

# Accounting industrial report assignment



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Terms of Reference This report has been written in partial fulfillment of the Bachelor of Commerce Honours Degree in Accounting. It is a requirement that every third year student on Industrial attachment write an account of their experiences during the attachment period. This account details every aspect of the experience obtained with which ever company the student was with. Therefore, this report is submitted as a proof of completion of the attachment that the author went through at Delta Corporation Ltd. Preface

I feel honoured to share with you the invaluable experience I got while I was on attachment with Delta Corporation, one of the best and competitive firms, not only in Zimbabwe but also in the whole world. It is a fact that I have been groomed into a professional person. The Delta operating base offered me the opportunity to gain partial experience in Manufacturing industry, Transport services and Retailing. I have organized my report in a way that I assumed easy to follow and understand. My report will follow the following sequency: ..... It must be noted that the bulk of the stuff is in the hands-on experience.

However some of the information was researched like the organizational structure of the firm. Acknowledgements Firstly, in my utmost sincere and justifiably gratitude, I would like to thank all the people who made my industrial attachment an unforgettable moment in my lifetime. A special thanks you goes to my honourable sponsors: Clarah Mandava and Moreblessing Mandava. To them I say I cherish your support and love. I feel greatly indebted and honored in conveying the very gratitude to the deservers, among others include, Mr Richman Kufazvinei, Mr Tariraishe Gwenzi, Peter Tafirenyika, Lovemore Luwaca and Robert Mucherera.

To you all, I say keep on the good spirit of creating a conducive learning environment for students on attachment and greatly appreciate your contribution towards my successful completion of attachment. Elijah Mafanire, Kossam Maunga, Ronald Shumba and Stanley Nyameni deserve also to be mentioned for allowing me to share jokes with them and debate some other important things. I also wish to wholeheartedly thank the NUST Accounting Department Chairperson Mrs F. Shumba and all the lecturers who have taught me so far. The knowledge you have imparted on me was most helpful and strongly applicable in the industry at large.

It is through Jesus Christ that all things are made possible and this report will be incomplete without Him who is Great. Thank you. Executive Summary  
This report is presented to outline the activities of the student in his third year industrial attachment at Delta Corporation. The audit operation was extending to all centres in the Southern Region which was made up of centres like: Fairbridge Plant, Bon Accord, Belmont Plant, Zvishavave, Masvingo, Gwanda, Beitbridge, Chiredzi, Chipinge, Gokwe, Kwekwe, Victoria Falls and Hwange.

The writer was tasked to give an evaluation of the organizational activities, give a personal evaluation of the industrial attachment itself and give a critical analysis of the relevance of theory to practice. The purpose of this report is to give an evaluation of the Delta Corporation Ltd activities at its various Departments. It was the writer's duty to circulate in all the centres carrying out the audit field work with his teammates. Therefore, this report is going to give the evaluation of the Audit Department and how it links to the rest of the different Company's Departments for overall goal congruency.

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The writer gives an in-depth coverage of the activities in Audit Department where the writer was attached. Basing on what is on the ground, the main conclusion is that work related learning is an eye opener with more insight being gained on how well the organization is structured. This makes the attachment programme a welcome and ideal to NUST. Acronyms and Abbreviations •I. T-Information Technology •BASIS-Beverage Advanced Standard Information System •BDS-Bank Deposit Slips •CS-Cash Sales •CSDs-Carbonated Soft Drinks •DBC-Delta Beverage Centre •Delta-Delta Corporation Ltd K. P. I. -Key Performance Indicator •Lagers-Clear Beer •O & G-Office and Gratuities •P. C. -Personnel Charging •RD Cheques-Refer-to-Drawer Cheques •RSS-Route Settlement Sheet •RTD-Ready To Drink •SAP 180-Sales Accounting Report Print •SKU-Stock Keeping Unit •SS -Stock Sheets •RTGS-Real Time Gross Settlement

CHAPTER 1 Introduction The dream has finally come true! Yes, to be part of Delta and marrying my theoretical knowledge I gained from the National University of Science and Technology to the real world of Accounting. It was an experience of a life time!

