



VERSION 1.0

11/12/2023

FOR INTERNAL PURPOSE ONLY

FINANCE AND ACCOUNTS

GOVERNANCE POLICY OF CTRL S

DATACENTERS LIMITED

Document Control:

Author

<u>Draft</u>	<u>Author</u>	<u>Date</u>
1.0	Compliance Team	09/12/2022
1.0	Compliance Team	11/12/2023

<u>Classification</u>	<u>Storage Location</u>
Confidential	Shared folder

Owner

<u>Owner</u>	<u>Version</u>	<u>Date</u>	<u>Reviewed Draft Version</u>
Vikram Singh, Director	1.0	09/12/2022	1.0
Vikram Singh, Director	1.0	11/12/2023	1.0

Reviewer

<u>Reviewer</u>	<u>Version</u>	<u>Date</u>	<u>Reviewed Draft Version</u>
Chandra Sekhar Garimella, Director	1.0	09/12/2022	1.0
Chandra Sekhar Garimella, Director	1.0	11/12/2023	1.0

Approval

<u>Approver</u>	<u>Version</u>	<u>Date</u>	<u>Reviewed Draft Version</u>
Esha Chakravarty, Group General Counsel and CCO	1.0	09/12/2022	1.0
Esha Chakravarty, Group General Counsel and CCO	1.0	11/12/2023	1.0

Release

<u>Release Version</u>	<u>Date Released</u>
1.0	09/12/2022
1.0	11/12/2023

Change Control

<u>Version</u>	<u>Change Reason</u>	<u>Effective Date</u>
1.0	Reviewed- No Change in the Policy	09/12/2022
1.0	Reviewed- No Change in the Policy	11/12/2023

Statement of Confidentiality:

This document contains confidential information of Ctrl S Datacenters Limited, its group companies, subsidiaries, and affiliates (collectively referred as “**Ctrl S or Company**”). The information contained herein is to be considered confidential at all times. All parties, by receiving this document, agree that neither this document nor the information disclosed herein, nor any part thereof, shall be reproduced or transferred to other documents, or used or disclosed to others for any purpose except as specifically authorized in writing by Ctrl S. The unauthorized possession, use, reproduction, distribution, display or disclosure of this material or the information contained herein is strictly prohibited.

Contents

Document Control:.....	2
Author	2
Owner.....	2
Reviewer	2
Approval	2
Release	2
Change Control	2
SECTION I – GUIDELINES	5
1. PURPOSE	5
2. GOVERNANCE	5
3. SCOPE.....	5
4. DEFINITIONS.....	5
SECTION II – APPLICABLE FINANCIAL REPORTING FRAMEWORK.....	6
SECTION III- OPERATING CYCLE	6
SECTION IV - MONTHLY CLOSURE	6
1. MONTHLY ACCOUNTING CALENDAR:	6
2. REVENUE:.....	7
3. RECEIPTS & PAYMENTS:	7
4. CLAIMS:.....	8
5. CAPITALIZATION:	8
6. PHYSICAL VERIFICATION OF ASSETS:.....	8
7. DEPRECIATION:	8
8. REVIEW OF FAR:.....	9

9. REVALUATION OF ASSETS: 9

10. IMPAIRMENT OF ASSETS: 9

11. PRIOR PERIOD EXPENSES: 9

12. FOREIGN CURRENCY TRANSACTIONS: 10

13. ASSETS & LIABILITIES: 10

14. RE-OPENING OF PERIOD: 12

15. OTHER AREAS: 13

SECTION V - REVIEW AND RECONCILIATION 13

SECTION VI– RECORD RETENTION 14

1. RESPONSIBILITY: 14

2. GUIDELINES: 14

3. DESTRUCTION OF DOCUMENTS: 14

SECTION VII – FINANCIAL REPORTING 15

1. REVIEW BOOKS OF ACCOUNTS: 15

2. REVIEW AND APPROVALS OF FINAL ACCOUNTS: 15

SECTION VIII – CHART OF ACCOUNTS 16

SECTION IX – ANNEXURE 18

SECTION I – GUIDELINES

1. PURPOSE

This Finance and Accounts Governance Policy (“**Policy**”) of the Company lays down the principles and guidelines to secure the accuracy and reliability of its accounting data and promote operational efficiency to ensure accurate, reliable, and relevant financial reporting.

