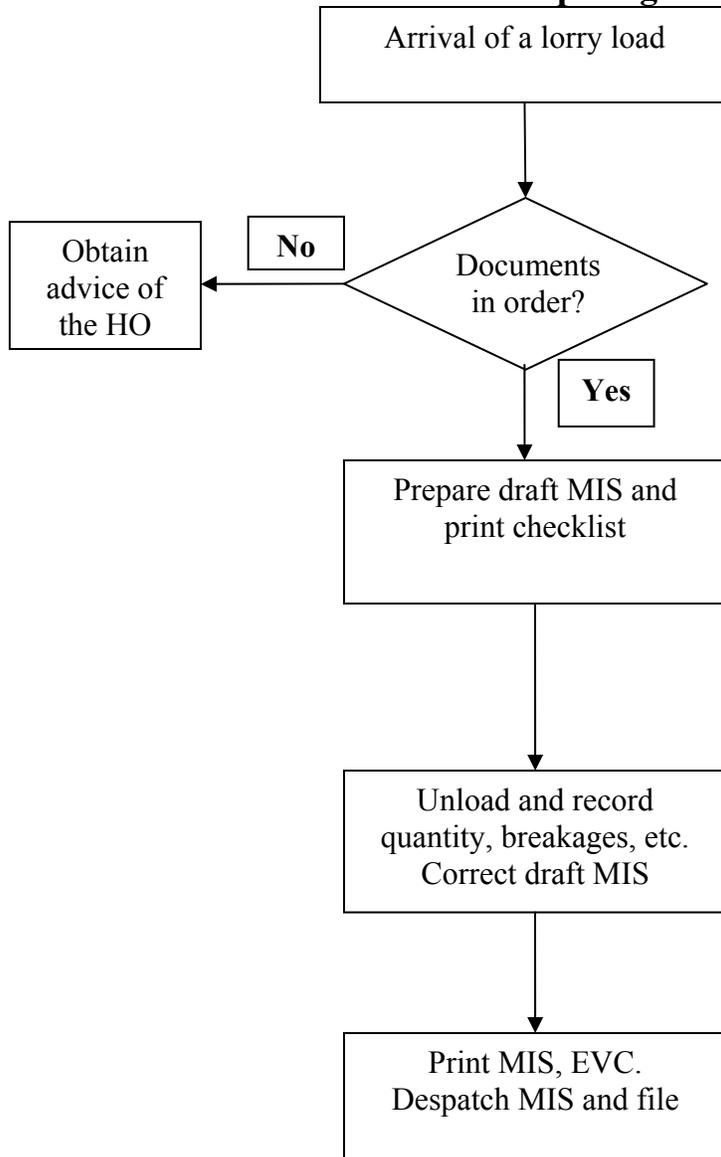


# **Receipt of goods from suppliers**

## Process flow for receipt of goods from suppliers



## 1.00 Objective

To document receipt of goods from suppliers.

## 2.00 Scope

To be followed for each sales invoice received from the supplier.

## 3.00 Procedure

3.01 Verify the documents submitted by the supplier. The supply shall be accompanied by

- (i) sales invoice of the supplier clearly quoting the reference number of the Order for Supplies (OFS);
- (ii) a copy of the OFS quoted in the sales invoice;
- (iii) a copy of the Transport Permit issued by the Excise department;
- (iv) a copy of the lorry receipt; and
- (v) details of duty paid for dispatch of goods.

3.02 In the absence of any of the documents, do not unload the supply.

3.03 Confirm that the OFS is signed by the Executive Director or the General Manager (Operations).

3.04 Verify that the manufacturer has raised one sales invoice for each OFS.

3.05 Confirm that the rates indicated for the items dispatched are the same as in the OFS. No other charge like permit fee, etc shall be allowed.

3.06 The supply should have been received in the depot before the expiry of the validity of the OFS. In case the validity of the OFS has expired, request the Head Office for extension of validity, synchronise and proceed.

3.07 If any other condition in the checklist is not satisfied, obtain permission from the Head Office to waive the requirement. Quote permission details in the narration column in the checklist.

3.08 Prepare a draft Material Inward Slip (MIS) to include all the items shown as dispatched in the sales invoice.

3.09 Print checklist and proceed for unloading.

3.10 The checklist, recording the time and date of preparation, acts as an unloading slip and forms an important document for verification at a later stage. Hence **do not resort to unloading without the checklist.**

3.11 Confirm that the manufacturer has furnished details of excise label numbers of the bottles on the carton box (as a sticker or a rubber stamp) in the following format.

Supplies to the RSBCL	
Name and address of the distillery	
Excise adhesive label numbers	
From	
To	

3.12 If the supplier consistently defaults in furnishing these details inform the Head Office and seek instructions.

- 3.13 Unload items. Note down the actual items received, their quantity, the number of broken bottles and their excise label numbers and the number of missing bottles in the consignment (and if available, their excise label numbers) in the checklist.
- 3.14 In case of doubt, and/or for brands that exhibit a substantial transit/storage loss, open the boxes and take delivery.
- 3.15 The checklist is to be signed by the person unloading the consignment and the depot manager.
- 3.16 Obtain the signature of the transporter (the lorry driver) in the draft checklist as a token of acceptance of the number of broken/missing bottles.
- 3.17 Report any abnormal increase in transit damages to the Head Office.
- 3.18 Segregate broken bottles and separate the neck of these bottles and store them appropriately for verification. For this purpose, the depot shall have separate drums/containers prominently marked (like Transit Damages 180 ml etc.), where the necks of bottles are separated and stored.
- 3.19 The glass scrap and the neck shall be disposed off as detailed in the chapter on *Accounting for transit/storage losses*.
- 3.20 Reopen the draft MIS. Make corrections to capture details of the actual items received, their quantity and the excise label numbers of broken and missing bottles (except for beer).
- 3.21 In case of imported items directly received, this may be skipped. Arrange for sticking excise label numbers immediately.
- 3.22 Though the quantity column in the MIS as seen in the screen displays the total quantity ordered in the OFS, the quantity received in good condition alone is reckoned and the supplier is credited for the good quantity automatically by the system.
- 3.23 Convert the draft MIS into a final MIS, print three copies and sign them.
- 3.24 Note down the MIS number on the checklist for reference.
- 3.25 Print Excise Verification Certificate. Obtain the signature of Excise officials.
- 3.26 Despatch the first copy of the MIS to the supplier to the address in the invoice and the third copy to the Head Office.
- 3.27 File all documents (generated documents –checklist (with corrections), second copy of the MIS and excise verification certificate and documents received – copy of OFS, sales invoice, transport permit lorry receipt and duty paid details) in a proper order.

#### **4.00 Authorisations**

- 4.01 Depot managers are empowered to receive if no upward variation / deviation occurs.
- 4.02 All documents to be signed by the person performing the activity and the depot manager.
- 4.03 Any variation/deviation to be reported to GM (Operations). Acceptance of material can be done with variation/deviation only after receiving authorisation from the Head Office.

#### **5.00 Software access procedure**

- 5.01 For preparing a draft MIS and generating a checklist

- (i) Go to Gateway of Tally – Select RSBCL Inventory’s vouchers (T) (see SS 1.01) – Select Material Inward Slip (M) (see SS 1.02) – Select Draft MIS Entry (M) (see SS 1.03).
- (ii) You get the MIS Voucher Creation screen (see SS 1.04).
- (iii) Enter the supplier sales invoice number in the *Ref* column in the MIS Voucher Creation screen. Press Enter.
- (iv) Select the supplier from the pop-up menu. The name of the supplier appears in the *Party’s A/c Name* column (see SS 1.05).
- (v) You get the Party Details screen (see SS 1.06).
- (vi) Enter details in this screen.
- (vii) Select the appropriate OFS from the pop-up menu (see SS 1.07).
- (viii) Enter all details in the Party Details screen.
- (ix) You get the MIS Voucher Creation screen with items and quantities as ordered in the OFS (see SS 1.08).
- (x) Delete items that have not been dispatched as per the sales invoice.
- (xi) Proceed to the Stock Item Allocations screen (see SS 1.09). Treat all items as Good.
- (xii) The MIS Voucher Creation screen returns. Enter necessary narration (see SS 1.10).
- (xiii) When you accept the entries made, the draft MIS is created (see SS 1.10).
- (xiv) Print (press Alt P) the checklist.

#### 5.02 For correcting the draft MIS and converting into a final MIS

- (i) Go to Gateway of Tally – Select RSBCL
- (ii) InvenTory’s Vouchers (T) – (see SS 1.01) – Select Material Inward Slip (M) (see SS 1.02) – Select Convert to final MIS (M) (see SS 1.11).
- (iii) All pending draft MIS are displayed (see SS 1.12).
- (iv) If the draft MIS pertains to a date other than the current date, it may not be displayed. In that case, press Alt F2 to list all pending drafts.
- (v) Select the required draft MIS. The entire draft appears (see SS 1.13).
- (vi) Make entries to capture details of Good and Damaged quantities. For this purpose, select the items one after another and make necessary changes in the Stock Items allocation screen for breakages and missing items (see SS 1.14). The total quantity in this screen shall be the same or less than as in the corresponding quantities in the OFS.
- (vii) Make necessary entries in the Excise Label Part screen (see SS 1.15). In case of missing bottles, if the excise label numbers are available, then enter details. If not, skip.
- (viii) In case of beer, the excise label part screen does not appear.
- (ix) In case of imported items being received directly, this may be skipped.
- (x) Repeat for all items in the checklist.
- (xi) This completes all data entries and the MIS Voucher Creation screen is reached. The quantity column indicates the total quantity as dispatched; however, the supplier is credited only for the quantity received in good condition.
- (xii) The draft MIS is now ready for finalisation. This can be saved as draft, if any other changes are to be made.

- (xiii) The final voucher cannot be altered. Hence exercise necessary caution before accepting final changes.
- (xiv) Select Yes in the *Convert as Final column* and enter additional narration, if any. Accept the changes and the draft MIS is converted into a final MIS (see SS 1.16).
- (xv) Print (Alt P) the final MIS and the Excise Verification certificate.

## 6.00 Accounting treatment

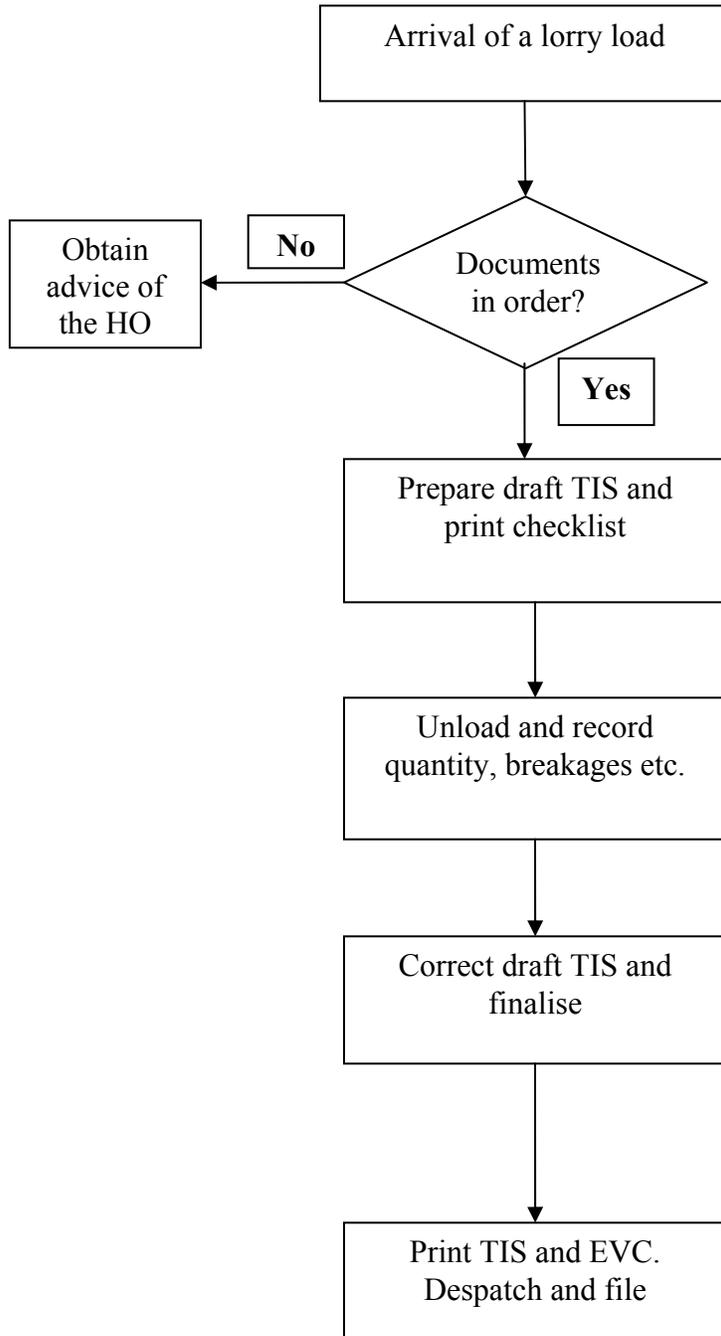
Debit	Credit
Purchases account	Distillery account
(For the value of items received in good condition)	

## 7.00 Internal audit guidelines

- 7.01 Verify filing and dispatch of documents as per procedure.
- 7.02 Confirm that the prescribed procedure has been followed.
- 7.03 All receipts to be supported by OFS (right quantity and validity to be verified).
- 7.04 All receipts to be subject to excise verification.
- 7.05 Item code of the stock taken should be the same as the item code in the OFS.
- 7.06 Rate of the item in the MIS to be in accordance with the rate indicated in the OFS.
- 7.07 Quantity taken to stock (good items) to be in accordance with OFS less broken/missing items.
- 7.08 Supplier to be credited only for the items received in good condition.

