ACCOUNTING MANUAL

FOR

PROFILE GROUP LIMITED

MAIMUNAT SULEIMAN ACA
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1.0. **PURPOSE**

This Accounts and Operations Manual is designed specifically for Profile Group Ltd and its Subsidiaries, to be used as a guide in its daily financial operations.

1.1 **Scope of the Manual:**

The focus of this manual is to outline guidelines and procedures that will enable all officers of the company (Management and Staff) to:-

a. Operate with uniformity and consistency in the discharge of their duties.

b. Ensure that satisfactory authorization is obtained before any expenditure is incurred.

c. Ensure that adequate records are maintained.

d. Ensure that adequate internal controls are maintained, with timely rendition of management report.

1.2 **OBJECTIVES OF THE MANUAL**

i. To describe in comprehensive details, the accounting procedures to be operated in recording assets, liabilities, Income and expenditure of the company.

ii. To facilitate effective management and control of the company’s resources through compliance with Accepted Accounting Principles and Standards.

iii. To facilitate future systems reviews and computerization of the company’s financial operations.

1.3 **STRUCTURE OF THE MANUAL**

The manual contains main sections and sub-sections, dealing with various accounting procedures, actions and follow up actions necessary for comprehensive operation and meaningful Management Information and Reports.
1.4 **RESPONSIBILITY**

The responsibility for maintaining and operating this accounting Manual rests on the Accounting Officers of the Company hereinafter referred to as Head of Finance irrespective of the Official designation.

The authority to modify-add, amend, or delete, any sections or sub sections of this Accounting Manual rests on the Chairman/CEO or Management Director at the recommendation of the Head of Finance.

This accounting system has been designed elaborate enough to fit the expected growth in scope of the company’s operation, management size, and the attendant internal controls necessary for a rapidly growing company.

The overall responsibilities of the Finance and Account Department are as follows:

(a) To Maintain proper books of accounts and other records of the Company.

(b) To operate satisfactory accounting control over the assets and liabilities of the Company.

(c) To monitor the effectiveness of the accounting system and of the control maintained

(d) To provide management information containing accounting and statistical information as required by management and to assist them in planning and controlling the activities of the Group.

(e) Ensures compliance with accounting standards and the Company’s requirements.

(f) Ensuring that there is high degree of financial justification for investment and disinvestment

(g) Advising on the evaluation of alternative proposals and ensuring that information is available to those charged with the responsibility of monitoring progress.

(h) Initiate amendment and extension of the accounting principles and procedures in the light of changing circumstances.
### 2.0 ACCOUNTING POLICIES

Specific policies and procedures are used by company to prepare its financial statements. These include any methods, measurement systems and procedures for presenting disclosures. Accounting policies differ from accounting principles in that the principles are the rules and the policies are company’s way of adhering to the rules.

#### 2.1 The Companies and Allied Matters Act (CAMA) 1990 requires every Company to produce Annual Financial Statements. To ensure consistency in the preparation and common understanding and interpretation of these statements, standard accounting policies have to be adopted.

The policies for the company have been developed on four fundamental concepts of Accounting – Going Concern, Accrual, Consistency and Prudence.

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<th></th>
<th>Description</th>
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<td><strong>Going Concern</strong></td>
<td>- that the company will be able to exist for the next Foreseeable future</td>
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<tr>
<td><strong>Accruals</strong></td>
<td>- That Revenue (Income) and costs (Expenditure) will be Recognized in the books as they are earned or incurred and not as money is received or paid.</td>
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<tr>
<td><strong>Consistency</strong></td>
<td>- That there will be consistency of accounting treatment of Like terms within each accounting period and from one period to the next.</td>
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<tr>
<td><strong>Prudence</strong></td>
<td>- That neither income nor profit will be anticipated but will be recognized by inclusion in the profit and loss account only when realized, whilst provision will be made for all known liabilities.</td>
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2.2 **BASIS OF ACCOUNTING**

i. **Accounting Records:** That all company transactions shall be maintained on Historical cost convention in the course of business. However, where the business is to be sold, or merged with another, current cost/value will be applied as the date of transfer.

ii. **Stock and Work-In-Progress:** That stocks and work in progress shall be valued at the lower of cost or net realizable values, with costs determined on a first-in first out basis.

iii. **Investment:** That investment shall be stated at cost or net realizable value.

iv. **Foreign Currency Items:** That transactions ensuring in foreign currency shall be converted into Naira at the appropriate rates of exchange ruling at the time of transactions. Balances in foreign currency shall be translated into Naira at the exchange rate ruling at the Balance sheet date or the Company shall maintain a Domiciliary Account. Realized exchange gains or losses shall be credited to or charged against income for the period in which they arise.

v. **Fixed Assets:** That all expenditure of capital nature shall be capitalized as fixed assets, depreciation on fixed assets shall be provided to write off the cost of the assets over their estimated useful lives on a straight line bases, and hence fixed Assets shall be valued at cost less accumulated Depreciation.

The following annual rate of depreciation shall be applied.

- Leasehold land 2%
- Building 5%
- Plant and Machinery 15%
- Boreholes 10%
- Office Furniture & Equipments 15%
- Household Furniture & Equipments 15%
- Motor Vehicles/Bikes 20%
3.0 **ACCOUNTING ROUTINE, RECORDS AND PROCEDURE**

3.1 **Accounting Routines:**

The accounting transactions of the company are to be processed through the double entry accounting system commencing with Manual Accounting Records and subsequently to Computerized accounting records.

The principal books of accounts to be maintained and their purposes are:

(a) **Cash Book** - To record all cash/cheque receipts and disbursements on a day to day basis. It forms the foundation and interlink to all other books of account.

(b) **Sales Day Book** - To record all sales for each day. It relates closely with the cash book and the Debtors Ledger.

(c) **Purchases Day Book** - To record item by item all purchases for each day. It relates closely with the Cash book and the Debtors Ledger.

(d) **General and Cost Ledgers** - Is the summary control of all accounts- assets, liabilities, income and expenditure.

(e) **The Subsidiary Ledgers** - Is the detailed ledger for specific accounts e.g. Debtor – detailed by debtors. Creditors ledger – detailed by creditors. Stock ledger – detailed by each stock items.

3.2 **AUTHORIZATION AND APPROVAL**

To ensure effective internal control of all accounting transactions, the management must define from time to time levels of authority in the approval of expenditure. The Head of Account has the overall responsibility for ensuring that the various authority limits are enforced. Officers who authorize or approve any document must ensure that the documents
and the relevant attachments are in order and conform to established procedures and approved financial guidelines issued by management. No Officer except the Chairman/CEO or any Director as delegated by the Board is permitted to authorize or approve any expenditure for himself, but must obtain the approval of a superior officer.

3.3 **DELEGATED AUTHORITY**

Where an authorized Officer has delegated his powers to another, he nevertheless remains responsible for the efficient performance of the delegated authority. No Officer is permitted to delegate his authority to a junior without the approval of the Managing Director.

3.4 **PAYMENTS AND AUTHORIZATION**

An Officer shall not make payment against a voucher unless:-

- It is properly signed, authorized and approved by the appropriate signatories.
- All computations and relevant attachments have been properly checked and certified.
- It bears the appropriate account and codes.

3.5 **CHART OF ACCOUNT (ACCOUNTING CODES)**

In a manual as well as in a computerized accounting system all transactions, income or disbursements, are identified either to source or cost centers. This is made easier using accounting codes. The applicable accounts codes here are designed to meet the requirements of the envisaged computerization; and the nature of operations which requires that some cost are distinguished from general operational costs.

The following codes shall therefore apply to the company operations:
100 – FIXED ASSETS

20100/1  Land
20100/2  Factory Building
20100/3  Office and Residential Buildings
20100/4  Roads, Drains and Fencing
20100/5  Plant and Machinery
20100/6  Utilities – Borehole etc.
20100/7  Motor Vehicle
20100/8  Office Furniture Equipments
20100/9  Residential Furniture & Equipments
20100/10 Laboratory & Workshop Equipments
20100/11 Computer & Electronic Equipment

101 – PROVISION FOR DEPRECIATION

21101/1  Land
21101/2  Factory Building
21101/3  Office and Residential Buildings
21101/4  Roads, Drains and Fencing
21101/5  Plant and Machinery
21101/6  Utilities – Borehole etc.
21101/7  Motor Vehicle
21101/8  Office Furniture Equipments
21101/9  Residential Furniture & Equipments
21101/10 Laboratory & Workshop Equipments
21101/11 Computer & Electronic Equipment

200  CURRENT ASSETS.

30200  Stock of Raw Materials Control
30200/1  Stock of Raw Material A
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<th>Description</th>
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<td>30200/3</td>
<td>Stock of Raw Material C</td>
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<td>30200/4</td>
<td>Stock of Uniforms/Kits</td>
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<td>30201</td>
<td>Production-in-Progress</td>
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<td>30202</td>
<td>Stock of Finished Goods</td>
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<td>30203/1</td>
<td>Stock of Bottles</td>
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<tr>
<td>30203/2</td>
<td>Stock of Cartons</td>
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<tr>
<td>30203/3</td>
<td>Stock of Labels</td>
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<td>30204</td>
<td>Stock of Oil and Lubricants</td>
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<td>Unity Bank Plc</td>
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<td>30220/2</td>
<td>XYZ Bank – Local</td>
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<td>30220/3</td>
<td>KBC Bank – Foreign</td>
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40305 Refundable Deposit
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40401 Share Capital
40402 Retained Profit
40403 Directors Loan
40404 Directors Current Account

**INCOME**
51500 Income Control
51501 Sales Income
51502 Non-Refundable Deposits – Distributors
51503 Interested Earned
51504 Dividend / Other Investment Income
51505 Sales of Assets

**COST LEDGER CODES**
611000 Water Processing Expenses Control
611001 Raw Material used A
611002 Raw Material used B
611003 Raw Material used C
611009 Raw Material used - Sundries
611010 Excise Duty Paid
611016 Staff Salaries /Wages Factory

611017 Staff / Call / Overtime Allowances
611018 Pensions Fund Paid (employer’s contribution)
611019 Housing Allowance
611020 Transport Allowance
611022 Traveling Expenses (Local)
611023 Traveling Expenses (Overseas)
611024 Medical Expenses
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<td>621102</td>
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<td>621103</td>
<td>Label used</td>
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<td>Glue used</td>
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<td>621105</td>
<td>Pallets used</td>
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<td>621106</td>
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<td>641315</td>
<td>Breakages – Honey Processing Unit</td>
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<td>Code</td>
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<tr>
<td>641316</td>
<td>Custom Officers/other related expenses</td>
</tr>
<tr>
<td>651400</td>
<td><strong>SELLING, DISTRIBUTION AND ADVERTISING EXPENSES</strong></td>
</tr>
<tr>
<td>651401</td>
<td>Hire of Transport</td>
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<tr>
<td>651402</td>
<td>Motor Running Expenses</td>
</tr>
<tr>
<td>651403</td>
<td>Ware-House rent</td>
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<tr>
<td>651404</td>
<td>Sales Promotion Expenses</td>
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<td>651405</td>
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<tr>
<td>651406</td>
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<td>651417</td>
<td>National Pension Fund Board (employers contribution)</td>
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<td>651418</td>
<td>Traveling Expenses (Local)</td>
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<td>651419</td>
<td>Traveling Expenses (Oversees)</td>
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<td>651420</td>
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<td>651422</td>
<td>Trade Fair/Special Campaign</td>
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<th>Code</th>
<th>Description</th>
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<tr>
<td>B</td>
<td><strong>RECURRENT EXPENDITURE</strong></td>
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<tr>
<td></td>
<td>- Personnel Emoluments                                                      72303 / 1</td>
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<td></td>
<td>- Transport &amp; Travel (Local)                                                72303 / 2</td>
</tr>
<tr>
<td></td>
<td>- Maintenance of Office Equipments                                          72303 / 3</td>
</tr>
<tr>
<td></td>
<td>- General Office Expenses                                                   72303 / 4</td>
</tr>
<tr>
<td></td>
<td>- Printing &amp; Stationery                                                    72303 / 5</td>
</tr>
<tr>
<td></td>
<td>- Utility Expenses – NEPA / Water                                           72303 / 6</td>
</tr>
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<td></td>
<td>- Transport &amp; Travels (Oversees)                                            72303 / 7</td>
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<tr>
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<td></td>
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**NOTE:** The above accounting codes are designed to be easily adapted in both manual and computerized operation. It can be also be easily adapted to a diversified Service/production process under the same or separate management.