This Policy standardizes the way finance and accounting activities are carried in the Company in order to i) ensure consistency ii) providing guidance to all staff of Accounts and Finance for smooth execution of their duties iii aiming to maintain accurate financial and other data to enable the decision makers to have timely access to the financial and other information to make informed decisions

2. GOVERNANCE

Post adoption of this Policy by the Board, any changes to this Policy shall be tracked and documented for future reference and all changes shall be performed only after prior approval of the Chief Compliance Officer, Chief Financial Officer (CFO) and Board of Directors.

Chief Compliance Officer shall monitor the effectiveness and review the implementation of the compliance principles outlined in this Policy, regularly considering its suitability, adequacy, and effectiveness.

3. SCOPE

This Policy applies to all the all the employees, staff, directors/KMP and other stakeholders who are entrusted with the responsibility of preparation and monitoring of the books of accounts including the documentation requirements as laid down in this Policy or other policies of the Company.

4. DEFINITIONS

The following definitions are provided to assist you in understanding the policy:

1. **Unbilled Revenue** can be defined as revenue that has been earned by the Company, but it is not yet recorded on the accounts of the Company. It is recognized as the revenue that has been accounted for, but relevant invoices have not yet been sent to the Company’s customers.
2. **Qualifying Assets**: An asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
3. **Substantial period of time**: A period of 12 months shall be considered as a substantial period of time.

4. **Fair Value:** The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
5. **Presentation currency** is the currency in which the financial statements are presented.

SECTION II – APPLICABLE FINANCIAL REPORTING FRAMEWORK

The Company's accounts and records shall be prepared and maintained in accordance with the following set of rules and guidelines:

1. IFRS as applicable in local jurisdiction / any other local governing policies.
2. Any guidance notes, amendments, clarifications, notifications as issued by the regulatory body of the country.
3. Any other reporting requirements or locally applicable laws as may be notified and applicable to the entity.

SECTION III- OPERATING CYCLE

The period as defined in the applicable local accounting guidelines shall be considered as a normal operating cycle, the assets or liabilities expected to be realized/ to be discharged within the normal operating cycle shall be classified as “current” and those falling beyond the normal operating cycle shall be treated as “non-current”.

SECTION IV - MONTHLY CLOSURE

1. MONTHLY ACCOUNTING CALENDAR:

Monthly Accounting calendar shall be prepared by the CFO in consultation with the other Department Heads, defining the prescribed timelines for the different user departments such as time limits for:

- a. Statutory payments
- b. Preparation of reconciliation statements (**Refer Section V on review and reconciliation**)
- c. Invoicing to the customers
- d. Bills payments
- e. Monthly accounts closure (**Refer Annexure A for monthly accounts closing checklist**)
- f. Preparation of monthly financial statements, MIS reports
- g. Any other activity as may be considered necessary

The accounting calendar shall be issued by 25th of the month (Calendar to be followed during the next month) detailing function in-charge based responsibilities assigned to each user department and updated calendar shall be submitted with Finance team for review as on book closure date.

2. REVENUE:

Documenting of Revenues/ Invoicing

All the revenues generated shall be accounted by the Joint Executives and reviewed by billing managers / head. A copy of Revenue Bills shall be serially numbered and a reference for the accounting code with corresponding number should be marked. The Company should maintain all the copies properly filed and stored separately for further verification and audit purposes.

Revenue shall be recognized using the accounting guidelines as per the local governing bodies.

Finance Team shall prepare statement for those services/works which are completed but not billed. Any Unbilled Revenue recorded shall be calculated as per the Company's Policy on an accrual basis.

3. RECEIPTS & PAYMENTS:

- Receipts:** At the time of making any payment, the customer shall notify Company regarding the details of the payment specifying against which invoice (Proforma invoice in case of advance payment) the payment has been made to the Sales department and the Finance department. The Manager-Sales head shall then verify whether the payment received is accurate as notified by the customer and prepare a reconciliation statement showing the Actual sales, amount received and outstanding to be received, forward the same to the Finance Department. The Manager-Finance shall duly ensure that the payment has been received and post the necessary entries.
- Payments:** All payment must be supported by vouchers in the prescribed form and acknowledgement of receipt must be obtained from the receiving party at the time of making payment. All documents in support of a payment voucher including invoices, PO, and specific authorizations, proof of activity must be attached to payment voucher.
All the receipt and payment vouchers shall be verified and signed by both maker and the approving authority.
Finance executive shall ensure all receipts and payments are recorded by performing Bank Reconciliation monthly and approved by Finance Manager.