One that I would not want to forget because of the nature of auditing and the environment that I was exposed to while with Delta. Having signed my Industrial Attachment contract with Delta on the 1st of October 2010, I could hardly wait for the 8th of November 2010 to get started. When the time finally came, I was a totally different Brighton many used to know at college. I was always professional and serious with everything. A single new gentleman, immaculately dressed in a suit, walked into the Delta Premises

on the 8th of November 2010 to join the powerful figures not only in Zimbabwe but also in the whole world.

This gentleman is none other than Brighton Mandava, the author of this document. “ Good morning and welcome to Delta” was the most common statement made by the powerful figures. I went straight to the receptionist so that I would be directed to my department- audit department. That morning I toured around the audit offices meeting almost everyone; from Audit Manager, Assistant Audit Manager, Senior Auditors; and other managers the Loss & Control Manager, Human Resources Manager and Finance Manager and finally to the Regional Administrator.

There are two audit teams in Delta and automatically I was put to one of these since I was the only one student in that particular department. My attachment began in November 2010 and officially ended in December 2011. I was having an undoubtful 10 months of working experience, excitement and learning. CHAPTER 2 The Organisation – Delta Corporation Ltd. History The company traces its roots to 1898 when the foundation stone was laid by the Salisbury Lager Beer Brewery and Ice Factory. It was first listed on the Stock Exchange in 1946 as Rhodesian Breweries Limited.

It later changed its name to Delta Corporation Ltd in 1978. The events leading to the company’s formation are as follows: •1898 – The first train entered Rhodesia on November 1897, this lead to the formation of the company, Plant and Equipment were ordered and in December 1898 the foundations stone of the new brewery was laid in Cameron Street by the then mayor W E Fairbridge. •1899 – In January the machinery arrived and

production started in April. •1911 – The first castle brewery is opened. •1946 – Delta is first listed on the Stock Exchange in 1946 as Rhodesian Breweries Limited. 1978 – In 1978 the name was changed to Delta Corporation Limited and the company became a holding company for a broad range of interests serving the mass consumer market, these include Lager and Sorghum brewing , the bottling of carbonated and non carbonated soft drinks, supermarket and furniture retailing, tourism and agro-industrials. On the 1st of April 2002 Delta Corporation adopted a vision of transforming Delta into a totally integrated beverage operation by shedding off non-beverage subsidiaries so as to concentrate on its core business. The Retail and Hotel division comprised of O.

K Supermarkets, Bon Marche' Stores, Zimbabwe Sun Hotels and Casinos and J. Pelhams. Delta Corporation then consolidated National Breweries, United Bottlers, Chibuku Breweries, Delta Transport Services and Kwekwe Maltings, which processes barley used for brewing. The Corporation also maintained its shareholding at the African Distillers Limited, which manufactures wines, Mega pack which manufactures plastic crates and Chibuku containers and the Food and Industrial Processors Private Limited. Mission Statement To grow the value of the business in real terms on a sustainable basis.

We will achieve this through offering our customers outstanding service and through rigorous attention to the health of the business at all times. By so doing we will seek to enhance the value we create for all our stakeholders

Organizational Vision “ We are, and seek to remain, an integrated total beverage business dominating all sectors of the cold beverage market in Zimbabwe. ” Strategic Intent We are, and seek to remain, an integrated

Total Beverage Business dominating all sectors of the cold beverage market in Zimbabwe. Business Ethos

To achieve excellence and to ensure survival, growth and profitability, Delta employees will be guided by the following business ethos:

- A desire to serve consumers and customers with passion
- A culture driven by the desire to improve and to excel in all we do
- A bias towards action
- A belief that the destiny of the Company is in our hands

Delta Core Values

Our People are our enduring advantage

- The calibre and commitment of our people set us apart
- We value and encourage diversity
- We select and develop people for the long term
- Performance is what counts
- Health and Safety issues receive priority attention

Accountability is clear and personal

- We favour decentralized management and a practical maximum of local autonomy
- Goals and objectives are aligned and clearly articulated
- We prize both intellectual rigour and passion for our work
- We are honest about performance
- We require and enable self management

We work and win in teams

- We actively develop and share knowledge within the group
- We consciously balance local and group interests
- We foster trust and integrity in internal relationships
- We encourage camaraderie and a sense of fun