### 4.0 PURCHASES, STORES AND PAYMENT PROCEDURE

#### 4.1 INTRODUCTION

Purchasing procedure touches on the two major ingredients of Internal Control.

i. Authorization

ii. Compliance with laid down sequence of processing documentation.

Liability for payments starts when goods or services have been received and accepted.
4.2 **INITIATING PURCHASES**

4.2.1 All purchases of goods or services whether of capital or consumable nature must be made against the authority of any of the following:

a. Local Purchase Orders (LPOs)
b. Letter of Intent
c. Contacts / Services Agreement
d. Job Orders
e. Any other instruments that may be approved by management

4.2.2 Sequence:

i. The user department originates a purchase requisition note addressed to the Managing Director through the Accounting Officers.

ii. The Accounting Officers liaises with the stores to confirm what quantity is available in the stores and what quantity need be purchased.

iii. Subject to availability of funds or credit worthiness of the company the Accounting Officer obtains the approval of the Managing Director.

iv. The Accounting Officers prepares the Local Purchase Order (LPO) or issues the letter of intent which must be signed by him and the Managing Director.

**Note:**

a. No Officer of the department should be allowed to issue LPOs to avoid abuse

4.2.3 Where the items required are of a routine nature such as stationery, the requisition may originate from the stores unit and the appropriate sequence above must be followed.

4.2.4 The issued pre-numbered LPO must be distributed as follows

- Original copy to the supplier
- 2\textsuperscript{nd} copy to the requisition (user) Department
- 3\textsuperscript{rd} copy to the stores unit
- 4\textsuperscript{th} copy attached to the Purchase Requisition Note retained by the Accounts Department.
All issued LPO must be registered in the LPO Register. Cancelled orders should also be registered, stating reasons for the cancellation.

4.3 **RECEIVING THE GOODS**

4.3.1 Sequence:

i. The supplier must register the goods in his vehicle at the gate house register, specifying the Date, Vehicle Number, suppliers name, invoice number and date, LPO number and signature of the security officer who checked the vehicle.

ii. The store officer, the Internal Auditor and the quality control officer shall receive the goods into store after certifying the quality and total compliance with the specifications on the LPO.

iii. The store officer issues the store’s receipt/reject voucher – SRRV.

iv. The Internal Auditor stamps the SRRV, the suppliers invoice and Original LPO returned by the supplier with “**checked and correct stamp**”.

v. The SRRV is distributed to the Processing Units by the stores officer thus:
   
a. Original attached with LPO and invoice of Accounts for payments

b. Copy to the stores ledger for updating

c. Copy to stores Bin Card Files for updating Bin Cards.

d. Copy left in the booklet

vi. The stores officer updates the stores register similar to that present at the gate with additional column for “inspected by”.

4.4 **INVOICE PROCESSING**

4.4.1 The Accounts Department must ensure that the Purchases invoice forwarded to them are complete for payment thus:

- SRRV plus invoice plus original LPO attached
- Match quantities and value on invoice to same on LPO
- Check arithmetical accuracy of figures on the various documents
- If the invoice being processed is for services not requiring an LPO or SRRV, there should be a certificate of satisfactory completion of the work issued by the user department and certified by the internal audit.
4.4.2 **JOURNAL VOUCHER PROCESSING**
Where the invoices are not for immediate payment, journal vouchers using the proper account codes are raised to update the stock and creditors ledger. Debit raw materials purchased. Credit the supplier accounts.

4.4.3 **PAYMENT VOUCHER PROCESSING**
Where the company is ready to effect payment, the following must be done:
- Raise the payment vouchers
- Attach all the relevant documents specified in 4.4.1 above
- Code the voucher with appropriate codes
- Chief Account Officer to certify the voucher as accurate and proper.
- Register the voucher in the payment voucher register.
- Pass to the Internal Audit Unit for vetting.
- After Internal Audit vetting and approvals, prepare cheque for each payment voucher.

4.4.4 **CHEQUE PAYMENTS**
The cheques for payment of invoices shall be signed by the Accounting Officer or Chairman/CEO as signatory “A” and the Managing Director or his delegates as signatory “B” to serve as a reminder to the MD of settlements of earlier or current commitments.
- All issued cheque must be restrictively crossed “Account payee only”.
- All signed cheque and payment vouchers are to be locked in safe until the cheque are collected by the payees.
- Payee collects the cheque, signs the cheque dispatch register and completes payee’s acknowledgement column at the bottom of the payment voucher.

4.5 **LETTER OF INTENT**
In situations where items are required for urgent use some aspects of the detailed procedures enumerated above may be waved. The user department applies for the supply of needed items by way of formal memo in a file to the Accounts Officer. If items required are not available in the store.
- The Accounts Officer obtains confirmation as to Price, Quantity from the Stores, still by memo in a file.
- The Accounts Officer obtains the approval of the Managing Director via the same file, issues letter of intent to the supplier.
- The Stores, invoice processing and payment procedure here remains the same as with LPOs.

4.6 **CASH PURCHASES PROCEDURE**

Often, demands are made by staff for urgent supply of small value items not available in the Stores. Cash is usually advanced to a staff for such off-the-shelve purchase via cash payment voucher. The cash advance release to the staff must be Debited to his personal ledger

4.6.1 When full evidence of purchase is certified, the particular Expense Account e.g. Stationery & Printing shall be debited and his personal account credited by raising Journal voucher to clear the earlier debit.

4.6.2 The Stores and invoice processing procedure must be followed, and fully certified, before a Journal voucher is raised.

4.7 **STORES PROCEDURE**

**Receiving Procedure**

Sect. 4.3 gave an outline of Stores Receiving Procedure. Administering the stores requires careful procedural approach as fully stated below.

After the detailed checking of duplicate copy of Stores Receipt/Reject Voucher (SRRV) by the Store’s Officer or his delegate, it is passed to the ledger Stores Clerks who will enter the particulars of the SRRVS in appropriate stock items. The actual quantity received, the unit price and total amount thereof will be entered on the ‘receipt’ side of the stock ledger card for the particular item.
Each item of stock is allocated a definite storage space in the store. To facilitate this, adequate storage facilities and equipment such as bins are usually provided at each store. For bulky goods, definite floor spaces are allocated for each type of goods, within the available store space.

Reference/Code Numbers are allocated to each stock item by the store officers. Due Care/Diligence is usually taken to ensure that these numbers are not duplicated, especially, that no two items have the same number; nor different numbers allocated to the same single item. The reference numbers are clearly indicated on the Bin Cards and all documents with which the items are received and issued.

The store officer should maintain master lists of all items handled by the store which show all the allocated Code/Bin Card Number, and descriptions. These details are promptly notified to the Stores Accounting Unit as soon as a new item is received.

(b) **Issuing Procedures**

The procedures for issuing of stock items from the store usually commence from the user department. The Head of a particular section (of the user department) or any other duly authorized officer of the department requiring the items will, raise a Store requisition Voucher in duplicates from the booklet obtained by the section. Each Department or section obtained a booklet of stores requisition voucher from the stores or any available sources with which requisitions originating from the department would be initiated. The sectional head or the authorized officer will indicate the descriptions and quantities of each item required and pass it to his head of department of his delegate for approval.

On approval, the signed requisition voucher, both original and duplicate copies are passed in a file to the stores for issue. The store officer in charge of stores, on
receiving the stores requisition voucher vets them and ascertains the actual quantity
of items in stock. He will enter in the “Quantity Supplied? Column of the stores
requisition voucher actual quantity to be issued depending on the availability of the
items. The quantity may be lower but cannot be higher than the quantity requested
for, in the requisition voucher.

The Officer in charge of stores would then authorize the actual quantity to be
supplied by signing on the appropriate column and passing it over to the
storekeeper. The storekeeper extracts the original copy of the approval stores
requisition voucher and enters the particulars on a Store Issue Voucher. The Store
Issue Voucher (SIV) will also record the rank of the officer making the requisition,
date of issue, and (SIV) serial number. The duplicate copy of Store Requisition
Voucher is retained by the requisitioner. The Storekeeper then issues the approved
quantities and signs the appropriate column of the SIV. The representative of the
user department or the requisitioner who collects the items will count them to agree
with the indicated quantities and sign the Receipt Column as well as indicate his
name and Department room number as evidence of collection of the goods.

The storekeeper will then attach the original copy of the stores requisition voucher
to the copy of the SIV that is to be retained in the booklet copy. The SIV is
prepared in triplicates distributed as follows:

<table>
<thead>
<tr>
<th>Copy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; Copy (White)</td>
<td>Retained by the stores;</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Copy (Pink)</td>
<td>To used department as confirmation of actual Quantity issued;</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Copy (Blue)</td>
<td>Should go to Store Accounting Unit</td>
</tr>
</tbody>
</table>
The storekeeper will post the bin cards for the items using the information on the original copy of the SIV, entering in the appropriate columns, the date of issuing the items, the SIV, serial number, to whom issued, quantity issued running balance and his initials.

At the Store Accounting Unit, in the Final Account Section, on receipt of the copy of SIVs sent by the stores unit the head of the unit will check the SIVs to ensure completion of entries in their appropriate columns after which he would pass it to the Ledger Clerks responsible for the Stores Ledger. The Store Ledger Clerks will post the respective ledger cards for each stock item, entering such information as the date of issue, SIV number, the particulars of user department/section or person to whom goods were issued and the actual quantity issued.

The unit price of the item, being the unit price of the oldest existing stock item, will be taken as the unit price of the items issued, which will be entered in the “Rate” column of the Issue Section of the ledger card, in accordance with the Fist-in-First-out (FIFO) method of pricing adopted by the company. Accordingly, the figure entered in the “amount” column of the Issue Section will be the product of the Quantity issued, and the unit price. The figures of quantity and amount of the issues portion will be deducted from the figure of quantity and amount of the ‘Balance’ column of the previous transaction respectively, to derive the current running balances resulting from the issue. The unit price entered in the ‘Rate’ column of the “Balance” portion of the ledger will be the unit price of the latest batch of stock receipt remaining in stock. Where the balance of stock on hand is made up of batches received at different prices, these will be duly noted on the “Remark” column of the ledger, for subsequent reference and application in the valuation of the stock balances.
4.8 **STORE ACCOUNTING AND CONTROL PROCEDURES**

The Stock Accounting Unit provides a link between the Final Accounts Section and the Stores and Supplies section of the department. The accounting and control functions of the department over stock purchasing and handling, is usually exercised by the unit. These controls are exercised through the following procedures:

(a) The unit controls the purchasing of stocks through the insistence on adherence to approved guidelines and stock level budgetary allocations and stock levels.

(b) It also controls payment for goods purchased, by withholding approval for payment of goods considered unacceptable or goods procured without full compliance with laid down procedures.

(c) The unit monitors the issuing of stock items to user departments with detailed collation of all SPVs and SIVs and ensures proper record keeping and accounting for stock items.

At the end of every week/month, the Store Ledger Clerks prepares collation sheets listing all items of stock in the store, and summarizing the values of movement on each item for the month. The sheets will show the opening balance brought forward, total receipt and issues and closing balances at the end of the month. Total receipts and issues are cumulated and transferred to a monthly analysis/summary of stock position of stocks as per the stores ledger cards. The monthly summary/analysis schedules will be passed to the head of Stores Accounting Unit.

The Head of Stores Accounting Unit would check the various ledger posting; certify the correctness of the balances, agree them to the figures on the monthly analysis schedules and transfer the information to the Monthly Stock Status Return Schedule for the month, to derive the cumulative stock movement figures for the month and total stock position as at the end of the month. This schedule is prepared in duplicated.
The original copies of the Monthly Stock Status Return Schedule, with the monthly analysis/summary of stock position attached, would be sent to the Head of Finance, who will review the figures and pass them to the General Ledger Unit for posting in the Control Accounts. The duplicate copies are filled and retained by the Head Stores Accounting Unit.

At irregular intervals, the Head of Stores Accounting Unit or a Store Ledger Clerk delegated by him, would select randomly any item of stock and cross check the quantity, balance the Store Ledger Card with the physical and bin card balances of the same item in the stores. Any difference arising from the check will be investigated and resolved as promptly as possible.

The Internal Audit Unit also carries out similar pot checks, cross checking balances on the stores ledger cards with those of the physical stock and bin cards at the stores to ensure their accuracy and perpetual agreement.

Also at the end of the year, physical stock count exercises are carried out by the Stores Accounting Unit in conjunction with the Internal Audit Unit and the Stores Unit, to verify the actual quantities physically in stock, which would be compared with bin card and stores ledger card balances. This physical balance would then be priced in accordance with FIFO method and collated to form the basis for the value of closing stocks in the year-end final account.