4. CLAIMS:

1. Submission of employee claims shall be made within the 15 days from the date of expense and the concerned reimbursement desk shall ensure all such claims are paid and accounted on the timely manner. The Associate in charge shall ensure all the supporting documents are available along with the appropriate approval and the expense amounts are tallied with the supporting documents/policies.
2. The Authorized Signatories shall review the supporting documents (expenses bills) before approving the reimbursement claims.

5. CAPITALIZATION:

1. All the expenditure incurred on the construction/ acquisition of the Property, Plant and Equipment's/Investment property shall be capitalized on receipt of completion/possession certificate/ use certificate from the in-house team or outsourcing team.
2. Taxes paid on the assets shall be capitalized, only if they are refundable (ITC shall not be claimed if amount is added to the cost of asset).
3. Capital advances shall be reconciled on a periodical basis.
4. Account Executive shall ensure proper accounting of the borrowing costs (Borrowing cost related to the construction/acquisition of the Qualifying Assets shall be capitalized in accordance with the accounting guidelines as per the local governing bodies.

6. PHYSICAL VERIFICATION OF ASSETS:

1. The management of the Company shall perform the physical verification of the fixed assets by in-house teams or outsourced teams at least once in a year before the accounts for the year are closed.
2. The physical verification team shall be provided with a copy of the updated fixed assets register.
3. As part of physical verification, the team shall:
 - Verify the existence and condition of the items in the register of fixed assets.
 - Note any fixed asset at the site of inspection not listed in the register.
 - Note any assets which are scrapped/ to be scrapped and whose value is appearing in the FAR.
 - Note the discrepancies found.
4. The physical verification report shall be forwarded to Fixed Asset Manager, who shall perform the reconciliation with the FAR and update the changes, for the variances reported after obtaining approval of CFO.

7. DEPRECIATION:

1. Depreciation shall be calculated based on the accounting guidelines as per the local governing bodies.
2. All the assets belonging to a particular class of assets shall be depreciated using similar accounting estimates.
3. Fully depreciated fixed assets will remain on the organization's statement of financial position until they are disposed of.
4. Manager - Accounts shall ensure that full particulars relating to the assets transferred in/ transferred out (Including Inter-division transfer) during the year such as original cost, cumulative depreciation, and book value at the beginning of the year have been obtained.
5. Depreciation program should be executed periodically.
6. Depreciation entries will be recorded by FAR Manager.

8. REVIEW OF FAR:

1. The Fixed Assets Register shall be maintained by FAR Manager, who is responsible for the keeping the records updated for any transfers, additions, or disposals.
2. For ensuring the accuracy of FAR, it shall be reviewed at least once in a year, by the Finance Department.
3. The transfer of assets shall be recorded after confirmation with the asset register maintained at other location and necessary approval of CFO.

9. REVALUATION OF ASSETS:

1. FAR Manager shall assess the fair value of the assets and make corresponding adjustments to the carrying value of fixed assets for upward or downward revaluation in response to major changes in its fair market value.
2. The gain or loss on revaluation shall be recorded in the Other Comprehensive Income or Profit/loss Account using the accounting guidelines as per the local governing bodies.

10. IMPAIRMENT OF ASSETS:

FAR Manager shall assess whether there are any external or internal indicators that any asset may be impaired, if any such condition exists, then the recoverable amount of the asset shall be estimated and impairment, if any, shall be calculated according to the principles as laid down in accounting guidelines as per the local governing bodies.

11. PRIOR PERIOD EXPENSES:

Finance Team must ensure whether prior period expenses are booked for which no provision has been made.

12. FOREIGN CURRENCY TRANSACTIONS:

1. Foreign currency transactions shall be recorded in Presentation Currency at the exchange rates prevailing on the respective dates of the transactions.
2. As a part of the periodic closure process, foreign currency monetary items shall be translated, and accounting shall be performed as per the applicable accounting guidelines of the local governing bodies.