## **Receipt of goods from other depots**

### Process flow for receipt of goods from other depots



## **1.00 Objective**

To document receipt of goods from other depots through a Transfer In Order (TIO) issued by the Head Office.

## **2.00 Scope**

To be followed for each TIO.

## **3.00 Procedure**

- 3.01 Verify if the Head Office has placed a TIO for the receipt of material from the depot concerned. If no TIO has been placed, obtain necessary clarifications from the Head Office.
- 3.02 The goods sent by the transferring depot shall be accompanied by
  - (vi) a copy of the Transfer Out Slip (TOS) generated by the dispatching depot;
  - (vii) the Transport Permit issued by the Excise department; and
  - (viii) a copy of the lorry receipt.
- 3.03 In the absence of any of the documents, obtain the advice of the Head Office.
- 3.04 If any other condition in the checklist is not satisfied, obtain permission from the Head Office to waive the requirement. Quote permission details in the narration column.
- 3.05 Prepare a draft Transfer In Slip (TIS) to include all the items shown as dispatched in the TOS.
- 3.06 Print checklist and proceed for unloading.
- 3.07 The checklist acts as an unloading slip and forms an important document for verification at a later stage. Hence **do not resort to unloading without the checklist.**
- 3.08 Unload items. Note down the actual items received, their quantity, the number of broken bottles and their excise label numbers and the number of missing bottles in the consignment (and if available, their excise label numbers) in the checklist.
- 3.09 Separate the neck of bottles and store appropriately for verification. For this purpose, the depot shall have separate drums/containers prominently marked (like Transit Damages 180 ml etc), where the necks of bottles are separated and stored.
- 3.10 Obtain the signature of the transporter (the lorry driver) in the draft checklist as a token of acceptance of the number of broken/missing bottles.
- 3.11 Report any abnormal increase in transit damages to the Head Office.
- 3.12 The checklist is to be signed by the person unloading the consignment and the depot manager.
- 3.13 Reopen the draft TIS. Make corrections to capture details of the actual items received, their quantity and the excise label numbers of broken and missing bottles.
- 3.14 Convert the draft TIS into final TIS, print two copies and sign them.
- 3.15 Print Excise Verification Certificate. Obtain the signature of Excise officials.
- 3.16 Despatch the first copy of the TIS to the supplier.
- 3.17 File all documents (generated documents –checklist (with corrections), second copy of the TIS and excise verification certificate and documents received – copy of TOS, transport permit and lorry receipt) in a proper order.

## **4.00 Authorisations**

- 4.01 Depot managers are empowered to receive if no variation/deviation occurs.
- 4.02 All documents to be signed by the person performing the activity and the depot manager.
- 4.03 Any variation/deviation to be reported to GM (Operation). Acceptance of material can be done with variation/deviation only after receiving authorisation from the Head Office.

## **5.00 Software access procedure**

### 5.03 For preparing a draft TIS and generating a checklist

- (i) Go to Gateway of Tally – Select RSBCL Inventory’s vouchers (T) – (see SS 1.01). Select Transfer Slip (T) (see SS 2.01) – Select Transfer In Slip (I) (see SS 2.02) – Select Draft TIS Entry (T) (see 2.03).
- (ii) The TIS Voucher Creation screen is displayed (see SS 2.04).
- (iii) Enter the TOS reference of the transferring depot in the *Ref* column of the TIS Voucher Creation screen.
- (iv) Select the transferring depot from the pop up menu to appear in the *Party’s A/c Name* column (see SS 2.05).
- (v) The Party Details screen is displayed (see SS 2.06).
- (vi) Enter details in this screen.
- (vii) Select the appropriate TIO from the pop up menu.
- (viii) Enter all details in the Party Details screen (see SS 2.06).
- (ix) The TIS Voucher Creation screen is redisplayed. Against *Alter Transfer initiation details column*, select Yes.
- (x) The supplier’s name, if any, is displayed. Or else, it indicates *Not Applicable* (see SS 2.07). Press Enter.
- (xi) You get the TIS Voucher Creation screen with items and quantities as in the TIO (see SS 2.08). Delete items that have not been despatched as per the TOS.
- (xii) Proceed to the Stock Item Allocations screen (see SS 2.09). Treat all items as Good. Enter the quantity shown as despatched in the TOS.
- (xiii) Enter necessary narration as in SS 2.10.
- (xiv) When you accept the entries made, the draft TIS is created (see SS 2.10).
- (xv) Print (Alt P) the checklist.

### 5.04 For correcting the draft TIS and converting into a final TIS

- (i) Go to Gateway of Tally – Select RSBCL Inventory’s Vouchers (T) – (see SS 1.01). Select Transfer Slip (T) (see SS 2.01) – Select Transfer In Slip (I) (See SS 2.02) – Convert to Final TIS (F) (see SS 2.11).
- (ii) Select the received items to capture details of actual receipt. Make entries to capture details of Good and Damaged quantities. For this purpose, select the items one after another and make necessary changes in the Stock Item Allocations screen (see SS 2.13) for breakages and missing items. The total

quantity in this screen shall be the same or less than as in the corresponding TOS.

- (iii) Make necessary entries in the Excise Label Part screen (see SS 2.14). In case of missing bottles, if the excise label numbers are available, then enter details. If not, skip.
- (iv) This completes all data entries and the final TIS Voucher Creation screen is reached (see SS 2.15). The quantity column indicates the total quantity as transferred; however, the supplier is debited for the quantity damaged in transit. The amount debited may be seen below the transferred quantities with the caption *Damage in Transit* if the transfer is at the instance of RSBCL. Or else, the damages are debited to the supplier.
- (v) The draft TIS is now ready for finalisation. This can be saved as draft, if any other changes are to be made.
- (vi) The final voucher cannot be altered. Hence exercise necessary caution before accepting final changes.
- (vii) Select Yes in the *Convert as Final column* and enter additional narration, if any (see SS 2.15). Accept the changes and the draft TIS is converted into final TIS.
- (viii) Print (Alt P) the final TIS and the Excise Verification certificate.

## 6.00 Accounting treatment

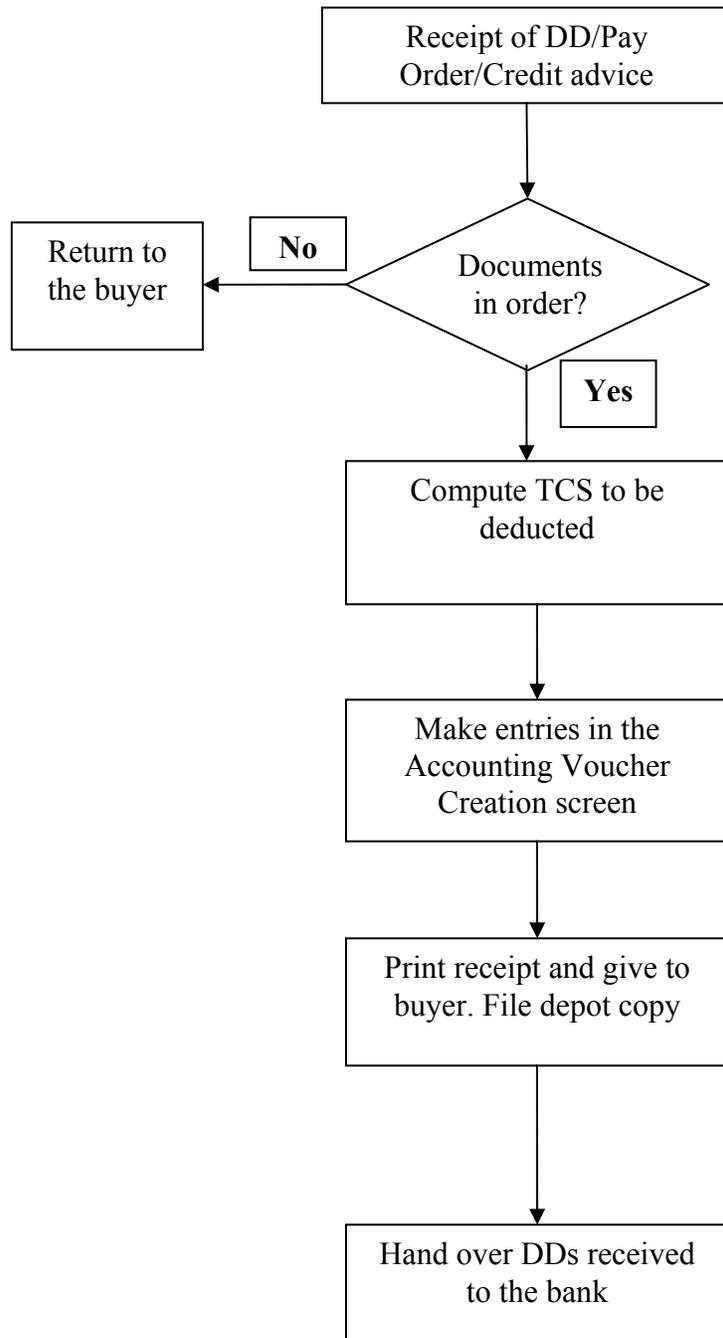
Debit	Credit
Purchases – Transfer account	Depot transfer account
(For the value of items received in good condition)	
Damage in transit account	Depot transfer account
(For the value of items damaged in transit, if the transfer is at the instance of RSBCL)	
Distillery account	Depot transfer account
(For the value of items damaged in transit, if the transfer is at the instance of the supplier)	

## 7.00 Internal audit guidelines

- 7.09 Verify filing and despatch of documents as per procedure.
- 7.10 Confirm that the prescribed procedure is followed.
- 7.11 All receipts to be supported by TOS (right quantity and validity to be verified).
- 7.12 All receipts to be subject to excise verification.
- 7.13 Item code of the stock taken should be the same as the item code in the TIO.
- 7.14 Supplier to be debited for broken/missing bottles during transfer if the transfer is at the instance of the supplier. If not the relevant account is to be debited.
- 7.15 Quantity taken to stock to be in accordance with TIO less broken/missing items.
- 7.16 Purchases account should be debited at the rate adopted for the OFS for that item.

**Acknowledging  
Demand Draft/Bank credit**

### Process flow for acknowledging Demand Draft/Bank credit



## **Acknowledging Demand Draft/Bank credit**

### **1.00 Objective**

To acknowledge and account for Demand Drafts/Pay Orders received from and/or the direct credit made to the bank by a buyer.

### **2.00 Scope**

To be followed for the Demand Drafts/Pay Orders received from and/or the amounts credited by a buyer on a particular day.

### **3.00 Procedure**

#### **3.01** Verify the demand draft presented by the buyer.

- (i) The draft shall not be more than three months old;
- (ii) It shall be dated and signed by an official of the issuing bank;
- (iii) It shall be issued by a scheduled bank. Demand drafts issued by co-operative banks (including DCC banks) or Grameena banks are not to be accepted;
- (iv) The amount mentioned in words and figures shall be identical; and
- (v) The instrument shall not be mutilated and the Demand Draft/Pay Order be payable at the respective places of collection (i.e. where the depot is located; no outstation Demand Drafts/Pay Orders shall be accepted).