5.0 **CASH OFFICE RECEIPT AND PAYMENT PROCEDURE**

There shall be a Cash Office, which shall be properly secured under lock and key for keeping all monies and security documents of the company in an iron and fireproof safe. The Cash Office can be likened to an internal bank or treasury of the company. The ultimate receiving of all monies due to and payments, either by cash or cheques
of all amount relating to all transaction of the company, shall be handled by the Cash Office.

5.1 **The following books shall be maintained in the Cash Office:**

- Analytical Cash Book;
- Petty Cash Book;
- Salaries Cash Book;
- Unclaimed Cheques Register;
- Cheque Books Control Register;
- Security Books Register;
- Cheque Despatch Register;
- Stale/Cancelled Cheque Register
- Incoming correspondence Register
- Returned Cheque Register;
- Cheque Summary Register;
- Unclaimed Salaries Register;
- Incoming Payment Voucher Register
- Money by Post Register;
- Safe Contents Register.

5.1.2 **Security Arrangements in the Cash Office**

The following security arrangements shall be observed in the cash office:

- All receipt booklets shall be pre-numbered serially and printed in triplicate
- When receipt booklets are ‘received in large quantities, there shall be kept a register where recipients of receipt books shall sign for them.
- All receipt booklets must be kept in properly locked up safe.
- In case of loss of a receipt booklet or leaflet, the Managing Director must be informed for immediate investigation and action to stop its improper use.

- All monies received on behalf of the company must be properly receipted, **Temporary, unofficial receipts are unacceptable.**

- Receipts must be issued serially for all cash/cheque collected and recorded serially in the receipt cashbook.

- All cancelled receipts, must have the original attached to other copies for accountability.

- All monies collected must be paid into bank intact within 24 hours. In case of money collected on Fridays or on day proceeding a public holiday, such money must be banked on the first working day following the weekend or public holiday.

- Bank tellers must indicate the receipt numbers and cheque number of the amount being banked on the reverse side of teller.

- All cheques received by post must be crossed as soon as the envelope is opened and receipts must be entered in a Register designed for that purpose. Receipts issued for any amount by post shall be pasted to the payer without delay.

- Original and duplicate copies of the bank teller must be stamped and the bank duplicate copies must be kept in the office safe.

- Daily cash and cheque receipts shall be checked by the head of Finance or his delegate weekly/monthly to ensure that all collections are correctly received and bank.

- Any officer who is away from his/her station, and who collects money particularly cash, on behalf of the company shall pay in the amount immediately at the nearest bank and obtain bank cheque or draft.

- Unless expressly approved no Officer shall retain in his personal possession or house, any money received on behalf of the company.
- For all monies paid directly to the bank or where the bank credits the company’s account with interest or other money, bank credit advice shall be recorded immediately as a receipt in the Receipt Cash Book.

- Money, which has not been banked, should be kept in the safe under no circumstances shall personal money be kept in the safe. Where money is found on a check in the safe, it shall be regarded as belonging to the company.

- Any unexplained surplus cash shall be brought promptly into the account. If subsequently, the error, which caused the apparent surplus, is discovered, adjustments shall be made.

- It is mandatory that all material cash movements must be escorted by at least two armed policemen depending on the amount involved. Any case of cash shortage shall be brought promptly to the notice of Head of Finance and the cashier involved shall be made to refund it unless otherwise waved by the Managing Director.

5.2 RECEIVING PROCEDURES

The monies received by the Cashier are usually in the form of credit to the company’s account with any of her Banks as cheques and cash payments. At the point of receiving the payment, the cashier will count or ensure the accuracy of the cash or other medium of payment, and thereafter issue an official receipt for the amount collected.

The cashier in writing the receipt ensures that the relevant information is entered in the appropriate spaces indicating:

- Name of person or source of payment;
- The amount in words and in figures;
- The purpose or description of payment;
- Whether cash or cheque or credit to the bank account;
- Name and signature of cashier.
The receipt is made out in triplicate and distributed as follows:

Original   -   To the payer,
Duplicate  -   Attached to the Pay-in-form,
Triplicate -   Book copy used for recording the Receipt Register.

When the receipt is issued, the amount is recorded in a Receipt Register and posted to the debit side of the Main Cash Book and cheques will also be recorded in the Cheques Summary Register for subsequent references when necessary.

At the end of the day, the cashier would balance the Cash Book and the balance on the cash column of the cash book must agree with the physical cash balance held by the cashier.

The Cashier will then enter the total collections in the bank paying slips, cash and cheques lodgments in different slips, and pay them into the bank on daily basis. Cash returned by staff as unspent balances of advances, are however left in the cashier’s safe. All other monies received on behalf of the company must be paid into the bank intact, not later than the next working day following the day they are received.

The lodgment slips are prepared in triplicates, all copies of which would be stamped at the bank. The bank retains one copy. The second copy will be filled, while the book copy will be retained until the booklet is exhausted, when it would be passed to the Internal Audit Unit.

5.3.1 **PAYMENT PROCEDURES**

All payments out of the Company’s account by the cashier must be based on approved Payment Vouchers. No payment may be made on verbal instructions. Payment Vouchers are usually raised by a voucher clerk who passes them through the
authorization and approval procedures and vetted by the Internal Audit Unit from where it would then be passed to the cashier for payment.

The payment may be made by cash or cheque. Cash payments are usually made to staff while cheque payments are made to outsiders irrespective of amount involved.

All Payment Vouchers shall be given reference numbers that run serially for the whole year. This is known as the PV number. Also account codes should be quoted on every PV to indicate the nature of transaction being paid for.

(a) Cash Payments

The cashier usually makes cash payment to payee for such items as:

- Cash Advances to staff.
- Salaries to Junior staff

When the cashier receives a payment voucher for settlement, he/she would check to ensure that:

- The payment has been duly authorized and approved;
- The relevant documents are attached to the PV and also that they are duly approved and arithmetically accurate;
- The approved PV has been cleared by the Internal Audit Unit.

The Cashier will cancel the PV and supporting documents attached by affixing a “PAID” stamp on them. This is to avoid double payment of an already Paid Voucher.

At the close of business each day, the cashiers will write-up the Cash Book, which records the income and Disbursement of the Company. The debit (or receipts) side shows the following:

- Date;
- Particular of payer;
- Classification Code;
- Serial Number of Receipts Issued
- Serial Number of Bank Credit
- Amount Received;
- Columns for analysis of amount into the various Sources of Fund.

While the Credit (or payments) side shows:-
(i) Date;
(ii) Department Number;
(iii) Particulars of payee;
(iv) Description/Classification Code
(v) Serious Number of cheques Issued;
(vi) Amount Paid;
(vii) Columns for analysis of amount into the appropriate Account Heads.

(b) **Cheque Payments**
All the payments to Suppliers and non-staff of the company are made by cheque. When payment vouchers are passed to the cashier, he would scrutinize the vouchers to ensure their arithmetic accuracy, adequate authorizations, attachment of supporting documents and clearance by Internal Audit Unit.

The Cashier will write the cheque on the cheque book, ensuring that the vital particulars such as date, name of payee and amount in words and figures are legibly and correctly written. The cheque will usually be crossed except in cases of cheques issued for Office cash. All cheques to contractors, suppliers and other outsiders must be crossed “ACCOUNT PAYEE ONLY”. If for any reason a cheque has to be cancelled, such cancelled cheque will be attached to the cheque stub.
Payment Voucher will also be attached to any subsequent payment voucher raised for the same expenditure.

The cashier will pass the cheque booklet with the payment voucher attached with the supporting documents to the authorized signatories. Each cheque must be signed by two signatories. Before signing the cheques, each of the signatories will ensure that all relevant documents supporting the payment are attached to the voucher, that the bills or invoices have been duly approved and cleared by the Internal Audit Unit and that funds are available in the bank sufficient to settle the payment. Where any of these points is not satisfactory, the cheque may not be signed and the payment will be delayed or even suspended until the point is cleared to the satisfaction of the signatories.

The signed cheque together with documents attached, will be returned to the cashier, who will then enter the particulars of the cheque in the Cheque Delivery Register. The payee shall complete the receiver’s portion of the Payment Voucher and collect the cheque. The cashier would, of course establish or satisfy himself as to, the identity of the payee or his authority to collect the payment.

The cashier will stamp “PAID” on each payment voucher and all documents attached to it, and pass the PV to the officer who will make entry into the Cheque Summary Register, after which the PV’s will be sent to the Head of Finance, who oversees the Cash Office.

The Head of Finance will sign for the PV’s and pass them to the officer in charge of bank cash Books who will use the information there in to write up the payments side of the Bank cash Book.
The original copy of the Bank Cash Book will be sent to the Final Accounts Section at the end of the week-month for their subsequent analysis and postings to the General Ledger.

5.4 IMPREST PROCEDURES

In order to ensure convenience in certain cases, an imprest shall be maintained by the Head of Finance. Such imprest shall be maintained by designated staff of the accounts department and used for payment of minor expenses with periodical reimbursements from the main office cash.

The imprest account holder is required to keep detailed records showing the amounts and date of advances received by him and details of payments made out of the fund. The payments must be adequately supported with approve vouchers.

When the imprest amount is about to be exhausted, the account holder will prepare a return in writing showing details or expenditure made out of the fund, together with supporting vouchers and receipts. The request will be reviewed and authorized by the Head of Finance before fresh cheque can be issued for reimbursement.

The Payment Voucher will be passed through the same payment processing procedures as earlier described. That is, the processing at the Checking Unit, Internal Audit, and final transfer to the Cash Office where the payments will be incorporated into the payment side of the main Cash Book and posted from there to the General Ledger in weekly/monthly totals along with other payments.

The imprest account holder will have a personal account in the subsidiary ledger to which the various amounts advanced to him will be debited. The personal accounts are also credited by journal entries of the amount properly disbursed by him as in his
expenses returns. Thus, the personal accounts would always show the actual amount held by the imprest holder.

The imprest account holder is required to retire his imprest on or before 20\textsuperscript{th} day of every December for the end of the year account purposes. All unspent amounts should be paid back into bank and receipts obtained. The amount on the receipt and the journal entries of the amount disbursed will be credited to the personal account in the subsidiary ledger, and the account is expected to have a nil balance at the end of the year.

5.5 **CASH SURVEYS**

- Cashbooks shall be checked with the payment vouchers

- The cash in-hand must be verified by another authorized officer other than the cashier and the cashbook initialed by such Officer after every check. The cashbook balance shall always agree with the physical cash in hand.

- The Internal Auditor shall carry out from time to time spot-checking of cash; such checks shall be at irregular but frequent intervals

5.6 **BANK RECONCILIATION PROCEDURES**

The Bank Reconciliation Statement is prepared monthly by the Officer in charge of Final Accounts. The exercise is aimed at reconciling the records of bank transactions in the statement produced by the Banks (with which the company may operate an account) which the records of cashbook as kept by the Cash Office in respect of that particular bank account. The Reconciliation officer collects the relevant bank statements, Cheque Summary Register, Bank tellers and cheque stubs, monthly from the cash office for reconciliation exercise.
The procedure for the reconciliation starts with the checking of the entries made into the cashbook by the Cash Office with the available cheque stubs and tellers to ensure that the cheque summary register is correctly balanced. Each of the figures in both receipts and payment sides of the Cheques Summary Register is ticked to agree with the items in both debit and credit sides of the Bank Statements. Any amount found not ticked on the credit side of the cheque Summary Register will be regarded as (Schedule A) – “Unpresented cheques” for the month, while items not ticked at the debit side of the bank statement will be regarded as (Schedule D) – Debits in Bank not in the Cash Book”, after due verification from the previous reconciliation statement.

Also, item at the receipt side of the Cheque Summary Register would be ticked against items at the credit side of the Bank Statements. Any outstanding figure in the debit side of the Cheque Summary Registry will be regarded as (Schedule C) – “Receipts in the Cash Book not in the Bank Statements”, while any unticked figure in the bank statement is regarded as (Schedule B)O – “Credit in Bank not in Cash Book”.