13. ASSETS & LIABILITIES:

13.1 Loans and Advances:

1. Finance - Manager shall prepare loan repayment schedule with outstanding loan & along with the details for overdue principal amount and review provisioning overdue principal amount.
2. Enquire into advances given that have remained unsettled for a considerable period of time. Any write off of the overdue advances shall be done after obtaining the prior approval of CFO.
3. Ensure that loans and advances outstanding at the year end and made to related parties as covered under the accounting guidelines as per the local governing bodies are properly disclosed, wherever applicable.

13.2 Inventory:

Inventory valuation will be carried out in accordance with accounting guidelines as per the local governing bodies.

13.3 Prepaid Expenses:

Manager - Accounts shall prepare schedule for prepaid expenses from system. Ensure prepaid expenses for insurance, rent, etc. are accurately accounted.

13.4 Debtors:

1. Manager - Accounts shall generate list of balances outstanding and prepare an ageing analysis.
2. Ageing analysis is reviewed by the Collections Head and based on their approval appropriate action is initiated for the defaulting customers.

13.5 Investment:

1. Finance Manager shall maintain a record of all the investments made by the Company and shall update the same with any additional investments or disposals made following the Board's approval.
2. Investment account balances should be reconciled with the General Ledger account monthly. Ensure appropriate disclosure relating to sale of investments shall made in the Investment Schedule to the annual accounts.

13.6 Bank Accounts:

The Manager-Treasury shall periodically obtain the bank statements from the all the banks with which the Company has an account. The direct entries, for which details have been obtained, should all be posted to the general ledger and a bank reconciliation statement should be prepared after updating the cashbook balance. **(Refer Section V, Clause 5-6 for Bank guidelines on Bank Reconciliation statement).**

13.7 Short term borrowings:

1. Manager - Accounts shall maintain a list of all the sums borrowed along with the names of the lender, relationship with the vendor, highlighting the related parties.
2. Prepare a repayment schedule for the borrowings with the interest accrued, repayments made, additional borrowings obtained.

13.8 Trade Payables

1. Manager - Accounts shall prepare a summary of creditors with the interest accrued for the period.
2. Bifurcate sundry creditors balances into:
 - a. Acceptances due to micro and small enterprises
 - b. Acceptances due to others
 - c. Subsidiary Companies
 - d. Other Liabilities
3. Obtain list of Micro, Small and Medium Enterprises (MSME) to whom the Company owes any sum which is outstanding and process the payment as per the local governing laws.

13.10 Provisions

1. Monthly Checklist should be prepared where list of expenses which impacts materiality are considered for provisions on auto reversal basis.
Below mentioned illustrative list shall be considered for provision at period end i.e., month end:
 - a. Communication expenses
 - b. Electricity charges
 - c. Gratuity expense (Quarterly – based on Actuarial report)
 - d. Leave encashment
 - e. Pension
 - f. Staff welfare
 - g. Interest

- h. Professional and consultancy charges
 - i. Insurance
 - j. Audit fee
 - k. Rent
 - l. Repairs & Maintenance
 - m. Salaries & Contribution to provident and other funds
 - n. Sales commission
 - o. Any other expenses
2. Finance team will compile all the documents and prepare consolidated sheet by end of the month for passing the provision entries.
 3. Reminders and alerts will be sent to respective departments for submission of invoices and disclosure of known liabilities.
 4. On a periodic basis, Finance team shall obtain a declaration through e-mail from various departments regarding disclosure of all known liabilities.
 5. Where the invoice is not received for an expenditure which is recurring in nature the provisioning should be made for such expenditure based on the average of 3 months expenditure preceding the month for which provision is made.
 6. Manager - Accounts shall obtain ageing of the customers and shall create a provision for doubtful debts using method applying the principles of applicable accounting guidelines as per local governing bodies. The provision shall be reviewed and updated by Manager – Accounts and inform CFO as per bad debt policy.
 7. Specific provision should be made for all known bad debts. Bad debts should be written off when all reasonable steps to recover them have been taken without success.
 8. Once the documents are compiled and verified, Finance team shall verify previous months provision to check if the same are paid during present month, in case the same are not paid, they shall be included in present month provision, unless they are reversed on auto reversal basis.
 9. Consolidated sheet of provisions will be prepared by Finance team and sent for review of Head Accounting.
 10. Finance team will post the entries on a periodic basis.
 11. Provision entries which are made on auto reversal basis, are automatically reversed in the subsequent month and actuals are accounted.
 12. Provision entries which are made on manual basis shall be reversed by Head - Accounting manually.