#### **3.02** In case of direct credit to the Corporation,

- (i) The challan presented by the buyer shall be the portion of the prescribed remittance challan;
- (ii) The credit shall be certified by the authorised officer of the designated bank;
- (iii) The amount mentioned in words and figures shall be identical.

#### **3.03** Bank branches where direct credit can be made is given in SS 3.01 (I).

#### **3.04** The amount has to be actually credited to the account of the Corporation. Any certification to the contrary (like the amount has been accepted for clearing etc.) is not to be accepted.

#### **3.05** In case of any doubt, telephonically ascertain that the amount has been actually credited to the account of the Corporation.

#### **3.06** Under no circumstance, accept uncleared cheques.

#### **3.07** Compute the amount to be deducted towards TCS. The methodology for computing TCS may be seen in SS 3.02.

#### **3.08** If the buyer produces a certificate in Form 27G issued by the Income Tax Department for collection of tax at a lesser rate or not to collect tax, then the same shall be followed. File such certificates carefully.

#### **3.09** Draw a receipt for the Demand draft received and/or the direct credit made.

#### **3.10** Print the receipt and give the first copy to the buyer and file the other copy for record.

#### **3.11** At the end of the day, print a list of Demand Drafts received in duplicate and verify the instruments available physically.

#### **3.12** A copy of the list and the instruments shall be handed over to the collecting bank and an acknowledgement obtained.

- 3.13 Ensure that the instruments received on a day are picked up by the bank before 7.30 pm on the same day or before 10.00 am on the next day. This is to ensure that the instruments collected on a day get into clearing the next day itself.
- 3.14 Contact the bank if there is any delay in picking up the instruments. Repeated delays should be intimated to Head Office.
- 3.15 Banks authorised to collect Demand Drafts from various depots may be seen in SS 3.01 (II).

#### 4.00 Authorisations

- 4.01 Depot managers are authorised to sign the receipt on behalf of the Corporation.

#### 5.00 Software access procedure

- 5.01 For generating a receipt
  - (i) Go to Gateway of Tally – Select Accounting Vouchers (V) (see SS 3.03). Press F6.
  - (ii) The Accounting Voucher Creation screen is displayed (see SS 3.04).
  - (iii) Select the party remitting the amount from the pop up menu (see SS 3.05).
  - (iv) If a DD is received, in the appropriate screen select No as the option for *Is it a Direct Payment*. Enter details of the DD (see SS 3.06).
  - (v) If the credit is direct, in the appropriate screen select Yes as the option for *Is it a Direct Payment*. Enter details of the credit (see SS 3.07).
  - (vi) Compute and enter the TCS amount. The received amount less the TCS amount is credited to the buyer. The balance is credited as TCS deducted from the buyer (see SS 3.08).
  - (vii) Corresponding debit entries are automatically made by the system.
  - (viii) Details of the DD/direct credit are automatically available in the narration column (see SS 3.08).
  - (ix) Verify the entries. The final voucher cannot be altered. Hence exercise necessary caution before accepting final changes.
  - (x) If the entries are correct, accept. The amount is accepted and accounted in the system.
  - (xi) Print (Alt P) the receipt.
- 5.02 For printing a list of the instruments received,
  - (i) Go to Gateway of Tally – Select RSBCL Reports (V) (see SS 3.09) – Select DD Collection Report (C) (see SS 3.10).
  - (ii) The DD Collection Report is displayed (see SS 3.11).
  - (iii) Print (Alt P) the report.

#### 6.00 Accounting treatment

Debit	Credit
Cheques on hand XYZ bank account	Buyer account
(For the amount received less TCS)	
Cheques on hand XYZ bank account	TCS – buyer account

(For the amount adjusted towards TCS)

**7.00 Internal audit guidelines**

- 7.17 Verify whether filing and despatch of documents are as per procedure.
- 7.18 Verify whether the direct credit is through the specified challan.
- 7.19 Verify that the amount credited to the account of the buyer is as per the DD/challan.
- 7.20 Verify whether the DDs received in the depot have been handed over with a proper acknowledgement.
- 7.21 Look for delays in handing over Demand drafts. If found, report such instances.
- 7.22 Verify if the DDs/direct credits made have been collected and credited to the account of the Head Office at Bangalore.
- 7.23 Report details of DDs/direct credit not credited to the account at Bangalore.

### Methodology for computing TCS

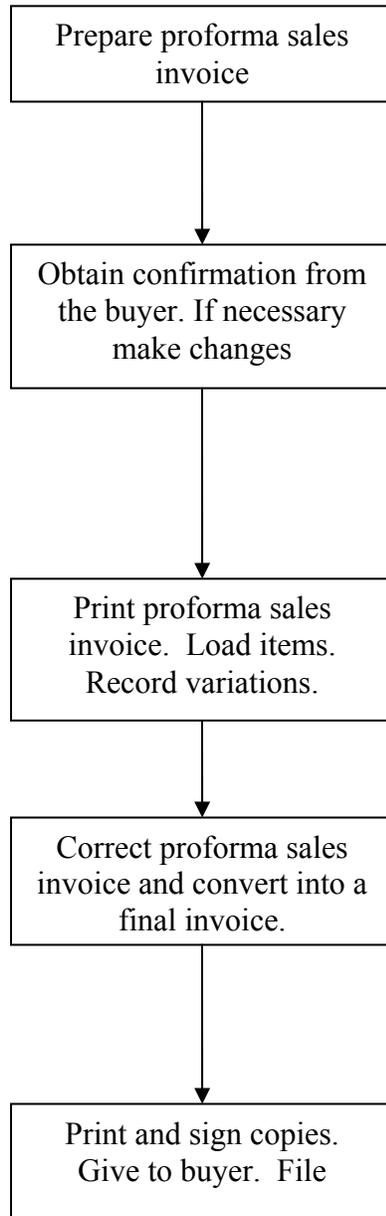
#### I. If the collection has to at the normal rate, i.e. 1.1 percent (including surcharge)

Rate at which tax has to be collected	1.0 per cent of the amount paid
Surcharge	0.1 per cent of the amount paid
Educational Cess	0.02 per cent of the amount paid
Total	1.12 per cent of the amount paid
<b><i>Example :</i></b>	
Amount remitted by the buyer	Rs. 100.00
Tax and surcharge (T & S)	$1.122 * 100 / 101.122 = \text{Rs. } 1.1096$
Goods to be issued	$100 - \text{TS } (1.122 * 100 / 101.122)$ $= \text{Rs. } 98.8904$

II. In case of collection at a reduced rate, the reduced rate (For example say 0.5%) would be replaced 1% above.

**Goods Outwards – sales**

## Process flow for goods outwards – sales



## **1.00 Objective**

To record sales of goods effected in the depot.

## **2.00 Scope**

To be followed for every sale transaction in the depot.

## **3.00 Procedure**

- 3.16** Create a proforma sales invoice. This contains details of items requested by the buyer and indicates the amount that has to be received.
- 3.17** The proforma sales invoice, unless finalised, does not effect the stock and sales transactions. The buyer does not get any right to the stock if he merely has a proforma sales invoice. In other words, the stock is not reserved in favour of the buyer with the preparation of the proforma sales invoice.
- 3.18** Creating a proforma sales invoice does not require any credit balance in the account of the buyer.
- 3.19** Verify the proforma sales invoice and give a print out to the buyer.
- 3.20** Obtain the confirmation of the buyer. If any changes are made, modify the proforma invoice, take a print out and give for loading. Do not finalise the invoice at this stage.
- 3.21** The proforma sales invoice acts as a loading slip and forms an important document for verification at a later stage. Hence **do not resort to loading without the proforma sales invoice.**
- 3.22** While loading, ensure that the stocks received earlier are dispatched first (FIFO principle).
- 3.23** In case of any doubt, allow the buyer to verify the carton boxes at the time of loading (popularly called open delivery). This would avoid claims for damages later.
- 3.24** Under no circumstance, accept claims for damages after the goods are loaded on to the vehicle or after they leave the depot.
- 3.25** Any change at the time of loading (say non-availability of the required quantity of a particular item etc.) is noted in the proforma sales invoice.
- 3.26** The proforma sales invoice is to be signed by the person loading the items and the depot manager.
- 3.27** Confirm receipt of a Demand Draft or availability of funds to the credit of the buyer before proceeding further.
- 3.28** Re-open the proforma sales invoice and enter the changes recorded during loading. Enter details for generating the Transport Permit.
- 3.29** Convert the proforma sales invoice into a final sales invoice.
- 3.30** Print the final sales invoice and four copies of the TP; sign the copies. Issue the first copy of the sales invoice and two copies of the TP to the buyer.
- 3.31** File all documents – the proforma sales invoice with the changes made and the second copy of the final sales invoice and the TP in a proper order.

## **4.00 Authorisations**

- 4.04 The official in charge of loading is empowered to make necessary changes in the proforma invoice and sign the same.
- 4.05 All documents to be signed by the depot manager.

## 5.00 Software access procedure

### 5.03 For generating a proforma sales invoice

- (iv) Go to Gateway of Tally – Select RSBCL Inventory’s vouchers (T) – (see SS 1.01) – Select Sales Entry (S) (see 4.01) – Select Draft Sales Entry (S) (see 4.02).
- (v) The Sales Voucher Creation screen is presented (see SS 4.03).
- (vi) Select the name of the buyer from the pop up menu. The name of the selected buyer appears in the *Party’s A/c Name* column (see 4.04).
- (vii) The Party Details screen is presented (see 4.05). Enter details. However, if details are not available at this stage, this may be skipped.
- (viii) You are back to the Sales Voucher Creation screen.
- (ix) Select No in the *Enter Permit Details* column (see 4.06).
- (x) Enter details of the items that are to be sold. Use pop up menu for item selection (see 4.07).
- (xi) In the Stock Item Allocations screen enter quantities and select *Good* (see SS 4.08).
- (xii) Repeat steps (vi) and (vii) till all items are captured.
- (xiii) Select No as the option against the *Convert as Final* column.
- (xiv) Enter suitable narration (see SS 4.09).
- (xv) When you accept the entries made, the proforma sales invoice is created (see 4.09).
- (xvi) Print (Alt P) the proforma sales invoice. Skip printing of permit.

### 5.04 For entering corrections in the proforma sales invoice

- (i) Go to Gateway of Tally – Select RSBCL Inventory’s Vouchers (T) (see SS 1.01) – Select Sales Entry (S) (see SS 4.01) – Convert to Final Sales (F) (see SS 4.10).
- (ii) Proforma sales invoices that are pending for conversion are displayed (see SS 4.11). Select the appropriate invoice. The proforma appears in the screen. Skip the *Reference* column and press Enter.
- (iii) The Party Details screen appears (see SS 4.05). Complete details in this screen, if not completed earlier.
- (iv) Select Yes in the *Enter Permit Details* column (see SS 4.12).
- (v) The Permit Details screen appears (see SS 4.13). Enter details.
- (vi) The proforma sales invoice appears again. Make entries to capture details of changes in quantities and items. For this purpose, select the items one after another and make necessary changes in the Stock Items allocation screen.
- (vii) This completes all data entries and the Sales Voucher Creation screen is reached.
- (viii) The proforma sales invoice is now ready for finalisation. This can be saved as draft, if further changes are to be made.
- (ix) The final voucher cannot be altered. Hence exercise necessary caution before accepting final changes.

- (x) If finalised, select Yes in the *Convert as Final column* and enter additional narration, if any. Accepting the changes would convert the proforma invoice to a final sales invoice (see 4.14).
- (xi) Print the sales invoice and the excise permit.