The Bank Reconciliation Statement will be prepared as follows:

Bank reconciliation as at ……………………………………………

N.K

Cash Book /Bank Balance as at (date) xxx
Add cheques issued but not presented to bank xx
Add cheques issued but not presented to bank xx
Add credit in bank not in the cash book xx

Deduct debits in bank not in the cash book xx
Deduct credits in cash book not in bank xx

xxx

Bank Balance as at (date)

xxx

The outstanding items are followed up and resolved as prompt as possible by the reconciliation staff together with staff of the Cash Office. When necessary however, a tripartite meeting comprising members of the Bank, a staff representative from the Internal Audit Unit and the Final Accounts Section may be held to resolve any serious reconciling items.
6.0 **ACCRUALS, PREPAYMENTS AND ACCOUNTS RECEIVABLE**

6.1 **INTRODUCTION**

At the end of a reporting period, it is essentially to ensure that all significant expenditure incurred by the company have been correctly recorded, whether invoices have been received and settled or not. Therefore, there is need for liabilities in all those cases where:-

- Invoice has been received, but not yet settle during the accounting period;
- An invoice has not yet been received, in which cases the exact amount to be charged in the accounts is not known and will have to be based on a reasonable estimate.
- Work has been carried out against a contract, the value of which is estimated as outstanding for payment.

6.2 **ACCRUALS**

Accruals are short-term liabilities (such as interest, taxes, utility charges, wages) which continually occur during an accounting period but are not supported by an invoice or a written demand for payment. When preparing financial statements for that accounting period, such liabilities are estimated on the basis of experience (based on previous payments). Similar increases in the assets of the firm (which may also continually occur) is not taken into account in order to comply with accrual basis accounting rules.

It is the responsibility of the Head of Finance to ensure that all expenditure are brought into accounts of the relevant accounting period to which they apply, whether they are paid or not. It is also the responsibility of the Head of Department to advice the Head of Accounts of all commitments entered into every final year.
Accruals shall be set up monthly. These accruals shall be reversed as soon as invoice showing actual expenditures have been received and processed.

A separate Accruals Registers shall be maintained: At least one month before the due date. The Head of Finance shall enquire from Managing Director whether there shall be continuation of contracts or whether the terms and conditions are to remain the same or to be altered. If the agreement is to continue, and no payment has been made on the expiry date, then all accruals shall be made for the current accounting period.

6.2.1 **Accounting Treatment**

When accruals are set up, raise Journal Vouchers and make the following accounting entries:-

- Dr  Relevant Expenditure Account  
- Cr  Accruals Accounts (Credits)

When invoice are received in respect of items that have been accrued, the Accruals are reversed by Journal entries as follows:-

- Dr  Accruals Accounts (Creditors)  
- Cr  Relevant Expenditures Account

The following accounting entries are made for the amounts with invoice:-

- Dr  Relevant Expenditure Account  
- Cr  Suppliers/Creditors Account

When payment are made:

- Dr  Suppliers/Creditors Account  
- Cr  Cash/Bank
6.3 PREPAYMENTS

6.3.1 Definition

1. The payment of a debt obligation prior to its due date.

2. The excess payment over a scheduled debt repayment amount.

It is the responsibility of the Head of Finance to ensure that although payments have been made for commitments entered into, they are only charged out in proportion to the months they apply in the accounting period, any excess being carried forward to the next accounting period as prepayment.

A separate prepayment Register shall be maintained. To enable a prepaid expenditure to be recognized evenly over the period covered, such expenditure is treated as prepayment when paid for. It would then be charged to the appropriate account on regular monthly basis until the end of the period covered, by which time the balance of this item in the prepayment account will be reduced to zero.

In the prepayment Register, a note shall be made of the period of notice to be given for exercising the option to renew the items e.g., rent, lease, insurance etc.

6.3.2 Accounting Treatment

When payments are made, the following accounting treatment will be made:

- Dr Relevant Expenditure Account
- Cr prepayment Accounts
At the end of each month, journal Vouchers will be raised for the following entries to be made in respect of the proportion of the amount spread over the relevant period:

- Dr Relevant Expenditure Account
- Cr Prepayment Accounts

At the end of the year, the applicable proportion of prepayment shall have been charged from the prepayment accounts, shall then represent prepayments to be carried forward to the following year.

6.4 ACCOUNTS RECEIVABLE

A set of subsidiary accounts shall be maintained for Debtors. The individual Debtors Accounts shall be updated with client debts, loans as well as Unretired Advances. Also cash/cheques receipts from the Debtors will be updated accordingly.

Journal Vouchers shall be raised for Unpaid Fees Notes periodically and the following accounting entries will be made.

- Dr Debtors A/C
- Cr Relevant Revenue A/C

Similarly, Journal Vouchers shall be raised periodically for receipts from Debtors as follows:-

- Dr Cash/Bank
- Cr Debtors A/c
The Head of Finance shall ensure that at the end of each month all Debtors Accounts are reconciled with the balance of the Debtors Control Account in the General Ledger.

4.4.5 **LEDGER PROCESSING**

When invoices that have earlier been journalized as per 4.4.2 (pg.16) are now processed and paid the Bank and Creditors Ledger are updated through the usual daily or weekly Journal of the cash book:

Dr. Creditors.
Cr Bank.

- The Journal Voucher (JV) must be checked as to proper coding and Accuracy by a Senior Accounts Officer.
- The Journal Voucher should be registered and numbered serially in the Journal Voucher Register
- The processed JV shall be posted into the General / Cost Ledger it relates.

7.00 **SALARIES, ALLOWANCE AND ADVANCES**

7.1 **INTRODUCTION**

Salaries are amounts paid to employees of the company as reward for labour. These shall be paid monthly, in arrears. Allowances are entitlement that may be paid along with salaries when due.

Advances are sums of monies granted to officers for specific purposes, which are either retirable or recoverable.

The following shall be the main functions of the Salaries officer in the Finance Department:

i. Registration of the employees of the Company
ii. Maintenance of Personal Emoluments (P.E) Cards for staff.
iii. Computation of wages sheet for factory workers whose wages are based on time rate.
iv. Computation and deduction of tax payable monthly from staff salaries, based on taxable pay assessment;
v. Compilation of pay roll summary and writing of journals for posting into the Ledgers;
vi. Maintenance of salaries and allowance Variation Advance File in the Finance Department.

7.3 **SALARIES AND ALLOWANCES RECORDS**

Records to be maintained by the office:-
- Payroll Register;
- Groups Register;
- Salaries and Allowance variation Advice File;
- Personal Emolument Card;
- Salaries Payment Voucher Register;
- Advice of Deductions;
- Bank Payment Advice (Scheduled);
- Pay Slips.

7.3 **SALARIES AND ALLOWANCE PROCEDURES**

On appointment of an officer, the Personnel Officer shall raise Pay roll Variation Advice showing the following details:

i. Name of Officer;

ii. File

iii. Designation/Department;

iv. Grade / Step; or rate of daily or hourly wages

v. Salaries and Allowances;

vi. Effective Date of Employment;

vii. Any other terms of employment.
The Variation Advice prepared in triplicate shall be distributed as follows:-
- Officer’s Personal File
- Internal Audit Unit;
- Salaries Section.

Variation Advice must be raised to give effect to increments, promotions, acting appointments, dismissals, terminating of appointments, resignations, etc. no addition or amendment should be made on Payroll without a variation advice. The officer’s personal files containing the Variation Advice approved by the Head of the Personnel Administration shall be sent to the Head of Finance and Supplies, who would pass them to the Salaries Section for processing.

Personal Emoluments Card shall be opened for each officer, stating the details of all the information contained in the Variation Advice and officers personal files e.g. Name of the Officer, Rank, Salary and allowance per annum etc.

Thereafter, the officer’s files, together with Personal Emoluments (P.E) Cards, and Group Register shall be sent to the Internal Audit Unit for further processing. Subsequently, the officers’ files are returned to the Personnel Office. After processing, the Internal Audit Unit shall return the audited P.E. Cards, variation Advice and Group Register to the salaries section.

7.3.2 PREPARATION OF PAYROLL

The staff payroll shall be prepared once monthly or forth-nightly for casual workers, and shall be on standard former detailing the gross pay, deductions from staff salaries such as Pay-as-You-Earn (PAYE), rent of staff quarters etc. and net pay. Supplementary payrolls shall not be allowed.

The information contained in the payroll is used to prepare the payroll Summary Voucher, which is a summary in totals of the various sums of the payrolls. There shall also be a Voucher Certificate where officers, who are
involved in the preparation of the payroll, are expected to sign their signatures, names and date in their appropriate columns as follows:

i. Prepared by:
ii. Checked by:
iii. Passed by:
iv. Passed by:
v. Paid by:

The officer who prepared the Payroll Summary Voucher is expected to sign the column “prepared by” etc.

7.3.3 PAYROLL AUDIT

All salaries payment vouchers shall be checked by the checking section and audited by the Internal Audit Unit before being passed to the cash office. Adequate internal checks shall be observed in preparation and payment of salaries. In particular, duties shall be sufficiently segregated to prevent, detect and/or minimize errors and frauds.

Payslips which are produced simultaneously with the payroll shall be distributed to staff a day or two before actual pay day, information individual staff about various deductions made from their gross salary and genuine complaints attended to promptly.

7.3.4 PAYMENT OF SALARY

Salaries of all staff shall be paid directly to the bank and such bank advice shall be prepared in duplicate and be receipted by the various bank(s).

Salaries of Staff without account numbers shall be paid by cash,
Pay envelopes shall be written out and correct amount enclosed in each envelope.
The officer paying must ensure that all the pay envelopes have been enclosed with the correct amount and that no salary is left out before he/she starts to pay out. In view of the usual numerous number of factory and casual workers, payees must identify themselves with valid identity cards before they sign for their salaries. Each
payee must sign all the copies of the payroll before money is handed over to him/her.

7.3.5 WITH HOLDING SALARY
Where an officer’s salary is to be withheld for official reasons, a memo or written request to that effect shall be forwarded to the Head of Finance by the Managers or Head of departments

7.3.6 COLLECTION OF SALARY BY 3RD PARTY
Where an officer is unable to come in person to collect his/her salary, he/she may issue a signed “Authority to collect salary” to another person. The written authority shall be endorse by the employee’s Head of Department/Unit certifying that the employee is still in the employment of the company and that there is no reason known to him/ her why the employee’s salary may not be paid, the person authorized to collect the salary shall identify him/herself before it can be made.

7.3.7 SHORTAGES/ SURPLUSES
Paying officers shall exercise due care in handling monies entrusted to them. If any shortage occurs through the negligence of the paying officer, he/she shall be required to refund such shortage. If a surplus is observed after paying all the employees such surplus shall be paid back to bank.

7.3.8 RECOVERY OF ADVANCES
The salaries section is responsible for effecting recovery of advance granted to officers through appropriate deductions from their salaries. In consequence, therefore, the Salaries Section shall certify on the Voucher that such advance has been deducted

7.3.9 LEAVE ALLOWANCE
Officers who are proceeding on annual leave shall have to apply for and obtain necessary approval. These should be in a standard application form to be submitted to
the relevant Heads of Department. The application should include the following details;

- Name of officer;
- Designation;
- Period of leave Required;
- Contact Address

The Heads of Department shall consider the convenience of allowing the officer to proceed on leave at that material time and may approve the application. On approval the Head of Personnel Administration will prepare letter authorizing the leave and pass the letter to the Head of Finance to process the leave allowance. Leave allowances shall be paid along with salaries. Unless otherwise directed by Management in which case approval is obtained and direct payment voucher raised for cash or cheque payment.

7.3.10 UNCLAIMED SALARIES AND ALLOWANCE;

Any salaries remaining and unclaimed five days after the payment shall be paid to the bank. Concrete reason(s) must be provided by the Cash Officer for unclaimed salaries and a register will be maintained to record the particulars of unclaimed salaries.

For any cheque remaining unclaimed after two weeks, the officer in charge of cash office shall issue a receipt and cancel the cheque. All cheques cancelled shall be attached to the cheque stubs, and the word “cancelled” boldly written at the front and back.

To reclaim such salaries already lodged in the bank or reversed in the books, any staff affected shall write a letter to the Head of Finance through his/her Department Head stating the reasons for the delay. The salary section shall attach the original receipt issued to the officer to the application to facilitate the preparation of fresh voucher for the officer. The staff affected (claimant) shall sign the Unclaimed Salaries Register and initial the relevant column applicable to him.
7.4  PENSION

Section 2-sub section (b) of the Pensions Reform Act 2004 provides that the scheme applies to private sector organizations employing 5 or more persons.

Employees and employers contribution of not less than 7.5% each shall be administered through the company’s payroll. The Head of Personnel Administration shall maintain a Pension Register. When a staff retires or leave employment, the Head of Personnel Administration shall ensure that all personnel records of officers are up to date for verification by the Pensions Commission, the Pension Fund Administrators and Pension Fund Custodians.