13.10 Contingent Liabilities:

Manager – Accounts shall, in consultation with the other department heads, prepare a list of contingent liabilities and discuss the same with Sr. Manager – Accounts / Higher Authority.

14. RE-OPENING OF PERIOD:

As part of regular activity, Manager shall identify the requirement for re-opening of monthly period after its closure. A detailed review shall be conducted to assess the reason/ justification for period to be re-opened. Request of reopening shall be duly approved by HOD – and CFO. Illustrative list of reasons:

- a. Posting of out-of-books entries

- b. Rectification entry
- c. All entries are not posted at the time of closure of period because of non-receiving of information from other departments.

15. OTHER AREAS:

1. Adequate care shall be taken to ensure no errors in processing especially in the areas of Statutory liabilities such as withholding taxes; recovery of loans and advances given to the employees while obtaining inputs provided by payroll team to the Finance department. Based on the above, accounting entries shall be posted.
2. Head of Finance shall ensure that all the withholding tax deductions are appropriately made and deposited within the due dates.
3. Ensure that the applicable local taxes payments are made on time and the workings are maintained, reviewed, and submitted to the Concerned Person for filing the monthly returns.
4. After the reports for management review are generated and related trial balance and other content are preserved. System could be reopened. At this stage, first auto reversal JVs could be triggered first.

SECTION V - REVIEW AND RECONCILIATION

1. Monthly review checklist should be prepared and followed by the Finance team to ensure all the documents required for financial review/ reconciliation should be gathered accurately and completely.
2. Revenue analysis should be done based on the targeted sales and actual sales. In case of variance between target and actual sales, Head of Finance shall ensure that approved control action is implemented within the agreed timeframe for the variances.
3. Receivable analysis should be done based on the previous month outstanding balances.
4. The Finance Team shall prepare month on month cost analysis to identify the variances for total expenditure under various heads during the present month to the total expenditure under various heads during the previous month. Reasons for variance of expenses shall be identified and documented.
5. Bank accounts must be reconciled with the balance in the cashbook monthly within as soon as the complete Bank statements for any month are received.
6. Bank Reconciliation Statement must be reviewed by the Finance Manager.
7. Intercompany/Related Party reconciliation shall be done on a periodic basis and shall be reviewed by the CFO.
8. Reconciliation of salary must be done on the basis of employee master data vs Payroll master vs Bank payments advice.
9. Key vendor and customer account balances reconciliations shall be carried out on a periodical basis.

10. Reconciliation of FAR shall be done on a periodic basis and if any variances are noted then the same shall be reported to CFO.

SECTION VI- RECORD RETENTION

1. RESPONSIBILITY:

Each employee is required to fully comply with the policies and schedules. CFO is responsible for ensuring that records under their jurisdiction are retained in accordance with the Policy. The Policy must be adhered to since they provide the authority for destroying the Company records. Every document needs to be identified for the period up to which it is required to be preserved.

2. GUIDELINES:

1. The documents to be maintained and preserved for a specified time-period after completion of the relevant transactions shall be preserved by the Company for the term not less than **10 years** after completion of the relevant transactions subject to the modifications, amendments, additions, deletions, or any changes made therein from time to time.
2. Provided that all such modifications, amendments, additions, or deletions in the documents shall also be preserved for a term not less than **10 years**.
3. The documents of a permanent nature such as Memorandum and Articles of Association shall be maintained and preserved permanently by the Company along with the modifications, amendments, additions, deletions, or any changes made therein from time to time.

3. DESTRUCTION OF DOCUMENTS:

1. After the expiry of the statutory retention period, the preserved documents may be destroyed in such mode as decided or approved by the CFO.
2. A list of document and date of destruction of such destructed documents must be maintained by the concerned department.

EXCEPTION: If any litigation, claim, or audit is started before the expiration of the **10 years** period, the records shall be retained until all litigations, claims or audit findings involving the records have been resolved.