**6.00 Accounting treatment**

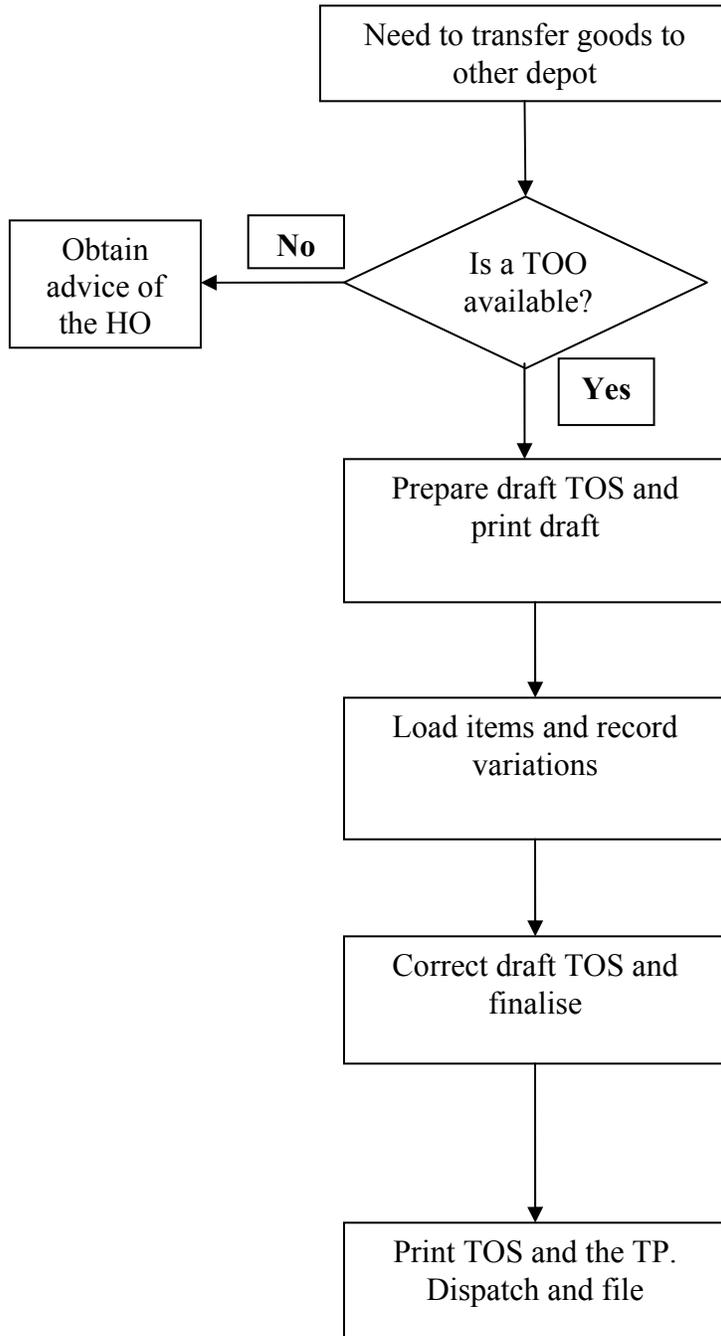
Debit	Credit
Buyer account	Sales account

**7.00 Internal audit guidelines**

- 7.24 Verify filing and dispatch of documents as per procedure.
- 7.25 Confirm that the prescribed procedure is followed.
- 7.26 Check if the sale is affected at the approved rate.
- 7.27 Report variations in rates.
- 7.28 If any variation in rates is detected, check for such variations in other transactions involving the same item during the period covering the audit.

**Goods outwards – inter depot transfer**

**Process flow for goods outwards – inter depot transfer**



## **1.00 Objective**

To document dispatch of goods to other depots based on a Transfer Out Order (TOO) issued by the Head Office.

## **2.00 Scope**

To be followed for every TOO issued.

## **3.00 Procedure**

**3.32** No inter depot transfer should be undertaken without a TOO.

**3.33** Contact the Head Office if stock has to be transferred to some other depot and ensure that a TOO is raised.

**3.34** Verify if the Transfer Out Order (TOO) has been received from the HO.

**3.35** If so, generate a draft Transfer Out Slip (TOS).

**3.36** If the permit fee has been paid by the Corporation, ensure that this amount is debited to the supplier.

**3.37** Ensure that the service charge of Re.1 per carton box is levied, if the transfer is at the instance of the supplier.

**3.38** Print draft TOS (the loading slip). Hand it over for loading of material.

**3.39** The draft TOS acts as a loading slip and forms an important document for verification at a later stage. Hence **do not resort to loading without the checklist**.

**3.40** While loading, ensure that the stocks received earlier are dispatched first (FIFO principle).

**3.41** In case of any doubt, verify the carton boxes at the time of loading.

**3.42** Any change at the time of loading (say non-availability of the required quantity of a particular item, etc.) is noted in the draft TOS.

**3.43** The draft TOS is to be signed by the person loading the items and the depot manager.

**3.44** Re-open the draft TOS and enter the changes recorded during loading and make entries for generating the transport permit.

**3.45** Convert the draft TOS into a final TOS.

**3.46** Print the final TOS in duplicate and four copies of the TP. Sign the copies.

**3.47** Dispatch the first copy of the TOS and two copies of the TP with the goods.

**3.48** File all documents – the draft TOS with the changes made and the second copy of the final TOS and the TP in a proper order.

## **4.00 Authorisations**

4.06 The official in charge of loading is empowered to make necessary changes in the draft TOS and sign the same.

4.07 All documents to be signed by the depot manager.

## **5.00 Software access procedure**

5.05 For generating a draft TOS

- (xvii) Go to Gateway of Tally – Select RSBCL Inventory’s Vouchers (T) (see SS 1.01) – Select Transfer Slip (T) (see SS 5.01) – Select Transfer Out Slip (I) (see SS 5.02) – Select Draft TOS Entry (T) (see 5.03).
- (xviii) The TOS Voucher Creation screen is presented (see SS 5.04).
- (xix) Select the transferee depot from the pop up menu to appear in the *Party’s A/c name* column (see SS 5.05).
- (xx) The Party Details screen is presented (see SS 5.06).
- (xxi) Enter details in the screen.
- (xxii) Select details of the TOO from the pop up menu (see SS 5.07). Complete details in the screen.
- (xxiii) Select No against the *Enter the Permit Details* column (see SS 5.08).
- (xxiv) Against *Alter Transfer initiation details* column, select Yes.
- (xxv) The name of the supplier appears if the transfer is supplier’s instance. The service charge payable is levied (at Re 1 per carton box) (see SS 5.09).
- (xxvi) For each item in the Stock Item Allocations screen (see SS 5.11), select *Good* and enter the quantities to be transferred.
- (xxvii) Enter narration (see SS 5.12).
- (xxviii) When you accept the entries made, the draft TOS is completed (see SS 5.12).
- (xxix) Print (Alt P) the loading slip.

5.06 For entering corrections in the draft TOS

- (xii) Go to Gateway of Tally – Select RSBCL Inventory vouchers (T) (see SS 1.01) – Select Transfer Slip (T) (see SS 5.01) – Select Transfer Out Slip (I) (see SS 5.02) – Select Convert to Final TOS (T) (see 5.13).
- (xiii) Draft TOS that are pending for conversion are displayed (see SS 5.14). Select the appropriate TOS.
- (xiv) Press Enter to reach the Party Details screen. Make changes, if any (see SS 5.06).
- (xv) Select Yes against the *Enter the Permit Details* column (see SS 5.15).
- (xvi) Enter details in the Permit screen (see SS 5.16).
- (xvii) When the draft TOS is again reached, capture changes, if any, in the quantity dispatched. For this purpose, select the items one after another and make necessary changes in the Stock Item Allocations screen.
- (xviii) This completes all data entries and the TOS Voucher Creation screen is reached (see SS 5.17).
- (xix) Enter additional narration, if any.
- (xx) The draft TOS is now ready for finalisation.
- (xxi) This can be saved as draft, if any other changes are to be made. If not, select Yes in the *Convert as Final column* and enter additional narration, if any. Accept the changes and the draft TOS is converted in to a final TOS.
- (xxii) The final voucher cannot be altered. Hence exercise necessary caution before accepting final changes.
- (xxiii) Print the final TOS.

6.00 Accounting treatment

Debit	Credit
Distillery account	Permit fee receivable account

<b>Debit</b>	<b>Credit</b>
(For the permit fee paid by the Corporation, if any)	
Depot transfer account	Purchases transfer account
(For the value of goods transferred)	

**7.00 Internal audit guidelines**

7.29 Verify filing and dispatch of documents as per procedure.

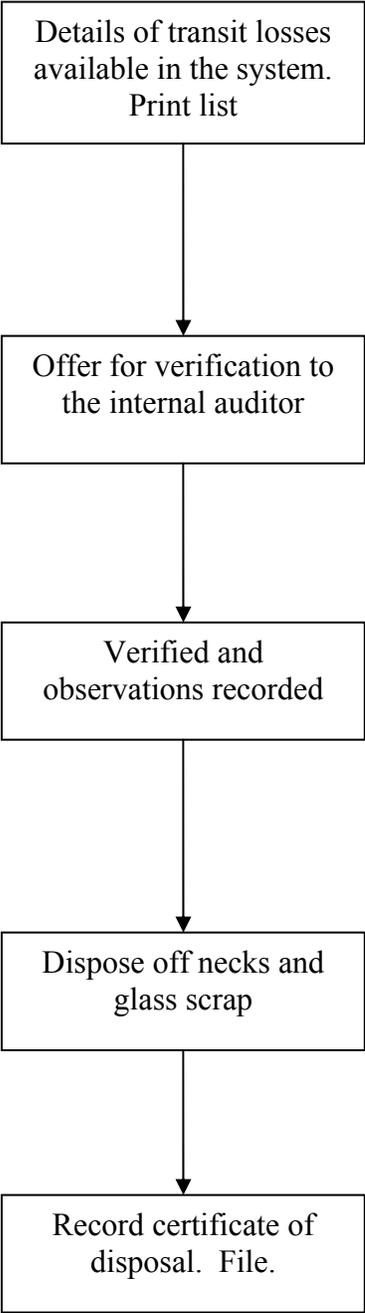
7.30 Confirm that the prescribed procedure is followed.

7.31 Verify that the permit fee is recovered from the supplier, if the fee has been paid by the Corporation.

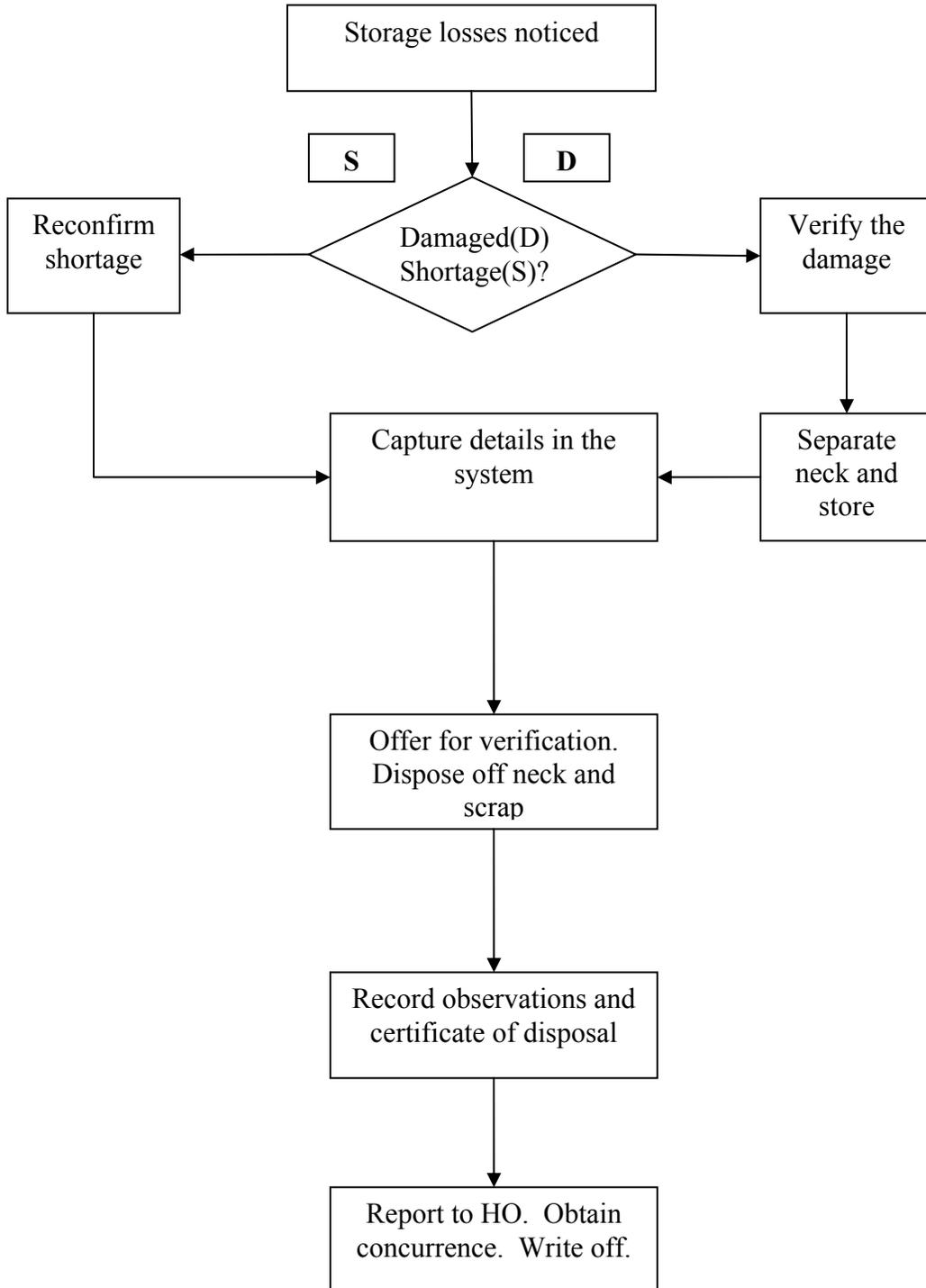
7.32 Verify that the rate adopted for Transfer Out (leading to the accounting entries in the financial accounts) is the same as the purchase rate.