7.5  Accounting Treatment of salaries and allowances

The Head of Finance shall maintain a separate Cashbook for salaries and allowances. This is used to control salary payments for onward transmission to the Main Cash Book.

At the end of each reporting period, the expenditures on salaries and allowances as well as deductions and net salaries and allowance payable shall be determined. The following accounting entries are made:-

- Dr. Salaries & Allowances (Gross Pay) according to cost centers:-
  Production or Administration
- Cr. Cash/Bank Net Pay;
- Cr. PAYEE;
- Cr. National Housing Board (NPB)
- Cr. National Housing Fund (NHF);
- Cr. Staff Housing Scheme
- Cr. Motor Vehicle Loans Repayment;
- Cr. Other Deductions, etc.

Cheques written in individual staff names remaining unclaimed two weeks after pay day shall be reversed in the Cash Book with the following accounting entries.
- Dr. Cash/Bank (Net Pay);
- Dr. All Deductions
- Cr. Salaries and Allowances (Gross Pay).

7.6 **STAFF LOANS AND ADVANCES**

The Head of Finance must pay particular attention to this routine but problem prone aspect of staff accounting. Where man power structure permits appoint a staff for:-

- Controlling of Application for Advances
- Raising of Advances Payment Voucher
- Maintenance of Staff Advances Ledger and other books of accounts in the Advance Section;
- Maintenance of Advances and Retirement Registers;
- Extracting monthly balances of staff advances and ensuring that they agree with monthly advances control balances in the General Ledger.

The various types of staff loans and advances shall be:-

- Touring Advances (Touring advances other than night allowances)
- Personal Advances
- Motor vehicle/refurbishment loans (including motorcycle and bicycle);
- Salary advances
- Housing loans
- Rent advances
- Furniture loans
- Education loan / advances
- Special advances and others etc.

7.6.2 **LOANS AND ADVANCES RECORDS**

The following books shall be maintained in the loans and advances section:-

- Touring Advances Register;
- Touring Advances Retirement Register;
- Personal Advances Register;
- Personal Advances Retirement Register;
- Recoverable Advances Register;

- Staff loans and advances ledger cards;

7.6.3 LOANS AND ADVANCES PROCEDURES

(a) **Touring / Personal / Special Advances**

The procedures for granting these types of advances shall start with application by the officer assigned on the tour or to carry out the exercise.

Through the head of his department, the transaction file is passed to the Managing Director who will give his approval for the payment. On approval the file is passed to the Advances Section where a payment voucher will be raised showing the following details:

- Name and grade level of the officer to whom the advances are being made;
- Nature of the advances;
- Authority for the advances;
- Stamped certificate to be signed by the officer taking the advances, to the effect that the advance will be retired within seven days of his/her return from the tour.

The Payment Voucher (PV) will then be stamped and entered into PV register. Postings are then made to the debit sides of the Advances Ledgers, which are usually balanced, and returns made at the end of the month. When the above procedures are completed the PV is entered in a voucher schedule and both sent to the checking section to undergo the processing of payment.
- On the officer’s return from the tour, he is expected to retire the advance within seven days failing which the full amount of the advance may be deducted from his following month’s salary, on the orders of the Head of Finance.

- On retirement of the advance, all the bills and receipts issued by the cashier in the case of an unspent balance paid over by the officer, will be attached to the statement of retirement and submitted to his Head of Department. The Head of Department would review and approve the statement, attach them to the transaction file and pass to the Head of Finance.

- The Head of Finance or his/her representative will review the bills and receipts in line with the authority earlier granted and approve the statement of retirement if satisfied, after which the file is passed to the Advances Section. Here a voucher is raised bearing the actual amount expended. This amount and the unspent balance will be credit to the Touring Advance Control and Subsidiary ledgers to clear the account for the transaction.

7.6.4 **RECOVERABLE ADVANCES**

i. **Salary Advances**

Salaries advance shall be granted to officers on the following conditions:

- Officers on first appointment
- Officers on transfer;
- Officers returning from leave
- Officers in dare financial need as may be approved by the Managing Director

Provided the officers concerned are not having outstanding salaries advances. The salaries advances shall not exceed the officer’s one month’s salary and shall be recovered by the next month salary
ii. **Rent Advance**

Rent advance shall be granted to officers on the following conditions:-

- Officer on first appointment and or transfer
- The application for rent advance must be made within one year of his/her first appointment.
- There should be evidence that the applicant has secured the accommodation.
- It must be recovered in six equal monthly installments or such number of months as the Company may decide.

iii. **EDUCATION LOAN**

This is an advance paid to officers who are receiving approved education courses while in service. The procedure for this type of advances starts with the needy officer applying to the Head of Finance through his Head of Department.

Education Loan shall be granted to officers on the following conditions:-

- The subjects of the course are related to the Officer’s work
- The subjects and efficiency of the officer warrant his taking the course.
- The study is likely to increase his efficiency
- The course is with an accredited institution.
- The officer will enter into agreement for repayment. If his/her appointment has been confirmed, he will be required to provide an acceptable surety who will enter into a bond for the amount advanced.
- The advance is granted if the officer is not enjoying any other advance which will stretch his/her monthly deduction beyond 1/3 of his salary.

iv **MOTOR VEHICLES/REFURNISHING LOANS**

The conditions, terms and amount of these loans shall be determined from time to time by the Management. For these loans to be granted, officers are required to complete relevant Motor Vehicle Advance Application Forms and to obtain and attach original Proforma Invoice for the Vehicles, from the vendors. In the case of vehicle refurbishment advance, the insurance certificate and the vehicle
license would be attached. Officers whose appointments have not been confirmed with also have to complete and attach appropriate bond forms.

The total recoverable, which will include the principal and appropriate interest and the number of installments of repayment deductions, will be noted on the officer’s Advances Ledger card kept by the Advances Section. When the Payment Voucher gets to the Cash Office the cheque for Motor Vehicle will be written in the names of the vendor Company as shown on the Proforma Invoice attached.

7.6.5 CERTIFICATE ON ADVANCES, STAFF LOANS AND OTHER PAYMENTS TO STAFF

The Certificate at the bottom of the Payment Voucher narration; shall be signed by the Payee. This shall be an undertaking by the officer (Payee) collecting the money, to the effect that the money will be used for the purpose for which it was approved and in the case of Advance to be retired within 7 days of completion of the assignment.

7.6.6 RETIREMENT OF ADVANCES

All retirement of advances shall be processed through the officer’s Head of Department to the Head of Finance except where an Over expenditure of the advance has been incurred. In this case, the retirement shall be passed through the Head of Department to the Managing Director for approval of the over-expenditure before processing by the Head of Finance.

7.6.7 ACCOUNTING TREATMENT OF ADVANCES

When an advance is approved, the Head of Finance or his/her delegate shall ensure that the previous advance of the staff has been retired and or that the approval satisfies all requirements.

The Staff Advances Section shall keep Advances Ledgers for each type of advance or loan. Postings into this ledge shall be made from the appropriate advances code in the Payment
Voucher for amount received by the beneficiaries. On payment in respect of advance and loans, the following accounting treatment shall be made:-

- Dr Beneficiaries (under appropriate advances and loans)
- Cr Cash/Bank

Staff shall repay loans in one or more of the following ways:-

i. By retirement of a Touring or purchase Advance, which is then credited to their individual ledger and debited to the expense code in the Retirement Register? The individual staff ledger will then be credited from the Retirement Register. That is:-

- Dr Expenses Code
- Cr beneficiaries (under appropriate advances and loans).

ii. By repaying the unretired part of all the advance back to the cashier and obtaining a receipt. The Cashier shall credit the advance in the receipt Cash Book and this shall be picked up by the Advances Section and credited to the Advances ledger of staff making the repayment.

- Dr Expenses Code with the amount spent
- Dr Cash/Bank with the amount unspent and returned
- Cr Beneficiaries (under appropriate advances and loans).

iii. By deductions from the monthly salaries of the staff who is unable to retire a Touring and Purchase Advance or the normal deduction of Personal Loans. The Advances Section shall pick up such deductions from the Payroll Register monthly and credit the individual staff Advances Ledger.

After these postings from the staff, the Advance Section shall extract monthly balances of staff advances by type, which shall agree with the Advances Control Account in the General Ledger.
NOTICE: The Advances Retirement Register forms a day book and as such it shall be analyzed each month and summarized in journal form, debiting the various expenses account codes and crediting the total to the Touring and Purchases Advance Control Account in the General Ledger.

8.0 INCOME ACCOUNTING

Revenue is currently defined in IFRS as:
“Income arising in the course of an entity’s ordinary activities”

The Company Profile Group Ltd consists of about Six (6) subsidiaries with each engage in different activities such Real Estate/ properties, information technology, Oil and Gas, Security services and manufacturing, thus its major source of income is from the sales of its products/ rendering of services.

Other sources of income include:
- Diesel sales/distribution, Sales of Liquefied Petroleum Gas (LPG)
- Rent/Rates
- Distributors Refundable Deposits
- Distributors non-Refundable Deposits
- Interest earned on Bank placements
- Dividend/other Investment Income
- Sale of Assets.

The oil and gas industry is broadly categorized as either upstream or downstream. The upstream oil and gas sector refers to the oil exploration in oil fields and the recovery and production of crude oil and natural gas by oil companies. The upstream oil sector is thus commonly known as the exploration and production (E&P) sector involving drilling oil in exploratory oil wells.

The downstream oil sector, on the other hand, refers to oil refining, and the sale and distribution of natural gas and products derived from crude oil such as liquefied petroleum gas (LPG), petrol, gas and diesel.
GAAP Recognition of Revenue for Oil Companies Selling Oil and Gas

Here, the full extent of the revenue for oil companies selling oil and gas is recognized when:

- delivery has occurred
- there is persuasive evidence of the sale
- the fee is fixed or determinable
- The accounts receivable are collectible.

GAAP Recognition of Revenue and Costs for Oil Exploration Companies

Under Guidance of FAS 19: Financial Accounting and Reporting by Oil and Gas,

**Full cost**

- Under the full cost method, typically all costs related to oil exploration such as oil wells are capitalized at the full cost center level.

**Successful efforts**

- Under the successful efforts method, most costs are capitalized at the field level, except for geological and geophysical costs (G&G) costs such as the salaries of geologists and costs of drilling oil in oil wells if no oil reserves are ever proven.
- Costs of dry holes are charged to the income statement.

GAAP Recognition of Revenue and Costs for Oil Production Companies

Under Guidance of FAS 19: Financial Accounting and Reporting by Oil and Gas,

**Full cost**

- Development costs are capitalized at the full cost center level.
- Production costs which include the costs to operate and maintain oil wells are expensed as incurred.

**Successful efforts**

- Development costs are capitalized at the field level.
- Production costs which include the costs to operate and maintain oil wells are charged to the income statement.
- Proved property acquisition costs are depreciated over total proved reserves.
- Costs of wells and equipment are depreciated over proved developed reserves.
PROPERTY ACCOUNTING:

IAS 16 is applied in the accounting treatment of properties

The objective of IAS 16 is to prescribe the accounting treatment for property, plant, and equipment. The principal issues are the recognition of assets, the determination of their carrying amounts, and the depreciation charges and impairment losses to be recognised in relation to them.

Scope

IAS 16 does not apply to

- assets classified as held for sale in accordance with IFRS 5
- exploration and evaluation assets (IFRS 6)
- biological assets related to agricultural activity (see IAS 41) or
- mineral rights and mineral reserves such as oil, natural gas and similar non-regenerative resources

The standard does apply to property, plant, and equipment used to develop or maintain the last two categories of assets. [IAS 16.3]

Recognition

Items of property, plant, and equipment should be recognised as assets when it is probable that: [IAS 16.7]

- it is probable that the future economic benefits associated with the asset will flow to the entity, and
- the cost of the asset can be measured reliably.

This recognition principle is applied to all property, plant, and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

IAS 16 does not prescribe the unit of measure for recognition – what constitutes an item of property, plant, and equipment. [IAS 16.9] Note, however, that if the cost model is used (see below) each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. [IAS 16.43]
IAS 16 recognizes that parts of some items of property, plant, and equipment may require replacement at regular intervals. The carrying amount of an item of property, plant, and equipment will include the cost of replacing the part of such an item when that cost is incurred if the recognition criteria (future benefits and measurement reliability) are met. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16.67-72. [IAS 16.13]

Also, continued operation of an item of property, plant, and equipment (for example, an aircraft) may require regular major inspections for faults regardless of whether parts of the item are replaced. When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant, and equipment as a replacement if the recognition criteria are satisfied. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed. [IAS 16.14]

**Initial Measurement**

An item of property, plant and equipment should initially be recorded at cost. [IAS 16.15] Cost includes all costs necessary to bring the asset to working condition for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site (see IAS 37, Provisions, Contingent Liabilities and Contingent Assets).

