOB basis or on account of the Company for which liability for payment has risen, are also to be brought into account as ‘Goods in Transit’.
 - ✓ All expenses for the period up to December 31, 2015, are to be booked, whether it is paid or not. Telephone, Water & Electricity, Salary, and other expenses for the month up to December are to be booked as expenses and the liability to be created for the outstanding dues.
 - ✓ Prepayments of expenses like Rent, Insurance, License fee etc are to be transferred from Expenses account to prepaid expense as current assets, to comply with the matching concept and accrual base of Accounting.
 - ✓ Staff end-off service benefits, air tickets and other benefits payable for the year are to be brought in to accounts.
 - ✓ Reconcile the following accounts,
 - Bank Balances
 - Cash Balance
 - Loans and Advances with banks and financial institutions
 - Inter Company transaction with Branches and other related companies.
 - ✓ Conducting the Physical verification of
 - Trade stock- the detailed points to be noted is attached in Page 3 and 4.
 - Consignments stock,
 - Capital Assets- All of the Assets with Schedules
 - Cash,
 - Stationery.. Etc, if any.
 - ✓ Please find the Excel Sheet named “Yearend Close- Process- Checklist”, please fill up the starting date, Activity Owner and Activity Signoff and please submit it on each day end from the kick off date.

GUIDELINES FOR STOCK VERIFICATION AS AT DECEMBER 31, 2015

The company's stock (viz. Raw materials, Packing Materials, Stores and Spares, Work-in- Progress and Finished Goods manufactured/ purchased) will be physically verified as at December 31,2015 by the Company at all its locations including stock lying at warehousing units. The above-mentioned stock-take is conducted for purpose of preparing financial statements of the Company.

Representatives of auditors, **M/s. Nasser Auditing Services and Business Management** would be observing the stock take. They are expected to be present at all factory and other major stock locations. It is important that actual verification of stocks be carried out by the company's personnel in their presence.

- i. The printed stock statement with code number should be serially numbered and any item not appearing in the stock statement should be entered in the additional sheets, which should also be given a serial number.
- ii. Cut- offs details of all stores documents like Inward Material Report (IMR) Requisition Slips, Delivery Challans as well as invoice number and Delivery Order etc. should be listed by each location before the stock-take begins and these documents should be verified by our auditors. All cut-offs are required to be listed (soon after completion of the dispatches) on December 31, 2015 as far as warehouses and other stock selling locations are concerned. As regards factories, cut-offs should be listed /available upon completion of the last shift of December 31, 2015. Representatives of auditors will be present to verify the said cut-offs, on December 31, 2015, at all locations.
- iii. During the course of the stock-take at any location, there should not be any movement either within the same location or from one company location to another company location. Movement would mean both "in" and "out".
- iv. The verification should start from one end of the stores to the other end of stores, so as not to leave out any of the materials. As far as possible a particular item of stock should be kept at one place. Staff responsible for the count is to ensure completeness of the stock-take for all items on hand even though a type of stock is lying at different locations.
- v. During the verification, the verifier should take adequate care to note down the expiry date goods/rejected by stockiest pending raising of credit notes/breakages etc. A separate listing of each of such stocks should be prepared by physically verifying.
- vi. No alteration in the stock statement should be made. In case of any genuine circumstances, if any alteration is required, the same should be made by circling the original details and rewriting the correct details with authorization of the correction by a responsible person other than the person who is counting the stocks.

- vii. When the stock take is finished, the person responsible should, together with representatives of auditors, wherever present, should take a visit of the location to ensure that no stock has been left out of counting. Movements in stocks should be resumed only thereafter.
- viii. After completion of verification of stocks, the same should be compared with the book records. Any excess/ shortage should be calculated with the book balance. In no case the physical quantity should be changed.
- ix. Once the book balance is entered on physical verification sheets, necessary care should be taken to mark there on “slow moving/ non-moving or obsolete stocks” and with narration under remark column.
- x. Any material lying with us on behalf of third parties should be segregated and not to be included in the company’s physical inventory. However, these items require to be counted and listed separately.
- xi. Any stocks (Finished Goods) received on January 1, 2015 onwards should not be considered for inventory.
- xii. All the copies of stock verification sheets should be signed by the verifier and counter signed by the concerned storekeeper. One copy of stock verification should be given to the storekeeper for his records for furnishing the reasons for excess/shortage. The remaining copies should be sent to Head Office- Accounts Department.
- xiii. In case of any possible non- compliance of these instructions, prior discussion/ approval is required from the Chief Internal Auditor/ Manager, Accounts/Responsible Persons.