## **Accounting for transit / storage losses**

**Process flow for accounting for transit losses**



### Process flow for accounting for storage losses



## **1.00 Objective**

To verify transit losses recorded and account for storage losses (damages/shortages) in the depot.

## **2.00 Scope**

2.01 To be followed for verification of transit losses recorded while receiving goods (from suppliers and from other depots).

2.02 To be followed for recording storage losses immediately after the loss is noticed and verifying the same.

## **3.00 Procedure**

**3.49** Transit losses are recorded while receiving goods from suppliers and other depots. The procedure in this chapter is applicable for verification.

**3.50** For verification of transit losses,

- (i) Print a list of transit damages for the period since the last verification.
- (ii) The excise label numbers of the damaged items as in the list are verified with the neck of the bottles stored in the depot.
- (iii) In respect of beer, the total number of damaged bottles as in the list should tally with the neck of broken bottles stored in the depot.

**3.51** For accounting storage losses

- (i) Verify the damaged item. In case of shortages, reconfirm that the shortage has actually occurred.
- (ii) Isolate the damaged bottle. The neck of the bottle shall be separated and stored appropriately for verification by the internal auditor. For this purpose, the depot shall have separate drums/containers prominently marked (like Depot Damages 180 ml etc.), where the necks of bottles are separated and stored.
- (iii) Details of damaged/missing items, namely, item number, description of the item, quantity and excise label numbers are noted in the system.

**3.52** For verification of storage losses,

- (i) Print a list of storage losses for the period since the last verification.
- (ii) The excise label numbers of the damaged items as in the list are verified with the neck of the bottles stored in the depot.
- (iii) In respect of beer, the total number of damaged bottles as in the list should tally with the neck of broken bottles stored in the depot.
- (iv) During verification, the number of leaking/partially filled bottles with the seal intact is noted in the end with item name and other details.

**3.53** The verified necks of bottles are burnt and then disposed off and a certificate recorded in the reports to that effect.

**3.54** Glass scrap shall also be disposed off.

**3.55** The verification reports (for both types of losses) shall be separately prepared and jointly signed by the Internal Auditor and the Depot Manager.

**3.56** One copy of the storage losses report shall be sent to the Head Office seeking approval for write off. The report shall prominently mention details of the number of leaking/partially filled bottles and the total value.

3.57 Another copy of the storage losses report and the report on transit losses is filed in the depot for reference.

3.58 After obtaining HO approval, the damaged stock is written off.

#### 4.00 Authorisations

4.08 The depot manager is authorised to authenticate the losses jointly with the internal auditor.

4.09 Writing off of storage losses to be done only after obtaining concurrence of the Head Office.

#### 5.00 Software access procedure

5.07 For printing transit damages list

(i) Go to Gateway of Tally – Select RSBCL Reports (R) (see SS 7.01). Select Transit Damage (T) (see SS 7.02).

(ii) The list is displayed (see SS 7.03).

(iii) To select the period for which the list is necessary, press Alt F2 and choose the date.

(iv) Print the list.

5.08 For accounting for storage losses

(xxx) Go to Gateway of Tally – Select RSBCL Inventory's Vouchers (T) (see SS 1.01) – Select Depot Damage (D) (see SS 7.04) – Select Depot Damage Entry (D) (see SS 7.05).

(xxxii) You get the Depot Damage Entry Creation screen.

(xxxiii) Select the name of the damaged item using the pop up menu (see SS 7.06).

(xxxiv) The Stock Item Allocations screen is presented (see SS 7.07). Enter the quantity in the *Quantity* column.

(xxxv) Enter the excise label numbers of the damaged items (see SS 7.08).

(xxxvi) Repeat for all the items.

(xxxvii) Give narration (see SS 7.09).

(xxxviii) When you accept the entries made, the details are captured in the system (see SS 7.09).

5.09 For printing depot damages

(i) Go to Gateway of Tally (see SS 1.01) – Select RSBCL Reports (R) – Select Depot Damage (D) (see SS 7.10).

(ii) The report is displayed (see SS 7.11).

(iii) Select the date range for the report as may be necessary.

5.10 For write off of depot damages, follow the procedure prescribed for passing a debit entry without effecting stock entries in the Procedure on Rectification of entries.

#### 6.00 Accounting treatment

Debit	Credit
Depot losses account	Purchase account
(For the value of storage losses at the purchase rate)	
Distillery account	Purchase account

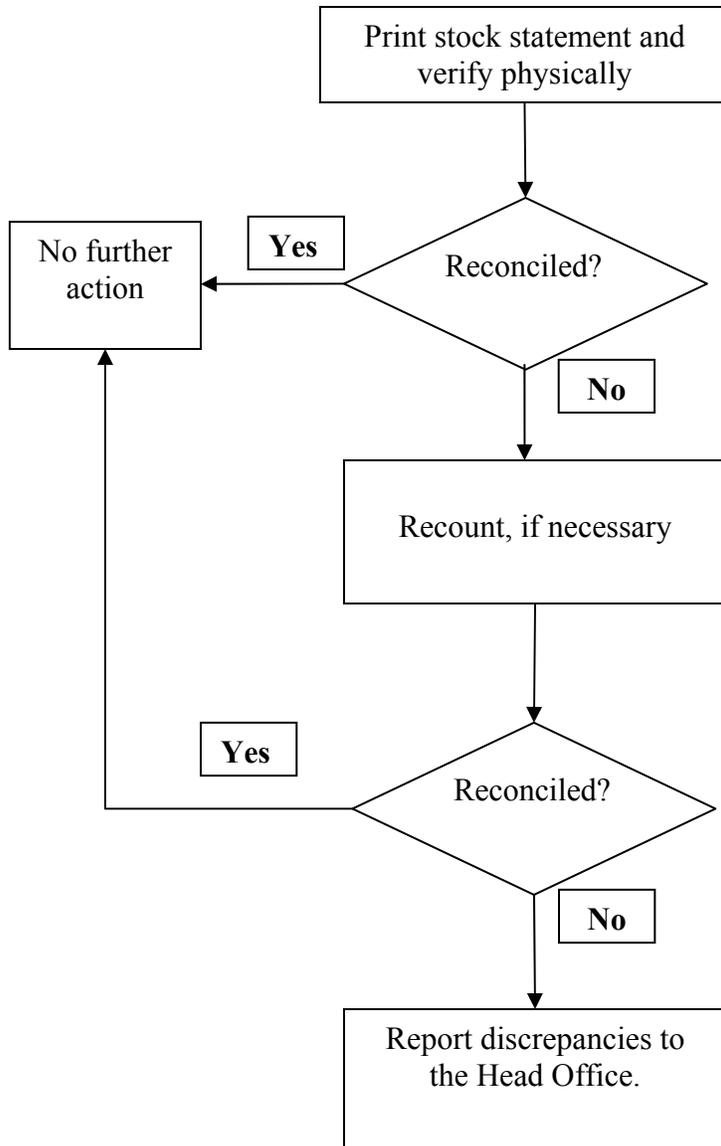
(For the value of leaking/partially filled bottles at the purchase rate)

**7.00 Internal audit guidelines**

- 7.33 Comment on the systematic storage of separated necks of bottles.
- 7.34 Verify that the excise label numbers of the damaged items tally with the neck of the damaged items offered for inspection.
- 7.35 Ensure destruction of the verified necks.
- 7.36 Confirm whether the glass portion of separated bottles is disposed off regularly.
- 7.37 Compare the losses of the current month with respect to the previous periods to draw conclusions on the reasonableness of losses recorded.
- 7.38 Comment on the trend of the transit/storage losses in the depot.

# **Verification of physical stock**

## Process flow for verification of physical stock



## **1.00 Objective**

To verify physical stock with respect to stock as per books.

## **2.00 Scope**

- 2.01 To be carried out on the first Sunday of every month by the internal auditor in the presence of the depot manager.
- 2.02 The internal auditor to carry out a surprise random verification any time during the month.
- 2.03 A quarterly stock verification to be undertaken by a team deputed by the Head Office in presence of the depot manager and the internal auditor.

## **3.00 Procedure**

- 3.59 Prepare a signed statement of available items as per records in duplicate. This statement shall be the basis for verification.
- 3.60 The members of the stock verification team shall stay till the physical verification is completed. The time of commencement and completion should invariably be recorded.
- 3.61 Details of items wherein the physical stock does not agree with the stock as per records shall be recorded.
- 3.62 In the event a substantial difference between the ledger balance and the physical count is observed, the verification will be repeated to ensure that the counting is in order. Items that still exhibit a difference imply missing stock.
- 3.63 Details of such items, namely, items that are not reconciled shall be reported in the format given in SS 8.01.
- 3.64 After the verification, the stock list as printed and the verification report shall be sent to the Head Office so that these are received on the very next day.
- 3.65 One copy of the verification report is filed in the depot.

## **4.00 Authorisations**

None

## **5.00 Software access procedure**

- 5.11 For preparing a statement of available stock
  - (xxxviii) Go to Gateway of Tally – Select Display (D) (see SS 8.02) – Select StatEments of Inventory (E) (see SS 8.03) – Select Godowns (G) (see SS 8.04).
  - (xxxix) In the Select Item screen select Good (see SS 8.05).
  - (xl) The godown summary is displayed (see SS 8.06)
  - (xli) Press Enter. A list of items for that variety (like beer, etc.) is displayed. This, however, includes all items in the item master, irrespective of availability of physical stock (see SS 8.07).
  - (xlii) Press F5 for getting size wise details.

- (xliv) Press F12 to configure the stock statement. You get the SS configure screen (see SS 8.08).
- (xlv) Select No as the option for Rate and Value in this screen. This would eliminate rates and values of items, as these are not required for stock taking (see SS 8.09).
- (xlv) Press Alt F12. You get the Filters screen (see SS 8.10).
- (xlvi) Select Closing quantity against the Particulars option and NON-ZERO against the Range of Info option.
- (xlvii) Only available stocks are displayed (see SS 8.11).
- (xlviii) Print (Alt P) this statement.

## **6.00 Accounting treatment**

None

## **7.00 Internal audit guidelines**

- 7.39 Ensure that physical verification of stock is carried out as laid down.
- 7.40 Report discrepancies as noticed during verification.

### Format for reconciliation of stock after physical verification

Name of the depot	
Names of the visiting team members, if any	1. 2.
Names of other staff involved in the verification	1. 2. 3. 4.
Date of verification	
Starting time	
Finishing time	

#### Items for which reconciliation was not possible after reckoning depot damages / in case of which there were no depot damages

Sl. No.	Item Code	Description	Quantity as per Stock ledger	Quantity as per physical count	Status of stock		Remarks of the depot manager
					Excess	Deficit	
1.							
2.							