If payment for an item of property, plant, and equipment is deferred, interest at a market rate must be recognized or imputed.

If an asset is acquired in exchange for another asset (whether similar or dissimilar in nature), the cost will be measured at the fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

**Measurement Subsequent to Initial Recognition**

**IAS 16 permits two accounting models:**

- **Cost Model.** The asset is carried at cost less accumulated depreciation and impairment.
• **Revaluation Model.** The asset is carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

*The Revaluation Model*

Under the revaluation model, revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date. [IAS 16.31]

If an item is revalued, the entire class of assets to which that asset belongs should be revalued. [IAS 16.36]

Revalued assets are depreciated in the same way as under the cost model (see below).

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised as income. [IAS 16.39]

A decrease arising as a result of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. [IAS 16.40]

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through the income statement (that is, no "recycling" through profit or loss). [IAS 16.41]

*Depreciation (Cost and Revaluation Models)*

For all depreciable assets:

The depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life [IAS 16.50].

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8. [IAS 16.51]
The depreciation method used should reflect the pattern in which the asset's economic benefits are consumed by the entity [IAS 16.60];

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. [IAS 16.61]

Depreciation should be charged to the income statement, unless it is included in the carrying amount of another asset [IAS 16.48].

Depreciation begins when the asset is available for use and continues until the asset is derecognized, even if it is idle. [IAS 16.55]

Recoverability of the Carrying Amount

IAS 36 requires impairment testing and, if necessary, recognition for property, plant, and equipment. An item of property, plant, or equipment shall not be carried at more than recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Any claim for compensation from third parties for impairment is included in profit or loss when the claim becomes receivable. [IAS 16.65]

Derecognition (Retirements and Disposals)

An asset should be removed from the balance sheet on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and should be recognised in the income statement. [IAS 16.67-71]

If an entity rents some assets and then ceases to rent them, the assets should be transferred to inventories at their carrying amounts as they become held for sale in the ordinary course of business. [IAS 16.68A]

Disclosure

For each class of property, plant, and equipment, disclose: [IAS 16.73]

- basis for measuring carrying amount
- depreciation method(s) used
- useful lives or depreciation rates
- gross carrying amount and accumulated depreciation and impairment losses
• reconciliation of the carrying amount at the beginning and the end of the period, showing:
  o additions
  o disposals
  o acquisitions through business combinations
  o revaluation increases or decreases
  o impairment losses
  o reversals of impairment losses
  o depreciation
  o net foreign exchange differences on translation
  o other movements

Also disclose: [IAS 16.74]

• restrictions on title
• expenditures to construct property, plant, and equipment during the period
• contractual commitments to acquire property, plant, and equipment
• compensation from third parties for items of property, plant, and equipment that were impaired, lost or given up that is included in profit or loss

If property, plant, and equipment is stated at revalued amounts, certain additional disclosures are required: [IAS 16.77]

• the effective date of the revaluation
• whether an independent valuer was involved
• the methods and significant assumptions used in estimating fair values
• the extent to which fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques
• for each revalued class of property, the carrying amount that would have been recognised had the assets been carried under the cost model

the revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders

**Revenue from contracts with customers**

The ED defines a customer as:
“… a party that has contracted with an entity to obtain goods or services that are an output of the entity’s ordinary activities.”
8.1 **SALES INCOME**

Income from sales arises from two sources.

8.1.1 **CASH SALES:** In which case the Credit Control Officer, distributors or Marketing Officers collects cash/cheque payment for Services rendered or sales of products. Such cash/cheque should be presented to the Account for issuance of receipts. For Manufacturing Company the customers will be required to present their cash receipts to the delivery unit to collect the product.

8.1.2 **INTERNAL CONTROL PROCEDURE / TREATMENT**

a. The Head of Marketing shall maintain a finish product invoicing Register.

b. The cashier shall maintain the cash book into which daily cash sales are posted for onward lodgment to bank.

c. The stores unit shall maintain the goods outward register which shall contain details of Goods sold, the invoice numbers, mode of payment and particularly the Goods Delivery Note number, which will convince the security that the goods being loaded on any vehicle are actually paid for and properly issued from the store and not direct from factory.

d. The security shall at the gate maintain Goods Outward Register into which shall be recorded all details of the sales, payment and delivery documents, including details of the bearer and vehicle numbers.

8.1.3 **CREDIT SALES**

When customers obtain the approval of the Managing Director for credit sales, The Head of Marketing shall issue the customer with credit invoice attached with the Managing Directors approval. These copies of the invoice shall be forwarded to the Head of Finance
who will ensure that the sales day book and the customer’s ledger have been updated. The Head of Finance will certify the credit sales invoice, hands over original to the customer, keeps a copy and forwards a copy to the stores unit for the issuance of Goods Delivery Note.

The internal control procedure in 8.1.2 shall still apply.

### 8.1.4 ACCOUNTING TREATMENT

<table>
<thead>
<tr>
<th>Cash Sales</th>
<th>Dr. Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cr. Sale of Goods</td>
</tr>
<tr>
<td>Cash Sales</td>
<td>Dr. Customers (Debtor Ledger)</td>
</tr>
<tr>
<td></td>
<td>Credit sale of Goods</td>
</tr>
</tbody>
</table>

**NOTE:** Where goods are collected by marketing officers for sales and return of cash, the goods should be invoiced to the marketing officer as credit sales. All approval and internal control process must be followed. No marketing officer should be invoice goods more than the value contained in his/her guarantors form.

### 8.1.5 PAYMENT FOR CREDIT SALES

When customers or Marketing officers pay cash/cheque in respect of earlier credit sales, the cashier receives the cash/cheque, issues cash receipts to the customer/marketing officer the cashier shall also update the cash book.

The Accounts Department shall update the customer’s (debtors) ledger.

**Thus:** Dr. Cash

- Cr. Customer (Debtor’s) ledger,

### 8.2 OTHER INCOME

All other sources of income shall be treated by issuance of receipt to the Actual Source – A debit to Cash/Bank and a credit to the appreciate income account.
8.3 **INCOME FROM DISPOSAL OF ASSETS**

When any asset of the company is sold as a result of change or obsolescence, the income accounting is much more detailed than in 8.2 above, thus

a. Credit the appropriate fixed asset Account with the original cost or revalued cost as at the date of sale.
   Debit Disposal of Asset Account.

b. Debit the appropriate depreciation account with accumulated depreciation as at year end following the year of sale.
   Credit Disposal of Asset Account.

c. Debit cash with proceeds of sale
   Credit Disposal of Asset Account.

d. Credit/Debit Profit and loss Account with profit/loss on Disposal
   Debit/Credit Disposal of Asset Account. With such profit/loss.

Unless where depreciation is provided on monthly basis on an asset up to the Month of sale, Depreciation should not be charged on assets in the year of disposal.

9.0 **FACTORY PROCESS ACCOUNTING**

9.1 **ISSUANCE OF PRODUCTION MATERIALS**

Effective control of cost of production entails that all identifiable cost of production all must be charged directly to it, and other related costs apportioned as appropriate.

All raw materials issued from the store to production shall be issued with the Stores Issue Voucher, quoting the cost ledger code, appropriately signed by the store keeper and endorsed by the Head of Operation / Production.

Same also all other operations consumables, such as Bottles, labels, cartons etc. shall be issued direct to production, coded and endorsed appropriately.

9.2 **BATCH PROCESS ACCOUNTING**
Issuance of Raw Materials and costing of finished product shall be done in batches to serve as a control to production effectively, cost determination, price determination and profitability.

9.3 All processed and finished goods shall be returned to finished product store in cartons in relation to the Process batch number using Finished Goods Transfer Voucher.

9.4 **WORK-IN-PROGRESS**
All raw materials and other production cost, still in factory process not yet completed, or packed in cartons and returned to store, shall be treated as Work-in-Progress. On completion of each batch of Work-in-Progress, relevant journals are raised to transfer the total cost from Work-in-Progress, to Finished Goods Account.

**APPORTIONMENT OF SERVICE COSTS TO PRODUCTION COST**
The costs on certain common services shared jointly by the production and Administrative Cost Centre e.g. Generator / Electricity, Water, Canteen Service are appointed (share) between Production and Administration, in accordance with Management Policy as to what is the assumed or measured percentage of cost enjoyed by cash.

**10.0 FINAL ACCOUNTS/END OF PERIOD OR YEAR ACCOUNTING**
This chapter is introducing with the focus that the organization will grow larger in scope, that activities initially carried out by single officers may grow into sections and departments headed by well-trained and experienced officers.

Secondly, the Final Accounts Process in any organization is an essential co-ordinating and consolidation function, which summarized all the company’s operations in financial terms, showing the true face and health of the company. therefore, the function of the Final Accounts Section whether manned by a single officer or a group, are:
- Collating all relevant daybooks, summarizing them into journal before passing into 
  the general or Expenses Ledgers.
- Posting the General and Expenses Ledgers monthly from the daybook summary.
- Extraction of monthly Trial Balance.
- Preparation of Final Accounts with supporting schedules 
- Keeping and updating the Fixed Assets Register and preparation of monthly 
  additions and disposal’s schedule.
- Initiation of journal adjustments and posting same into the Ledger.

10.2 BOOKS TO BE MAINTAINED
- General and Expenses Ledgers,
- Fixed Assets Registers,
- Journal Book

10.3 FINAL ACCOUNTS PROCEDURES
The various transactions of the company shall be recorded in the primary books on a daily 
  basis, or as close to the transaction date as possible. These books of primary entry’ form 
the first point for transaction from the originating documents such as receipts, bill and 
  invoices to the main accounting books, the Ledgers. Other primary books maintained by 
the company apart from Cash Books and Cheque Summary Register includes the Revenue 
Register, Purchases daybook which record particulars of goods and services acquired on 
credit, to facilitate the recognition of the liabilities for them and the Return Outwards 
Register which collate the values of goods returned suppliers to enable the recovery of 
prices paid or reversal of liabilities taken on them. Other transactions, which do not fall 
into any of the above, are entered through the journal may be possible for any of the 
mentioned transaction to be entered through the Journal but in order to economize labour, 
ensure consistency and facilitate analysis of figures, the above books are used for the 
collation of the particular types of transactions while the journal vouchers are used for 
miscellaneous transactions such as transfer from one account to another, reversal,
correction or adjustment of previous accounting entries and other transactions of a special nature.

10.3.2 Authorization Of Journal

All Journals Vouchers should be raised from one central point, that is, the Final Accounts Section and must be authorized/approved by the Head of Finance before they are entered in the Ledger Accounts.

10.3.3 Journalizing The Cashbook

At the end of every month, the Cash Book entries are analyzed, totaled and balanced, the total amounts of the various account heads are summarized and posted to the respective control accounts in the general ledger and similar entries are made to individual account in the subsidiary ledger where applicable.

10.3.4 Journalizing Accruals:

The Bills Register recording such bills as electricity, telephone, etc, as analyzed, are totaled and balanced and the total amounts of the various accounts heads are summarized and posted to the respective control account in the general ledger, while the unpaid bills incurred within the particular accounting period are debited to the respective expenses account heads and credited to the corresponding accruals account.

10.3.5 Balance Subsidiary Ledgers

After the posting exercise, the subsidiary accounts are balanced and schedules listing the accounts and balances are prepared. The total of the list of balances will be agreed to the respective balances of their Control Accounts in the general Ledger. Any differences will be investigated and resolved or adjusted as appropriate.
10.3.6 **Drawing Up The Trial Balance**

After all postings to the General Ledger Accounts have been made, the accounts are balanced monthly after which, a Trial balance will be prepared. This is a schedule listing of all the accounts in the General Ledger with their respective debit or credit balances as at the balancing date which may be the end of the accounting month, period or year. As these balances are met figures resulting from double entry postings of transactions, the totals of the debit balances should agree with the totals of credit balances. Any disagreement of these balances is an indication of some abnormality, which must be investigated. Thus the trial balance serves as a means of proving the arithmetical accuracy of the double entries and the accounts and provides analysis from the final or periodic accounts, operating statements and balance sheets can be prepared.