SECTION VII – FINANCIAL REPORTING

1. REVIEW BOOKS OF ACCOUNTS:

1. Ledgers are to be linked to the Parent account i.e., Account head while configuring in the system which helps to extract the data with proper grouping.
2. Account head should be classified based on the applicable guidelines of the local governing bodies.
3. Accountant will extract the 1st cut of Trial Balance and Financial Statement after posting the quarter end calculations like Gratuity provision, tax entries for the high-level reviews.
4. Financial Statements should be complied as per applicable guidelines of the local governing bodies before generating financial reports Head Accounting shall review the Trial Balance and reconciliation of the below mentioned before beginning the financial reporting process and pass necessary rectification or adjustment entries after seeking the approval from Head Accounting.
 - a. Review and analyze Revenue including Bad debts and Bad debts write off
 - b. Review of Receivables
 - c. Balance Confirmations from Bank and Third Parties
 - d. Review of Loans and Payables
 - e. Review of Provisions for Goods Received, Provisions for Expenses, and Prepaid Expenses
 - f. Review of Statutory Compliances, Direct and Indirect Taxes
 - g. Review and accounting for Forex related transaction.
 - h. Review of Fixed Assets, and Depreciation
 - i. Recording and approval of all Standard and Non-standard JVs
 - j. GL/ Vendor Balance Confirmations
 - k. Related Party Transactions
 - l. Cash and Bank Balances

2. REVIEW AND APPROVALS OF FINAL ACCOUNTS:

1. Finance Team submits the quarterly financial statements to the board for their review.
2. First cut Trial balance and Financial Statements are submitted to the Statutory Auditor after the review by the CFO though many are not approved on the financial statements.
3. Adjustment entries are passed after the approval of the CFO.
4. Once the Financial statements are audited and necessary recommendations are adopted, financial statements shall be approved as per the applicable provisions of the governing rules.
5. All bank reconciliation statements must be reviewed by the designated accounting official.

SECTION VIII – CHART OF ACCOUNTS

Account Name	Code	Financial Statement	Group	Normally
Bank Current account	1000	Balance sheet	Current assets	Debit
Bank savings account	1010	Balance sheet	Current assets	Debit
Petty cash account	1030	Balance sheet	Current assets	Debit
Accounts receivable	1200	Balance sheet	Current assets	Debit
Allowance for doubtful debts account	1210	Balance sheet	Current assets	Credit
Inventory	1400	Balance sheet	Current assets	Debit
Equipment	1840	Balance sheet	Long term assets	Debit
Accumulated Depreciation	1850	Balance sheet	Long term assets	Debit
Accounts payable	2000	Balance sheet	Current liabilities	Credit
Staff welfare expenses payable	2200	Balance sheet	Current liabilities	Credit
Interest payable	2210	Balance sheet	Current liabilities	Credit
Sales Tax payable	2240	Balance sheet	Current liabilities	Credit
Purchase Tax payable	2250	Balance sheet	Current liabilities	Credit
Payroll tax payable	2260	Balance sheet	Current liabilities	Credit
Income tax payable	2270	Balance sheet	Current liabilities	Credit
Other loans	2600	Balance sheet	Long-term liabilities	Credit
Owners contributions	3000	Balance sheet	Equity	Credit
Owners drawings	3010	Balance sheet	Equity	Credit
Retained earnings	3020	Balance sheet	Equity	Credit
Other Comprehensive Income	3030	Balance sheet	Equity	Credit
Sales & Services	4010	Income Statement	Income	Credit
Discounts allowed	4020	Income Statement	Income	Debit
Product Purchases	4400	Income Statement	Cost of sales	Debit
Opening inventory	4450	Income Statement	Cost of sales	Debit
Closing inventory	4460	Income Statement	Cost of sales	Credit
Research and development	4800	Income Statement	Expense	Debit
Advertising	5020	Income Statement	Expense	Debit
Marketing expenses	5040	Income Statement	Expense	Debit
Contract labor	5210	Income Statement	Expense	Debit
Payroll expenses	5220	Income Statement	Expense	Debit