Remarks, if any:

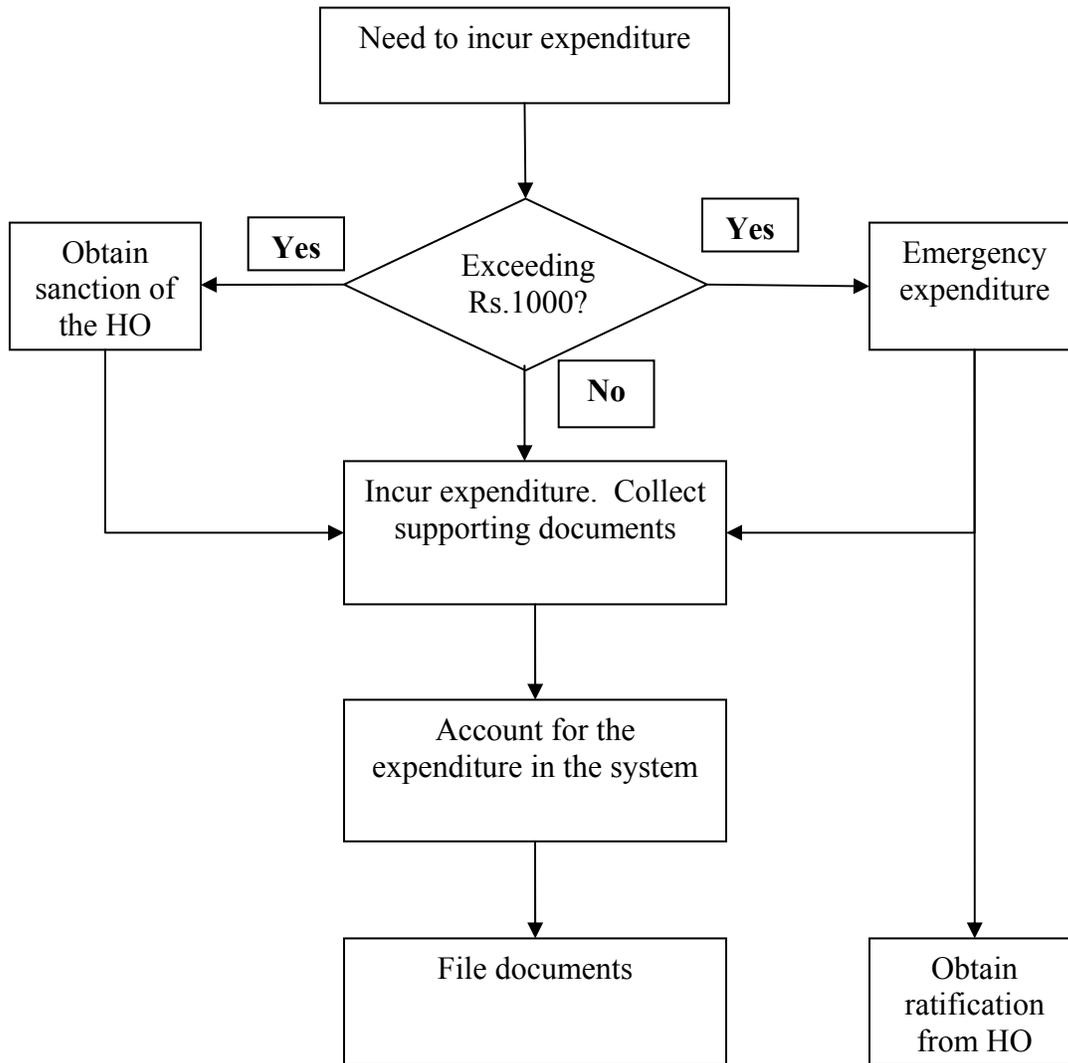
**Depot Manager**

**Visiting team**

**Internal auditor**

# **Accounting for petty cash**

## Process flow for accounting for petty cash expenditure



## **1.00 Objective**

To account for petty cash received and spent in the depot.

## **2.00 Scope**

To be followed when petty cash is received and when expenditure is incurred.

## **3.00 Procedure**

**3.66** Account for petty cash received from Head office.

**3.67** Take adequate care to keep cash secured.

**3.68** Count the balance petty cash in the depot periodically and tally with the balance as per the accounts (cash on hand should tally with the balance as per books less vouchers on hand to be accounted for).

**3.69** After expenditure is incurred, ensure that it is fully supported by vouchers and receipts as applicable.

**3.70** The expenditure incurred shall be accounted under the appropriate head of account as per the chart of accounts (refer to Procedure 13).

**3.71** Expenditure on employees like allowances, medical reimbursement, etc. shall not be met out of petty cash.

**3.72** No advance, other than for travelling shall be met out of petty cash.

**3.73** All supporting vouchers, bills and receipts shall be serially numbered and filed.

## **4.00 Authorisations**

4.01 Depot managers are authorised to incur expenditure up to Rs. 1000 at one instance (excluding telephone, electricity and water supply bills, for which the actual amount of the bill can be paid without approval).

4.02 Any expenditure in excess of this limit shall be with the prior approval of the Head Office. The General Manager concerned shall be addressed for this purpose.

4.03 In case of an emergency, the depot manager may incur an expenditure in excess of the above limit, but shall report to the Head Office telephonically and seek ratification. Such instances shall be exceptional.

## **5.00 Software access procedure**

5.12 Accounting for receipt of petty cash

(xii) Go to Gateway of Tally – Select Accounting Vouchers (V) (see SS 9.01).

(xiii) The Accounting Voucher Creation screen is presented. Press F6 for accounting receipt of cash.

(xiv) In the credit column select *Petty Cash Control – XYZ depot* from the pop up menu (see SS 9.02).

(xv) The debit is to Petty cash – XYZ depot (see SS 9.03).

(xvi) Accepting voucher completes the process.

5.13 Accounting for petty cash expenditure

(i) Go to Gateway of Tally – Select Accounting Vouchers (V) (see SS 9.01).

- (ii) The Accounting Voucher Creation screen is presented. Press F5 for accounting for expenditure. Press enter.
- (iii) The Change Voucher Type screen is presented. Choose Cash Payment (see SS 9.04).
- (iv) In the Accounting Voucher Creation screen, choose the appropriate head of expenditure from the pop up menu (see SS 9.05).
- (v) Take care to choose the head as per the nature of the expenditure incurred (refer to chapter 13 for details).
- (vi) The voucher is created (see SS 9.06). Accept the same and the expenditure is recorded.
- (vii) Print the voucher and file.

## 6.00 Accounting treatment

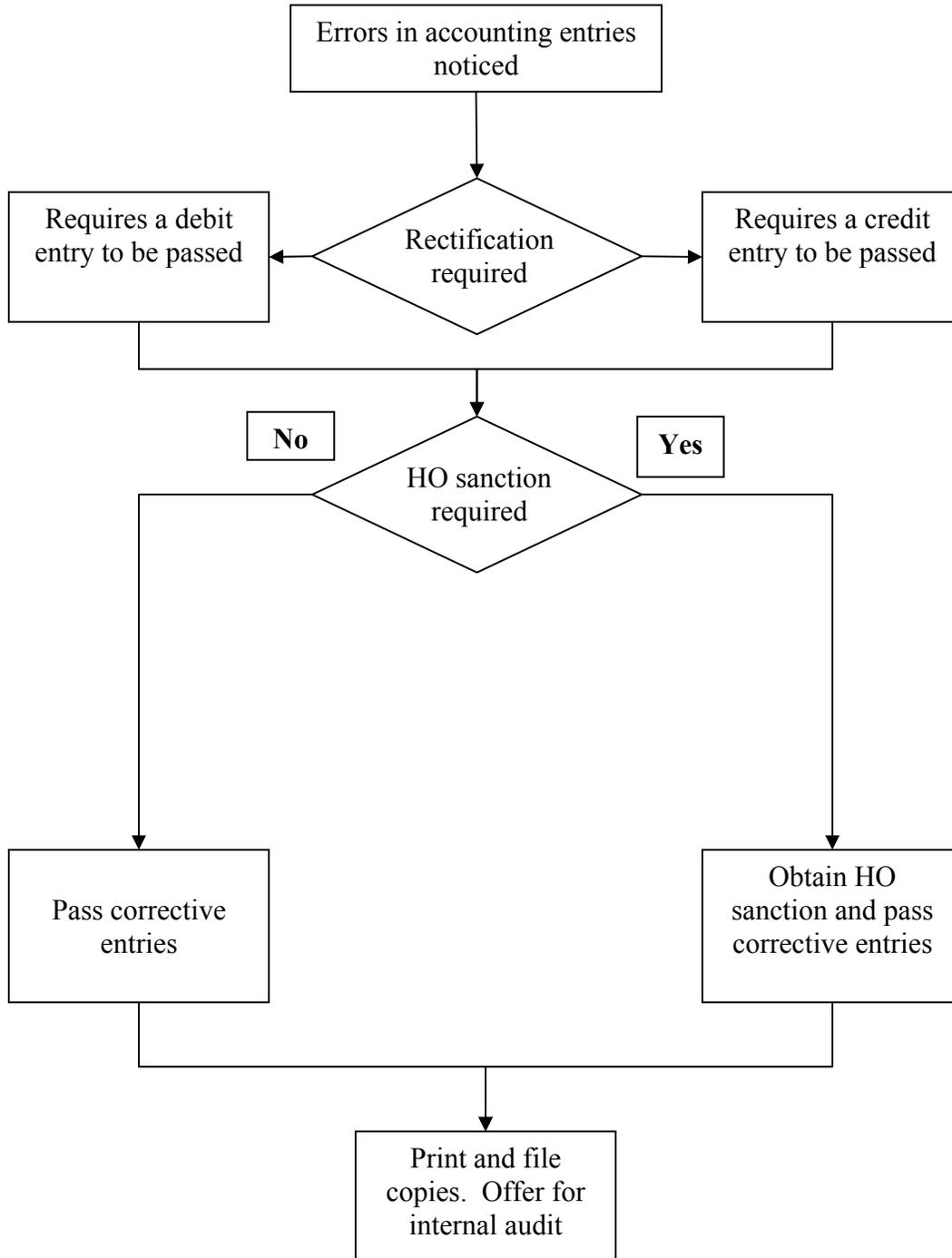
Debit	Credit
Petty cash account	Petty cash control account
(For receipt of petty cash)	
Type of expenditure account	Petty cash account
(For expenditure incurred)	

## 7.00 Internal audit guidelines

- 7.01 Verify filing of documents as per procedure.
- 7.02 Verify instances of expenditure in excess of the limit specified and report cases where ratification has not been obtained.
- 7.03 Availability of documents in support of the expenditure incurred to be verified.
- 7.04 Count the cash available and reconcile with the balance as per the accounts.

# **Rectification of Entries**

## Process flow for rectification of entries



## **1.00 Objective**

To rectify errors in accounting noticed in the depot.

## **2.00 Scope**

The guidance note given is only illustrative. These principles are to be applied for correcting the errors noticed.

## **3.00 Procedure**

**3.74** Rectification would fall under any one of the following two kinds

(vi) Those requiring a correction in financial accounts only without a correction to stock accounts – like correcting excess credit of DD received, short collection of TCS etc.; and

(vii) Those requiring a correction in financial accounts and stock accounts – like correction of wrong quantities recorded while receiving goods, wrong despatch of goods sold etc.

**3.75** A guidance note on the corrections necessary for various errors may be seen in SS 10.01. These principles may be applied in correcting any other error. Difficulties experienced in deciding the corrective entries necessary in any given situation may be referred to the Head Office.

**3.76** Errors falling under 3.01(i) are corrected by passing a debit/credit note without any correction to stock.

**3.77** Errors falling under 3.01(ii) are corrected by passing a debit/credit note with correction to stock.

**3.78** Correction of entries without following the above, say by passing a stock journal, is not allowed.

**3.79** Whenever an error is noticed, decide on the corrective entries to be passed and complete the correction. In case prior approval is necessary for the correction, obtain such approval before the correction.

**3.80** In all these cases, mention details of the entry in the narration column of the voucher.

**3.81** Take a print out of the entry in duplicate and dispatch the first copy to the concerned party. File the other copy along with a copy of the original voucher and HO sanction, if any.

**3.82** At the time of internal audit, subjective all corrective entries to audit.

## **4.00 Authorisations**

**4.10** Depot managers empowered to pass correction entries for rectification of errors in respect of items in the guidance note where powers have been delegated.

**4.11** In respect of items where prior approval of the Head office is necessary, such approval shall be taken before the correction.