10.4 **ACCOUNTING FOR FIXED ASSETS**

10.3.1 All items of fixed assets of the company are classified as per Section 3.5

10.4.2 When expenditure is incurred, it would be analyzed to the appropriate account head in the cash book and posted to the ledger account for that expenditure. When fixed assets are purchased on credit, the Final Accounts Section will carry out the posting to the general Ledger by debiting the various asset accounts and crediting the vendor’s creditor’s ledger account. In most cases, however, an item whether purchased or constructed directly would be classified as fixed assets and capitalized if its satisfies the following conditions:

i. If it is of physical nature with usefulness that spans many years and falls into any of the above classifications on Section 3.5

ii. The cost of the item amounts to more than N2,000.00

10.4.3 **Repairs Vs Improvement Costs**

Where expenditure is incurred in modifying or improving as existing fixed asset item, the following criteria would be applied in determining its accounting treatment.
i. Expenditure incurred in repairing, maintaining, overhauling or replacing parts to maintain normal performance standards would be treated as repairs and maintenance expenses and charged to profit and loss account for the period it is incurred.

ii. Expenditure, which produces an improvement on an asset would be capitalized where it extends the useful life of the original assets or significantly changes the productivity or add to economic value of the original assets.

10.4.4 Additional Costs:

The Components of the total cost of acquisition that would be capitalized depends on the type of asset acquired and method of acquisition. The general principle followed is that expenditure, which can be justified as the direct cost of acquiring of fixed asset in the place and form required is included in the total amount to be capitalized.

10.4.5 Fixed Assets Register

At the end of each month, the details of all fixed assets acquired, as shown in the summaries posted to general ledger accounts from the primary books (e.g. cash books purchases Daybook/Project Register, and Journals) will be obtained from the suppliers invoices attached to the payment voucher or other source document and passed to fixed assets register clerks who will allocate an appropriate reference number to the item and enter it in the asset register. The asset register is maintained to collate all relevant particulars of the assets and facilitate the physical and accounting control for all items existing and in use even if they are fully depreciated.

The register should have appropriate columns to record the following information for each asset:

i. Description of item;

ii. Reference/Code number;
iii. Date of purchase;
iv. Cost of item and costs of subsequent modifications;
v. Name of supplier;
vi. Location of asset;
vii. Rate of depreciation and amounts of annual depreciation charges;
viii. Date of disposal and proceeds of disposal, if any.

The allocated code/reference numbers facilitate identification and physical control of the assets. The numbers are serial and systematic and care is usually taken to ensure that no two items have the same number irrespective of their similarity of type or location.

10.4.6 Asset Verification

Periodical physical inspection and verification exercise are regularly carried out by the Final Accounts Section and internal Audit Section to ensure proper control over the assets and enhance prompt determination of the location and state of existence. Also, the totals of the values on the asset register are reconciled with the general ledger account balances at regular intervals.

10.4.7 Depreciation Charge

Provisions for fixed asset depreciation should be charged annually on a straight line basis using rates estimated to write off the items over the expected useful lives. The recommended rates adopted for these annual charges are as show in Section 3.5 (Provision for Depreciation).

The depreciation amounts are charged to the Profit and Loss Account for the period and cumulative charges are netted off from the total costs to derive the net book values shown in the Balance Sheet.

10.4.8 Disposal Of Assets

When an item of fixed asset is sold as a boarded item, the difference between the proceeds from the sale and its net book value is recognized as a gain or loss and credited or charged
to income in the period of the sale; when an asset is scrapped or dismantled its net book value is written off as loss, net of any proceeds. This includes partially depreciated plant or equipment, which are no longer in use. Also when only part of fixed asset is disposed of, the proportionate amount is similarly treated. See also Section 8.3.

10.5 FINANCIAL STATEMENTS

(1) Periodically, as and when required by the Managing Director or the Board, and at least at the end of every year, the Final Accounts Section shall compile financial statements of the company to show the results of operations for the year or period and the state of the affairs of the company as at the end of the period or year.

(2) Specifically, the accounting date of the company shall be 31st December of each year and the financial statements of the company shall be made up as at that date.

(3) The year-end financial statements of the company shall include the following:-

(a) Balance Sheet of the company as at 31 December of every year, showing the state of affairs of the company as on that date.

(b) Profit and Loss Account Statement, for each year ended 31 December, showing the results of operations for that year.

(c) Cash flow statement for the period under review.

(d) Adequate explanatory notes and schedules supporting all major items on the balance sheets and profit and loss account statements.

10.6 YEAR END AUDIT

The financial statements of the company shall be fully prepared and ready for External Audit in compliance with Part XI of the Companies and Allied Matters Act 1990.
11.0 BUDGETING AND BUDGETARY CONTROL

11.1 Budgeting for every organization is drawing up in advance as a road map for the company’s operations for period ahead. This roadmap is reviewed periodically to appraise performance and effect necessary corrections.

The Head of Finance is usually the Chief Budget Officer and the chairman of the department budget meetings of the company. An officer or a unit in the Finance Department is assigned with the responsibility of co-ordinating the budget of various Departments. The function of this unit shall include:

   i. Inviting budget proposals from various units by the end of third quarter of each year in preparation for next years budget.
   ii. Consolidation of various budget proposals from departments for the review of the Chief Budget Officer and approval by the Management and the Board of Directors.
   iii. Control of expenditure by various departments in accordance with budget.
   iv. Consolidation of monthly operation (Production)/Admin expenditure and comparison with budget.
   v. Preparation of monthly budget and budgetary reports and variance analysis thereto for management information.
   vi. Preparation of quarterly cash flow statement for liquidity watch.

11.2 BUDGETARY PROCEDURES

(a) Department Budgets

The detail budget preparation exercise is done at the unit and departmental levels where the basic estimates are compiled, by the officers, taking into account their projections of requirements for the coming years.

The annual budget activities usually begin towards the end of 3rd quarter of the year with a Budget call circular issued by the Head of Finance. The circular outlines the guidelines for the compilation of the proposals for the New Year, based on objectives and policy
direction of the company and the relevant time table and deadlines for submission of proposals.

On receipt of the circulars, the Heads of Departments or units and therefore, compile the departmental proposal, which they would submit to the Head of Finance.

The submission of the various departments and units are collated at the Budget Section, on completion of which the Head of Finance and after consultations with the Managing Director would summon a meeting of the Heads of departments, to discuss the various submission.

At the meeting of Heads of Departments, the various estimates submitted by the departments and units of the company considered individually to ensure they are in line with the guidelines and corporate objectives. Also each Head of Department or Unit would be called upon to defend the proposals of his department. The meeting also serves the purpose of harmonizing the various proposals from all the Departments and Units of company. The officer in charge of Budget Unit, as Secretary of the meeting would record the proceedings of the meeting, notice all approved and disallowed proposals.

Based on the record of this departmental budget meeting, the Head of Finance will compile the draft proposals combining the approved proposals of the various departments, into the single budget proposal of the company.

The draft proposals would be submitted to the Managing Director by the Head of Finance for his review and approval. The Managing Director by the Head of Finance for his review and approval. The Managing Director in reviewing and approving the proposals would take into consideration several factors such as the priority ratings of the various projects and programmes, the policy direction of the company, availability of funds, the perspective of
the National and World Economic Horizon, the total amount involved in the overall proposal, and the acceptability of the proposals by the Board of Directors.

11.3 BUDGET IMPLEMENTATION

Each Head of Department is held directly responsible for realizing the income and monitoring the expenditure approved in his budget. It is also his responsibility to raise budget alarm on any material variance from his operations.

The reviewed and approved budget proposals shall then be submitted to the Board of Directors for their confirmation. The confirmation of the Budget by the Board of Directors makes it a mandatory guideline for the operations of the company during the year unless reviewed and modified as necessary during the year.

11.4 BUDGETARY CONTROLS

At the end of each reporting period, monthly, quarterly, half yearly, the Budget Unit shall prepare Budget Reports for each Department or Unit. This shows the amount budgeted and actual expenditures incurred and income realized. In addition the Budget unit shall prepare summarized Budget Report of the company to management, explaining significant variances and suggesting corrective actions.

The speed of presentation of Budget Report and corrective actions are essential for effective budgetary control. Budget Reports shall be prepared promptly after the end of a reporting period, so that variances are discovered on time and corrective action taken.

The whole budget period cannot be effectively used to control expenditure especially those, which must be rigidly scrutinized at intervals – normally monthly. The Head of Finance shall arrange that the budget period be divided into months so that actual results
can be compared with those budgeted. The Head of Finance shall ensure that if any adverse variance has resulted, immediate action is taken.

**CASH BUDGETING**

The Budget Unit shall prepare a Cash Budget for every quarter to enable the management appreciate the liquidity situation of the company.

Where it disclosed a shortage of liquid resources, management shall be promptly informed to take remedial actions such as short tem bank borrowing or aggressive debt recovery.

12. **MANAGEMENT INFORMATION SERVICE**

12.1 This chapter recognizes the busy nature of top management and in most cases the distant nature of top management and the Board from the day to day accounting operations. This therefore requires that Management and Board should be regularly abreast with the goings on in the company through regular reports, herein known as, Management Information Reports.

The General Management including Head of Departments, Units and Sections are to arrange for departmental reports appropriate to their need e.g. Daily Bank Position, Stock Position, production/work in progress status etc.

12.2 **REPORTS**

The Top Management and the Board are concerned with operational reports, which touch on the overall company policies and corporate objectives. A few of these reports are:-

(i) **Quarterly Finance Statements:-** This report which comprises the Profit and Loss Account, the cash flow statement and balance sheet give the management a bird eye view of its performance and services as an indicator and guide to future activities.
(ii) **Budget Evaluation Report**: This is a vital report to management as it appraises
the budget (corporate target) against actual performance. Deviations from plan
are highlighted, reasons for such deviations provided and solution to negative
variances proffered to management.

This is one of the core responsibilities of the Head of Finance in corporation with the
Budget Office. The report shall cover all aspect of the Budget areas such as:-

**Production**:

i. Administration
ii. Marketing
iii. Finance
iv. Personnel
v. Capital Projects

Special emphasis may have to be made to materials utilization, or supplier as per major
indicators and variances.

(iii) **Funds Planning Report**: One major lifeblood of any organization is liquidity
(Cash available to meet the company’s operation needs). As part of Budget
appraisal the Head of Finance must produce at least quarterly a Liquidity Planning
Report to guide management as to availability of funds, and if shortfalls are likely, the probable sources of funding such shortfalls timely. If excess liquidity is envisaged, possible avenues of investment.

(iv) **Monthly Reports**: In addition to the above quarterly report the Head of
Finance is expected to produce for the attention of management a monthly report
in their operational areas such as:-

a. Income analyzed as to sources and showing cumulative figures to date.

b. Salaried and wages analyzed as to cost centers and relevant cumulative figures.
c. Maintenance cost analyzed as to types, - vehicles, buildings, equipments etc with relevant comments as to noticeable variances.

d. Production report tailored to the specific need of management and areas requiring regular emphasis.

e. Creditors and debtors Analysis, specifying the nature, age of debt and necessary comments on overdue debts.

f. Monthly Trail Balance: The Head of Finance is to ensure that this very important report is produced monthly in his department. It is vital in ascertaining the Accuracy of the month’s postings into the various accounting books of the company.

(v) **Annual Report:** While some of the above quarterly or monthly report could still be prepared for the guideline of management, the comprises and Allied Maters Act 1990 Part XI makes the preparation of Annual Financial Statement a Statutory assignment that must be complied with by all companies.
REQUEST FOR PURCHASE/SPECIAL ADVANCE

NAME OF OFFICER:.......................................................... 

POSITION:........................................... FILE NO......................... 

DEPARTMENT:...................................................................................

PURPOSE OF ADVANCE:.................................................................

AMOUNT ON ADVANCE REQUIRED N: :...........................................

(Amount in Words):...........................................................................

............................................................................................................

Undertaking:

I undertake to give a full account of the advance given to me within forty eight hours; failing to do so, the company is authorized to deduct the amount of the advance en bloc from my salary.