Payroll benefits	5230	Income Statement	Expense	Debit
Payroll taxes	5240	Income Statement	Expense	Debit
Computer and internet	5250	Income Statement	Expense	Debit
Software	5260	Income Statement	Expense	Debit
Rent	5280	Income Statement	Expense	Debit
Property taxes	5290	Income Statement	Expense	Debit
Utilities	5300	Income Statement	Expense	Debit
Motor expenses	5310	Income Statement	Expense	Debit
Meals and entertainment	5340	Income Statement	Expense	Debit
Printing	5350	Income Statement	Expense	Debit
Postage & carriage	5360	Income Statement	Expense	Debit
Telephone	5370	Income Statement	Expense	Debit
Office supplies	5380	Income Statement	Expense	Debit
Professional fees	5390	Income Statement	Expense	Debit
Repairs & maintenance	5410	Income Statement	Expense	Debit
Housekeeping supplies and cleaning	5420	Income Statement	Expense	Debit
Bad debt expense	5430	Income Statement	Expense	Debit
Dues and membership fees	5440	Income Statement	Expense	Debit
Research and professional development	5450	Income Statement	Expense	Debit
Insurance	5460	Income Statement	Expense	Debit
Suspense account	5480	Income Statement	Expense	Debit
Depreciation	5600	Income Statement	Expense	Debit
Interest expense	5800	Income Statement	Expense	Debit
Bank fees	5810	Income Statement	Expense	Debit
Interest income	4200	Income Statement	Income	Credit
Income tax expense	5900	Income Statement	Expense	Debit

SECTION IX – ANNEXURE**Monthly Accounts Closing Checklist – Annexure A**

1. Preview of previous month's trial balance and ledgers to identify if any rectification entries are required in the following groups of accounts and putting them through: (before the end of the month)
 - a. Revenue
 - b. Direct Expenses
 - c. Taxes
 - d. Current Assets (Loans & Advances, Cash & Bank, Inventory)
 - e. Current liabilities & Provisions
 - f. Fixed Assets and
 - g. Other Liabilities.
2. Cash Operations: (On the last day of the month)
 - a. Completing entry of all cash transactions
 - b. Striking Closing Cash Balance
 - c. Physical Verification of Cash and recording.
3. Bank Operations: (On the last day of the month)
 - a. Recording all receipts and payments
 - b. Review of Receipt book related and Cheque book related controls
 - c. Bank Reconciliations
 - d. Bank Balance Confirmations.
4. Cost Closure: (On the last day of the month)
 - a. Accounts Payable Closure
 - b. TDS Related reviews
 - c. Employee Reimbursements Closure (Travel & Other Advances)
 - d. Payroll related JVs, Employee Advances follow up, Statutory Provisions like PF,
 - e. Leave Encashment, Gratuity
 - f. AMC
 - g. Prepaid Expenses Review and confirmation
 - h. Fixed Asset, CWIP and Depreciation inputs
 - i. Provision for Goods Received
 - j. Provision for Expenses like Rent, Electricity, Communication, Interest and other expenses
5. Cost Analysis: (By the 5th of the following month)
 - a. Comparison of current month's cost with previous months and variance analysis
 - b. Analysis of Top 10 Costs with explanations
 - c. Rectification entries relating to costs if any
6. Revenue Closure: (On last day of the month)
 - a. Complete Billing (use checklist to cover all contracts)
 - b. Billing for Expense Reimbursements
 - c. Obtaining Customer Confirmations where required.
7. Trial Balance Review and Reconciliations before generating Financial Reports (By the 7th

- of the following month)
- a. Review and analyze Revenue, compare with Billable and Billed / with previous
 - b. month.
 - c. Review of Receivables
 - d. Reconciliations (to be supported by a standard checklist of items to be covered)
 - e. Review of Loans & Advances, Payables
 - f. Review of Provisions for Goods Received, Provisions for Expenses, Prepaid Expenses
 - g. Review of Statutory Compliances, Direct and Indirect Taxes
 - h. Review and accounting for Forex Related Transactions
 - i. Review of Fixed Assets, and Depreciation
 - j. Recording and approval of all Standard and Non-standard JVs
 - k. GL Balance Confirmations
8. Preparation of MIS Reports (By the 10th of the following month)
- a. MIS Reports
 - b. Preparation of Financial Statements - Quarterly