**4.12** In respect of items not mentioned in the guidance note, prior approval of the Head Office shall be taken.

## **5.00 Software access procedure**

- 5.14 For passing a debit entry without affecting stock accounts
- (i) Refer to the guidance note (see SS 10.01) and the accounting treatment to decide the entries to be passed.
  - (ii) Go to Gateway of Tally – Select Accounting Vouchers (V) (see SS 3.03).
  - (iii) The Accounting Voucher Creation screen is presented.
  - (iv) Press Control F9. In the Change Voucher type screen select *Debit Note* See SS 10.02).
  - (v) The Accounting Voucher Creation screen reappears as a debit note. Skip the reference column (press Enter).
  - (vi) Select the account head to be debited from the pop up menu (see SS 10.03).
  - (vii) Enter the amount to be debited in the relevant column. Press Enter.
  - (viii) In the Bill wise details screen select *On Account* (see SS 10.04).
  - (ix) In the Accounting Voucher Creation screen select the appropriate credit account head (see SS 10.05).
  - (x) In the Bill wise details screen select *On Account*.
  - (xi) Give details of the entry in the narration column.
  - (xii) Accepting the entries so made finalises the debit voucher (see SS 10.06).
- 5.15 For passing a credit entry without affecting stock accounts
- (i) Refer to the guidance note (see SS 10.01) and the accounting treatment to decide the entries to be passed.
  - (ii) Go to Gateway of Tally – Select Accounting Vouchers (V) (see SS 3.03).
  - (iii) The Accounting Voucher Creation screen is presented.
  - (iv) Press Control F8. In the Change Voucher type screen select *Credit Note* See SS 10.07).
  - (v) The Accounting Voucher Creation screen reappears as a credit note. Skip the reference column (press Enter).
  - (vi) Select the name of the party to be credited from the pop up menu (see SS 10.08).
  - (vii) Enter the amount to be credited.
  - (viii) In the Bill wise details screen select *On Account*.
  - (ix) Select the debit head from the pop up menu.
  - (x) In the Bill wise details screen select *On Account*.
  - (xi) Give details of the entry in the narration column.
  - (xii) Accepting the entries so made finalises the credit voucher (see SS 10.09).
- 5.16 For passing a debit entry with changes to stock accounts
- (i) Refer to the guidance note (see SS 10.01) and the accounting treatment to decide the entries to be passed.
  - (ii) Follow the steps in 5.01 (ii) to (vi).
  - (iii) The Inventory Allocation screen is presented. Select the stock item to be corrected (see SS 10.10).
  - (iv) In the Stock Item Allocation screen select Not Applicable (see SS 10.11).
  - (v) Select the godown as *Good* (see SS 10.12).
  - (vi) Enter the quantity and the rate column appears automatically (for instance correction of sales entry should be at the selling rate) (see SS 10.13).
  - (vii) Completing the entries in this screen takes you to the Accounting Voucher Creation screen.
  - (viii) Give details of the entry in the narration column.
  - (ix) Accepting the entries so made finalises the debit voucher.

- 5.17 For passing a credit entry with changes to stock accounts
- (i) Refer to the guidance note (see SS 10.01) and the accounting treatment to decide the entries to be passed.
  - (ii) Follow the steps in 5.02 (ii) to (vi) and the steps in 5.03 (iii) to (vii) for completing entries for stock correction.
  - (iii) Give details of the entry in the narration column.
  - (iv) Accepting the entries so made finalises the debit voucher (see SS 10.06).
- 5.18 For reversing existing entries and passing fresh entries
- (i) Refer to the guidance note (see SS 10.01) and the accounting treatment to decide the entries to be passed.
  - (ii) Follow the steps in 5.03 or 5.04 to reverse the current entry and pass fresh entries.
  - (iii) Give complete details in the narration column for appreciation of the correction affected.

## 6.00 Accounting treatment

Debit	Credit
Wrong Distillery account	Correct Distillery account
Correcting error in Wrong accounting of supplier – wrong supplier credited (when item description, rate and quantity are correct).	
Wrong Depot account	Correct Depot account
Correcting error in Wrong accounting of transferring depot (when item description, rate and quantity are correct).	
Correct buyer account	Wrong buyer account
Correcting error in Wrong accounting of buyer – another buyer billed (when item description, rate and quantity are correct).	
Correct depot account	Wrong depot account
Correcting error in Wrong accounting of transferee depot – other depot accounted (when item description, rate and quantity are correct).	
Buyer account	TCS Buyer account
Correcting error in Short collection of TCS – TCS amount collected is lesser than the actual amount to be collected.	
Buyer account	Remittances in transit account – Cheques on hand account XYZ Bank account.
Correcting error in Wrong accounting of received amounts – Buyer credited with excess amount while acknowledging DD/PO/bank credit.	
Buyer account	Distillery account
Petty cash account	Petty cash control account
Correcting error in Wrong accounting of petty cash received – reduced amount entered while receiving petty cash.	
Type of expenditure account	Petty cash account
Correcting error in Wrong accounting of expenditure incurred – reduced amount entered while recording petty cash expenditure.	
TCS Buyer account	Buyer account

<b>Debit</b>	<b>Credit</b>
Correcting error in Excess collection of TCS – TCS amount collected is more than the actual amount to be collected.	
Remittances in transit account – Cheques on hand account XYZ Bank account.	Buyer account.
Correcting error in Wrong accounting of received amounts – buyer credited with reduced amount while acknowledging DD/PO/bank credit.	
Distillery account	Buyer account
Petty cash control account	Petty cash account
Correcting error in Wrong accounting of petty cash received – excess amount entered while receiving petty cash.	
Petty cash account	Type of expenditure account
Correcting error in Wrong accounting of expenditure incurred – excess amount entered while recording petty cash expenditure.	
Distillery account	Purchases account
Correcting error in Excess accounting of inwards from suppliers due to excess quantity taken (when item description, rate and supplier correct).	
Depot transfer account	Purchases transfer account
Correcting error in Excess accounting of inwards from inter depot transfer due to excess quantity taken (when item description, rate and transferring depot correct)	
Buyer account	Sales account
Correcting error in Short accounting of sales – lesser quantity accounted but excess dispatched (when rate, item description and buyer correct).	
Buyer account	Sales account
Correcting error in Short accounting of sales – billing at reduced rates (when item description, quantity and buyer are correct).	
Depot losses account	Purchase account
Correcting error in Wrong accounting of storage losses – reduced amount debited while writing off storage losses.	
Purchases account	Distillery account
Correcting error in Short accounting of inwards from suppliers due to short quantity taken (when item description, rate and supplier correct)	
Purchases transfer account	Depot transfer account
Correcting error in Short accounting of inwards from inter depot transfer due to short quantity taken (when item description, rate and transferring depot correct).	
Sales account	Buyer account
Correcting error in Excess accounting of sales – excess quantity accounted but short dispatched (when rate, item description and buyer correct).	
Sales account	Buyer account
Correcting error in Excess accounting of sales – billing at increased rates (when item description, quantity and buyer are correct).	
Purchase account	Depot losses account
Correcting error in Wrong accounting of storage losses – excess amount debited while writing off storage losses.	

<b>Debit</b>	<b>Credit</b>
Distillery account Purchases account	Purchases account Distillery account
Correcting error in Wrong accounting of inwards from suppliers due to errors in item description, rates, quantity, supplier etc. in any combination. First entry for reversing the present entry. Second entry at the correct amount.	
Purchases transfer account Depot transfer account	Depot transfer account Purchases transfer account
Correcting error in Wrong accounting of transfer in from other depots due to errors in item description, rates, quantity, transferring depot etc. in any combination. First entry for reversing the present entry. Second entry at the correct amount.	
Sales account Buyer account	Buyer account Sales account
Correcting error in Wrong accounting of sales due to errors in item description, rates, quantity, buyer etc., in any combination. First entry for reversing the present entry. Second entry at the correct amount.	
Purchases transfer account Depot transfer account	Depot transfer account Purchases transfer account
Correcting error in Wrong accounting of transfer out due to errors in item description, rates, quantity, transferee depot etc., in any combination. First entry for reversing the present entry. Second entry at the correct amount.	

## **7.00 Internal audit guidelines**

- 7.41 Verify filing and dispatch of documents as per procedure.
- 7.42 Confirm that the prescribed procedure has been followed.
- 7.43 Verify credit entries proposed and certify their correctness and the impact on the accounts. Thereafter approve passing of the entries proposed.
- 7.44 Verify the debit entries passed and comment on them.
- 7.45 Verify the stock journal entries passed and comment on them.

### Guidance note on the rectification entries for various errors

Error no.	Nature of error	Authority to correct
<b>Errors where corrective debit entries are to be passed without correction to stock accounts</b>		
1.	Wrong accounting of supplier – wrong supplier credited (when item description, rate and quantity are correct)	Depot manager
2.	Wrong accounting of transferring depot (when item description, rate and quantity are correct)	Depot manager
3.	Wrong accounting of buyer – another buyer billed (when item description, rate and quantity are correct)	Depot manager
4.	Wrong accounting of transferee depot – other depot accounted (when item description, rate and quantity are correct)	Depot manager
5.	Short collection of TCS – TCS amount collected is lesser than the actual amount to be collected	Depot manager
6.	Wrong accounting of received amounts – Buyer credited with excess amount while acknowledging DD/PO/bank credit.	Depot manager
7.	Wrong accounting of petty cash received – reduced amount entered while receiving petty cash.	Depot manager
8.	Wrong accounting of expenditure incurred – reduced amount entered while recording petty cash expenditure.	Depot manager
<b>Errors where corrective credit entries are to be passed without correction to stock accounts</b>		
9.	Excess collection of TCS – TCS amount collected is more than the actual amount to be collected	Depot manager with the prior approval of the HO.
10.	Wrong accounting of received amounts – buyer credited with reduced amount while acknowledging DD/PO/bank credit.	Depot manager
11.	Wrong accounting of petty cash received – excess amount entered while receiving petty cash.	Depot manager
12.	Wrong accounting of expenditure incurred – excess amount entered while recording petty cash expenditure.	Depot manager.
<b>Errors where corrective debit entries are to be passed with correction to stock accounts</b>		
13.	Excess accounting of inwards from suppliers due to excess quantity taken (when item description, rate and	Depot manager.

<b>Error no.</b>	<b>Nature of error</b>	<b>Authority to correct</b>
	supplier correct)	
14.	Excess accounting of inwards in case of inter depot transfer due to excess quantity taken (when item description, rate and transferring depot correct)	Depot manager.
15.	Short accounting of sales – lesser quantity accounted but excess dispatched (when rate, item description and buyer correct)	Depot manager.
<b>Errors where corrective credit entries are to be passed with correction to stock accounts</b>		
16.	Short accounting of inwards from suppliers due to short quantity taken (when item description, rate and supplier correct)	Depot manager.
17.	Short accounting of inwards from inter depot transfer due to short quantity taken (when item description, rate and transferring depot correct)	Depot manager.
18.	Excess accounting of sales – excess quantity accounted but short dispatched (when rate, item description and buyer correct)	Depot manager.
19.	Excess accounting of sales – billing at increased rates (when item description, quantity and buyer are correct)	Depot manager
20.	Wrong accounting of storage losses – excess amount debited while writing off storage losses	Depot manager with the prior approval of the HO.
<b>Errors where existing entries are to be reversed and fresh entries passed with correction to stock accounts (reversal through a debit note and fresh entry through a credit note)</b>		
21.	Wrong accounting of inwards from suppliers due to errors in item description, rates, quantity, supplier etc. in any combination	Depot manager.
22.	Wrong accounting of transfer in from other depots due to errors in item description, rates, quantity, transferring depot etc. in any combination	Depot manager.
23.	Wrong accounting of sales due to errors in item description, rates, quantity, buyer etc., in any combination.	Depot manager.
24.	Wrong accounting of transfer out due to errors in item description, rates, quantity, transferee depot etc., in any combination.	Depot manager.
25.	Wrong accounting of storage losses – reduced amount debited while writing off storage losses	Depot manager with prior approval of the HO.

# **Synchronisation**

## **1.00 Objective**

To synchronise data between depot and Head Office.

## **2.00 Scope**

To be carried out every day.

## **3.00 Procedure**

**3.83** Synchronise with the Head Office server everyday after all transactions for the day are completed.

**3.84** If for some reason synchronisation is not possible at the end of the day, complete it the next day, before commencing operations.