DATE:.................................................. ________________________________

SIGNATURE (OFFICER REQUESTING)

DATE:.................................................. ________________________________

SIGNATURE (OFFICER REQUESTING)

ADVANCE APPROVED/NOT APPROVED
Head of Finance
# CHEQUE REGISTER

**BANK...........................................**

<table>
<thead>
<tr>
<th>PAYMENT VOUCHER</th>
<th>CHEQUE</th>
<th>SIGNATURE INITIALS</th>
<th>BENEFICIARY</th>
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<tbody>
<tr>
<td>Date</td>
<td>Number</td>
<td>Particulars</td>
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NOMINAL LEDGER/GENERAL LEDGER

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## New Employee Advice

<table>
<thead>
<tr>
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<th>(Surname First)</th>
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<tr>
<td>Address</td>
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<tr>
<th>Post held</th>
<th>Department</th>
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<tbody>
<tr>
<td>Date of Engagement</td>
<td>(Date of Assumption of Duty)</td>
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<tr>
<th>Salary Grade</th>
<th>Salary P.A.</th>
<th>Salary per month</th>
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<tr>
<th>Marital Status</th>
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<tr>
<th>Banker</th>
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<tr>
<th>Does employee have any outstanding Loan with former employer?</th>
<th>Yes/No</th>
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<thead>
<tr>
<th>Has the company agreed to liquidate this loan as a condition of employment?</th>
<th>Yes/No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Original value of loan and date taken</th>
<th>Value of repayments to date with previous employer</th>
<th>Balance on loan outstanding to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>N</td>
<td>N</td>
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</tbody>
</table>

**Declaration by staff**
I certify that the above information is correct

<table>
<thead>
<tr>
<th>Signature</th>
<th>Date</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Enclosed by Head of Personnel Administration</th>
<th>Date</th>
</tr>
</thead>
</table>

**NOTE TO THE EMPLOYEE**

It is in your interest to ensure that this form is properly and accurately completed and the relevant sections endorsed as failure to complete the form will delay payment of your salaries
ASSUMPTION / RESUMPTION OF DUTY CERTIFICATED

PART ‘A’ (TO BE COMPLETED BY THE OFFICER)

I. FULL NAMES:  SURNAME____________________________________________
  MIDDLE NAME___________________________________
  FIRST NAME___________________________________________

II. POSITION________________________________________________________________

III. I hereby certify that I assume/resume duty on ____________________________________
  Day of _____________________________________ 20 ______________________________

IV. NORMAL SIGNATURE ___________________________Date ___________________

PART ‘B’ (TO BE COMPLETED BY HEAD OF DEPARTMENT)

I ____________________________________ hereby certify that Mr/Miss/Mrs
  __________________________________ has assumed/resume/
duty on the ___________________________ day of _____________ 20___________

Name of Head of Department_________________________________________________

Counter signed by__________________________ (Head of Personnel Management)

Date _______________________________________________

PART ‘C’ (TO BE COMPLETED BY THE MANAGING DIRECTOR)

I here endorse that the above named officer has assumed/resumed duty on the __________
  day of _________________________________ 20___________

________________________________

Managing Director

Date________________________
# JOURNAL VOUCHER

## Accounting Period

<table>
<thead>
<tr>
<th>S/N</th>
<th>ACCOUNT DESCRIPTION</th>
<th>CODE</th>
<th>DR</th>
<th>DR</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

**TOTALS**

**PURPOSE OF JOURNAL**
(if necessary continue overleaf)

**Prepared By**
Name: 
Signature: 
Date: 

**Checked By**
Name: 
Signature: 
Date: 

**Authorized By**
Name: 
Signature: 
Date: 
**STORES RECEIPT VOUCHER**

---

<table>
<thead>
<tr>
<th>Foilo Receiving Ledger</th>
<th>Description</th>
<th>Unit</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Value</th>
</tr>
</thead>
<tbody>
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<td>Total Value</td>
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</table>

**Special Comments**

Certified that the above mentioned articles have been taken on charge

Name of Receiving Officer: __________

Signature of Receiving Officer: __________

Date __________ 20__________
STORE ISSUE VOUCHER

Please supply _____________________________________________________________

Charge No. _____________________________________________________________

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Denomination</th>
<th>Quantity</th>
<th>ARTICLES</th>
<th>Quantity</th>
<th>Denomination</th>
<th>Quantity not Supplied</th>
<th>REMARKS</th>
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</thead>
<tbody>
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Consign to:................................................................. Approved by:.................................

At:................................................................. Signature:.................................

Date:.................................................................
**STORE REQUISITION / STORE ISSUE VOUCHER**

PLEASE ISSUE THE UNDERMENTIONED ARTICLE TO) ______________________________

<table>
<thead>
<tr>
<th>Item No</th>
<th>Denom</th>
<th>Quality</th>
<th>ARTICLE</th>
<th>Supplied</th>
<th>RATE</th>
<th>value</th>
<th>FOLIO</th>
<th>REMARKS</th>
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</table>

**TOTAL AMOUNT**


Head of Department

Chief Purchasing & Supplies Officer

Received by……………………..  Date……………………

Received by……………………..  Date……………………
BIN CARD

- Description_________________
- Unit_______________________
- Maximum Level_____________  Department_____________
- Minimum Level_____________  Location_____________
- Re-order Level_____________  Item/Folio No._____________

<table>
<thead>
<tr>
<th>Date</th>
<th>From whom received or to whom issued</th>
<th>SIV/SRV No.</th>
<th>Quantity Receipts</th>
<th>Issues</th>
<th>Stock Balance</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
## STORES RECEIPT AND REJECT VOUCHER

<table>
<thead>
<tr>
<th>S/N</th>
<th>DESCRIPTION</th>
<th>Bin card Material code</th>
<th>Quantity Received</th>
<th>Quantity short supplied</th>
<th>Quantity Rejected</th>
<th>Quantity ordered</th>
<th>Value of Supply N</th>
</tr>
</thead>
</table>

### INSPECTION

<table>
<thead>
<tr>
<th>INSPECTED BY:</th>
<th>REASON FOR REJECTION</th>
<th>STORES NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>SRRV RAISED BY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NAME:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DATE:</td>
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</tbody>
</table>

**REMARKS:**
# Local Purchase Order

**ORIGINAL**

To be returned with invoice

Date_____________  Your Quotation No___________________  Date_____________

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Description</th>
<th>Rate N</th>
<th>K</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Please Supply (to be typed-written)</td>
<td></td>
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</tbody>
</table>

**TOTAL AMOUNT**

<table>
<thead>
<tr>
<th>Head of Finance</th>
<th>Date.................</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Managing Director</th>
<th>Date.................</th>
</tr>
</thead>
</table>

| Delivery Date............. | |
|---------------------------| |

| Received by..................... | |

**WARNING:**

All invoices must be sent by hand to the head of finance.

The Company cannot be held responsible for the settlement of accounts for goods/services supplied without a properly authorized official order.

Please quote on all invoices the Order No. and Date
PURCHASE REQUISITION FORM

I require the following items
1
2
3
4
5
6
7
8
9
10

For use in the ____________________________ Division
I certify that these are required for the following purposes.

__________________________________________
Signed___________________________
Date of requisition________________________
Recommended for approval__________________ Head of Division
Date of Recommendation____________________
Suggested Supplies:
1. ______________________________________________________________
2. ______________________________________________________________
3. ______________________________________________________________
4. ______________________________________________________________

I recommend _____________________________
Purchasing Officer_______________ Date________
Approved / Not Approved
Head of Finance_______________ Date________

To be filled by the Accounts Division

<table>
<thead>
<tr>
<th>L.P.O Number</th>
<th>Date of Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
CAPITAL EXPENDITURE REQUISITION FORM

CER No.

Requisition Department:

Date

Description

Reasons for purchase

<table>
<thead>
<tr>
<th>Ranking Priority:</th>
<th>Routing</th>
<th>Urgent</th>
<th>Very Urgent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed purchase date</td>
<td>1…………….</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Suppliers</td>
<td>2…………….</td>
<td></td>
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<tr>
<td>Recommended Supplier</td>
<td>3…………….</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capital cost details

<table>
<thead>
<tr>
<th>Capital cost details</th>
<th>Total Cost</th>
<th>N</th>
</tr>
</thead>
</table>

Budgeted Cost
(Amount included in current Budget) N

Prepared by:
Approved by:
Final Approved:

To be completed by Account Department

Capital Requisition Number

to be shown on LPOs.
SRRV and Suppliers invoices
### FIXED ASSET REGISTER

<table>
<thead>
<tr>
<th>REF NO.</th>
<th>DESCRIPTION</th>
<th>Date of Purchases Disposal</th>
<th>Supplier/Purchaser</th>
<th>Location</th>
<th>Bal B/F</th>
<th>Addition</th>
<th>Disposal</th>
<th>Bal C/F</th>
<th>Depreciation Rate %</th>
<th>Bal B/F</th>
<th>Annual Charge</th>
<th>Bal C/F</th>
<th>Remarks</th>
</tr>
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**TOTAL BALANCE CARRIED FORWARD**
REIMBURSEMENT OF IMPEREST

Please approve reimbursement of N……………………………………………………………………petty cash for the………………………………………………………………….Present state of petty cash account is as follows:

<table>
<thead>
<tr>
<th>Petty Cash Float</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Cash-in-hand</td>
<td></td>
</tr>
<tr>
<td>2) Advance Outstanding (IOUs)</td>
<td></td>
</tr>
</tbody>
</table>

Actual Expenditure to be reimbursed

<table>
<thead>
<tr>
<th>N500</th>
<th>N50</th>
<th>N20</th>
<th>N10</th>
<th>N5</th>
<th>N10</th>
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</table>

Checked by:…………………………. Requisition Officer

Designation…………………………

Date:………………………….
## Bank Reconciliation Statement

### Balance per Bank Statement

**Lees:**
- Unpresented Cheques (Attached Schedule A)

**Add:**
- Uncredited Lodgements (Attached Schedule B)
- Bank charges

**Reconciliation Balance**

### Balance per Cash Book

**Lees:**
- Bank debits not yet in Cash Book (Schedule C)
- Bank Charges

**Add:**
- Receipt not yet in Cash Book (Attached Schedule D)

**Reconciliation Balance**

<table>
<thead>
<tr>
<th>Prepared by</th>
<th>Reviews by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signature</td>
<td>Date</td>
</tr>
<tr>
<td></td>
<td>Signature</td>
</tr>
</tbody>
</table>
PAYMENT VOUCHER

Name of Payee_____________________

______________________________

CHEQUE NO:____________________

______________________________
P.V. No_______________________

Department_______________________

Date____________________________

<table>
<thead>
<tr>
<th>CODE</th>
<th>PARTICULARS</th>
<th>N</th>
<th>K</th>
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<tbody>
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</table>

Amount in words__________________________________________________________________________

______________________________ Naira_____________________ Kobo

Prepared by____________________ Date__________ Checked by _________ Date________

This payment voucher is approved __________________________________________

Head of Finance

RECEIPT

Received the sum of ________________________________________________________________

______________________________ Naira_____________________ Kobo

______________________________ Date___________________ Signature of Payee
PETTY CASH VOUCHER

PVC No.

Date

Payee

Amount in Words

Details of payment(s)

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Nominal Ledger Code</th>
<th>Amount</th>
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TOTAL

Name | Initial | Date | Notes

APPROVED
RECEIVED BY
POSTED BY

REQUEST FOR CASH ADVANCE
Name of Officer

Department

Purpose of Advance:

Amount:

I confirm that no advance is outstanding against me.

Date: ____________________________  ____________________________

Applicant’s Signature

Recommended by (head of Department):

Approved by:

Received by:
RETIREMENT OF PURCHASE ADVANCE

NAME OF OFFICER:……………………………………………………………………………………………
DEPARTMENT:……………………………………………………………………………………………………

TO HEAD OF FINANCE

I wish to retire the advance made to me on……………………………………………………………………
Cheque No:………………………………. / on ……………………….. for the …………………
Purpose of ………………………………………………………………………………………………
…………………………………………………………………………………………………………………

ADVANCE TAKEN:

<table>
<thead>
<tr>
<th>INVOICE/RECEIPT</th>
<th>NAME OF SUPPLIER</th>
<th>DETAILS OF PURCHASE</th>
<th>AMOUNT</th>
<th>HEAD OF FINANCE COMMENT</th>
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<tbody>
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</table>

BALANCE REFUNDABLE/REMARKS

………………………………………………………………………………………………………………
………………………………………………………………………………………………………………
I certify that I have bought these materials from the best possible source and at reasonable price and according to the advance taken

Signature of Applicant

_________________________
DATE

TO BE COMPLETED BY HEAD OF DEPARTMENT

I certify that the materials were PURCHASED AND USED FOR OFFICIAL Business on my instructions.
The Store Receipt Voucher and the receipt are attached.

_________________________
DATE

_________________________
SIGNATURE OF HEAD OF DEPT
DECLARATION

It is hereby declared and agreed that this document shall be binding on the Management and employees of this company, both now and in the future.

Name:…………………………………………..  Name:……………………………………………………

Sign and Date:…………………………………  Sign and date:……………………………………………

Chairman/CEO  Head, Group Accounting Officer