**3.85** Ensure that synchronisation of the transactions of Wednesdays are completed on that very day itself.

## **4.00 Authorisations**

None

## **5.00 Software access procedure**

5.19 For synchronisation with the Head Office

(xiii) Switch on the modem connected to the computer.

(xiv) Access the internet by dialling the appropriate access number. A list of telephone access numbers and user ids for the depots may be seen in SS 11.01.

(xv) Confirm that connection to the Internet has been established.

(xvi) Go to Gateway of Tally – Select Import Transactions (I) (see SS 11.02) – Select Synchronisation (O) (see SS 11.03) – Select Synchronise (O) (see SS 11.04).

(xvii) The process commences.

(xviii) The screen alternately displays the message *SvSendClientMsgs* and *SvGetRemoteServerInfo* on the top of the screen indicating data flow from the Depot System to HO Server and HO Server to Depot System respectively.

5.20 If synchronisation does not take place

(i) Check whether the telephone line is working and whether you get a fax tone when the Internet access number is connected to.

(ii) If the line is busy try alternate numbers, if any, to access the Internet.

(iii) Check for the modem connectivity. If the modem is not responding, switch it off and switch on. Try again.

(iv) When synchronisation fails, the message *Failed to Post to http:210.210.7.181:9000* appears. In that case, disconnect and try again.

(v) In case of consistent failures to synchronise – contact Head Office.

## **6.00 Accounting treatment**

None

**7.00 Internal audit guidelines**

None

# **Depot log**

**1.00 Objective**

To document adherence of procedures prescribed for conducting depot operations.

**2.00 Scope**

To be followed every day.

**3.00 Procedure**

**3.86** At the end of the day after all transactions are completed, verify the activities carried out during the day. For this purpose use the check list as attached.

**3.87** Ensure that the activities as required in the check list are completed.

**3.88** Complete the checklist and file chronologically.

**4.00 Authorisations**

Tally operators to sign the check list and the depot manager to counter sign it.

**5.00 Software access procedure**

None

**6.00 Accounting treatment**

None

**7.00 Internal audit guidelines**

7.01 Verify maintenance of the checklist chronologically as per procedure.

### Checklist for depot operations for ..... (date)

<b>Receipts of goods from suppliers</b>		
1	Number of sales invoices of the manufacturer received (quantity in nos.)	
2	Whether the checklist was printed and used for unloading	Yes / No
3	Whether the draft MIS have been corrected based on the details recorded in the checklists?	Yes / No
4	Whether Excise Verification Certificates have been prepared and signed for the receipts?	Yes / No
5.	Whether the MIS have been dispatched to the supplier?	Yes / No
6.	Whether the corrected checklist, MIS, EVC, copies of Order for Supplies, Sales invoice, Transport Permits, Lorry Receipts, etc. have been filed?	Yes / No
<b>Receipts of goods from other depots</b>		Yes / No
1	Number of TOSs received (quantity in nos.)	
2	Whether the checklist was printed and used for unloading?	Yes / No
3	Whether the draft TIS have been corrected based on the details recorded in the checklists?	Yes / No
4	Whether Excise Verification Certificates have been prepared and signed for the receipts?	Yes / No
5.	Whether the TISs have been dispatched to the supplier (wherever applicable)?	Yes / No
6.	Whether the corrected checklist, TIS, EVC, TOS, Transport Permits, Lorry Receipts, etc. have been filed?	Yes / No
<b>Acknowledging Demand drafts/Bank credits</b>		
1.	Whether receipts have been raised for the instruments received during the day?	Yes / No
2.	Whether a list of instruments received has been printed and verified?	Yes / No
3.	Have the instruments received (in the previous/current day) handed over to the bank?	Yes / No
<b>Goods outwards – sales</b>		
1	Whether proforma sales invoices have been raised for the sales effected during the day?	Yes / No
2	Whether the proforma sales invoices were used for loading?	Yes / No
3	Whether the proforma sales invoices have been corrected and the sales invoices finalised?	Yes / No
4.	Whether the proforma sales invoice, final sales invoice, and Transport permit have been filed?	Yes / No
<b>Goods outwards – inter depot transfer</b>		
1	Whether draft TOSs have been raised and printed for the transfers effected	Yes / No

	during the day?	
2	Whether the draft TOSs were used for loading?	Yes / No
3	Whether the draft TOSs have been corrected and finalised?	Yes / No
4.	Whether the draft TOS with corrections, final TOS, and transport permit have been filed?	Yes / No
<b>Return of empty bottles</b>		
1.	Whether the financial vouchers raised for bottle returns for the day have been printed, dispatched and filed?	Yes / No
<b>Accounting for transit/storage losses</b>		
1.	Whether storage losses noticed during the day have been captured in the system?	Yes / No
2.	Whether the necks of the damaged bottles (both transit and storage losses) have been separated and stored?	Yes / No
<b>Petty cash</b>		
1.	Whether the expenditure incurred during the day has been accounted and supporting documents filed as per procedure?	Yes / No
<b>Rectification of entries</b>		
1.	Whether rectification entries passed during the day have been printed, dispatched (wherever necessary) and filed?	Yes / No
<b>Synchronisation</b>		
1	Whether synchronisation was carried out?	Yes / No
2	Whether the last Sales Invoice/trial balances at the depot and the Head Office match after synchronisation?	Yes / No

Tally Operator

Depot Manager

# **Accounting Heads**

## **Accounting heads for depots**

### **1.00 Objective**

To provide for various accounting heads for the depot.

### **2.00 Scope**

To be followed when accounting for a transaction.

### **3.00 Procedure**

3.01 Every transaction in the depot shall fall under one of the accounting heads mentioned (see SS 13.01).

### **4.00 Authorisations**

4.01 Depot managers are authorised to account for transactions under a head as indicated in SS 13.01.

4.02 New heads of account to be authorised/created by the Head Office.

### **5.00 Software access procedure**

None

### **6.00 Accounting treatment**

None

### **7.00 Internal audit guidelines**

None

### Accounting Heads for depots

Head of Account	Explanation
<b>Current Liabilities and provisions</b>	
Sundry Creditors	Represents the amount that lies to the credit of manufacturers for supplies effected.
Tax collection at source	Represents the amount of tax collected at source from buyers.
<b>Current assets</b>	
Cheques on hand	Represents the DDs/Pay Orders deposited/collected from buyers.
Permit fee recoverable	Represents permit fee paid by depots on behalf of manufacturers for stock transfers –to be recovered by raising a debit voucher.
Petty cash	Represents availability of cash to meet petty expenses.
Stocks at depots	Balances of various brands of IMFL, Beer and Foreign Liquors valued at cost or market price, whichever is lower.
Sundry Debtors	Represents the value of sale of liquors recoverable from the buyers (if the balance is a debit balance) and the amount available against buyers (if the balance is a credit balance).
<b>Loans and Advances – Advances to staff</b>	
Travelling advance	Represents the amount given to staff for the performance of journey from the depot to other places. This shall be adjusted after the TA bill has been submitted and only such of these advances made to staff at the end of the year and the TA bills submitted after March 31 of the year should be shown.
<b>Income</b>	
Miscellaneous income	Represents income other than liquor sales.
Sales	Represents the sale of all types of liquors to buyers and others.
<b>Expenditure heads</b>	
Books & Periodicals	This account will be debited for the amount of expenditure on purchase of books, newspapers and periodicals.

<b>Head of Account</b>	<b>Explanation</b>
Computer consumables	Items such as computer stationery, cartridges for printers, data processing charges etc are debited to this account.
Conveyance expenses	Amount paid towards auto and other means of transportation used by the employees for company's work.
Depot loss	This account will be debited for the amount of loss of stock in the depot due to various reasons such as breakage etc.
Electricity charges	Represents the amount spent towards electricity consumed by the depot.
Entertainment expenses - staff	Under this head, expenses like refreshment, snacks for late staying etc., shall be debited.
Miscellaneous expenses	This account will be debited for the amount of expenditure on repairs and maintenance of godown and other miscellaneous items and not regular in nature.
Office Expenses	Under this head, expenses towards purchase of sundry items for office use, pooja expenses, photocopying charges, etc. to be debited.
Packing, forwarding & freight	Represents cost of labels, packing material and freight charges incurred by the depot.
Postage & Courier	Amount spent on postal stamps, certificate of posting, registered post, courier charges etc.
Printing & Stationery	Represents the amount spent towards purchase of office stationery, printing of forms etc.
Purchases	Represents the value of liquor delivered by manufacturers as per Order for Supplies placed by the Head Office.
Repairs and maintenance of buildings	This account is debited for the amount of expenditure on the maintenance and repairs of buildings.
Repairs and maintenance of computer equipment	This account is debited for the amount of expenditure on the maintenance and repairs of Computers & Peripherals including AMC if any.
Repairs and maintenance of furniture and fixtures	This account is debited for the amount of expenditure on the maintenance and repairs of office furniture, fixtures etc.,
Repairs and maintenance of	This account is debited for the amount

<b>Head of Account</b>	<b>Explanation</b>
motor vehicles	of expenditure on the maintenance and repairs of motor vehicles
Repairs and maintenance of office equipment	This account is debited for the amount of expenditure on the maintenance and repairs of fax machines, photocopying machines etc., including AMC if any.
Repairs and maintenance of tools and plants	This account will be debited for the expenditure on repairs and maintenance of machines, including AMC if any.
Telephones expenses	Represents the amount spent towards telephone bills of the depot.
Traveling expenses	Expenses incurred on travel by the company's staff on official duty.
Water charges	Represents the amount spent towards water consumed by the depot.

# **Documentation in Depots**

## **1.00 Objective**

To ensure adequate and systematic maintenance of records and back up of data in depots.

## **2.00 Scope**

2.01 To be followed uniformly for the files/records explicitly mentioned.

2.02 To be followed for other files/records, as per the requirement of the depot.

2.03 To be followed for taking back up of accounting data.

## **3.00 Procedure**

### **3.89 Maintain individual files for the following activities**

(viii) Documents related to receipt of goods from suppliers (as detailed in para 3.27 of that chapter);

(ix) Documents related to receipt of goods from other depots (as detailed in para 3.17 of that chapter);

(x) Receipts generated for acknowledging Demand Drafts/Pay Orders received from and/or the direct bank credit made by wholesale licencees (as detailed in para 3.10 of that chapter);

(xi) Certificates in Form 27G relating to reduced collection of TCS (as detailed in para 3.08 of that chapter);

(xii) Acknowledgment given by the bank for having collected the Demand Draft/Pay order (as detailed in para 3.12 of that chapter);

(xiii) Documents related to goods outwards – sales (as detailed in para 3.16 of that chapter);

(xiv) Documents related to goods outwards – inter depot transfer (as detailed in para 3.17 of that chapter);

(xv) Documents related to return of empty bottles (as detailed in para 3.08 of that chapter);

(xvi) Documents related to accounting for transit/storage losses (as detailed in para 3.09 of that chapter);

(xvii) Documents related to verification of physical stock (as detailed in para 3.07 of that chapter);

(xviii) Documents related to accounting of petty cash (as detailed in para 3.08 of that chapter);

(xix) Documents related to rectification of entries (as detailed in para 3.08 of that chapter);

(xx) Depot diary as detailed in that chapter.

### **3.90 Maintain files for other activities as may be convenient.**

**3.91** Back up of transactions shall be taken on CDs everyday, before the closure of the depot. This back up shall be on cumulative basis.

**3.92** Back up files shall be individual files. Do not overwrite previous back up files.

**3.93** The CDs shall be stored in the depot.

## **4.00 Authorisations**

None

## **5.00 Software access procedure**

5.21 For taking a back up

- (i) Go to Gateway of Tally – Press Alt F3 – Select Backup (B) (see SS 14.01).
- (ii) The Backup Companies on Disk screen is presented (see SS 14.02).
- (iii) Choose the destination where the back up is to be saved as C:\TALBACK\Date (dd/mm/yyyy).
- (iv) Select the company from the pop up menu (see SS 14.02).
- (v) When accepted (see SS 14.03), back up of data till the date mentioned is saved in the hard disk.
- (vi) This can be accessed in the hard disk and then transferred into the CD.

## **6.00 Accounting treatment**

None

## **7.00 Internal audit guidelines**

7.02 Confirm if the files mentioned in 3.01 above have been maintained.

7.03 Verify filing of documents as per the procedure.

7.04 Verify if back up of data are being taken regularly and point out deviations, if any.