We understand and respect our customers

We are endlessly concerned with our customers' needs and perceptions

- We build lasting relationships, based on trust
- We aspire to offer the preferred choices of product and service
- We innovate and lead in a changing world

Our reputation is indivisible

- Our reputation relies on the actions and statements of every employee
- We build our reputation for the long term
- We are fair and ethical in all our dealings
- We benefit the local

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communities in which we operate We endeavor to conduct our business in an environmentally sustainable manner. Corporate Social Responsibility

Delta Beverages takes cognizance of the fact that for its survival it depends on the support of the society at large in which it operated. A corporate social responsibility initiative continues to be part and parcel of strategic business considerations at Delta. Delta Beverages is still cognizant of the fact that vulnerability of the less privileged in society and endeavours to assist, especially in areas affecting children and arts. In demonstrating its sensitivity to the diverse needs of the community, Delta Beverages engages itself in various community activities which include: •Chibuku Road to Fame Competition Annual Sprite Basketball Competition • Danhiko Paralympics Games •ZITF 4 minute mile •Jikinya Dance Festival •Annual Journalist Cocktail •NASH – National Association School Heads (under 20) Soccer Competition •Milk stout Jazz Festival •Victoria Falls Pilsner Golf Tournament

Organizational Culture Nigel Briston and Sarah J. Sandburg defined culture in the following manner: “ A set of shared values, beliefs and norms that manifest themselves in the habitual ways organization members accomplish their work, relate to one another, solve the problems that confront them and interpret their social surroundings over time.

These beliefs influence organizational practices and assumptions which direct actions”. Delta Beverages like many Zimbabwean companies has in the short term adopted an aggressive survival strategy to ensure that its asset base and “ blue chip ” status remains intact in this highly unstable business environmental that has resulted in some industries folding. There is



also a shortage of technical skills to operate and maintain the manufacturing and distribution plants.

The Zimbabwean operating situation demands highly competent, dynamic, focused and far-sighted leadership with requisite resilience to continually build high performance capabilities in the entire work force, in manufacturing and distribution process management, plant and technological infrastructure. Organizational capability development mentioned by Peter M. Senge as involving both “ survival” and “ generative” learning may be the single most important strategic initiative that will make Delta Beverages a low cost producer and distributor of sensual beverages pleasure and superior financial performance.

Safety, Health and the Environment Delta believes that the protection of the environment is critical to the long term sustainable future of the country and its people. The sanctity of all ecosystems should be preserved for future generations and Delta is committed to act responsibly and with due regard to the impact of all its operations and products on the environment. Delta recognizes that productivity in its businesses is directly related to the safety, health and welfare of its employees, and therefore provides medical clinics and safety and crisis committees at business units.

To show its concern of the environment Delta is part of the Environmental Management Association. At Delta protecting the environment and the people is an obligation and not a choice CORPORATE GOVERNANCE Corporate governance is a field of economics that investigates how to secure/motivate efficient management of that particular organization by the

use of incentive mechanism, such as contracts, organizational designs and legislation.

The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the organization, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this it provides the structure through which the organizational objectives are set, and the means of attaining those objectives and monitoring performance.

Corporate Governance, Code of Conduct and Risk Management at Delta

Being a company which is entirely dependent on franchises, corporate governance is very important at Delta.

The quality of corporate governance practices is very important at Delta so as to maintain market and investor confidence, therefore Delta is committed to and supports the principles contained in the RBZ Corporate Governance Guideline and as well as the King 3 Code which is an internationally regarded benchmark in corporate governance. Delta is also committed to the highest ethical standards of business conduct and to fully comply with the applicable laws and regulations. The directors, management and employees of Delta are all expected to comply with the code of conduct.

There is close monitoring of both management and employees in this regard and cases of non compliance receive appropriate disciplinary action. The focus of risk management in Delta is on identifying, assessing, managing and monitoring all known forms of risk across the Company. An appropriate risk analysis framework is used to identify the major risks which the Company

must manage in serving its stakeholders. The environment in which the Company operates is subject to such levels of change that regular reassessment of risk is necessary to protect the Company.

In view of this, each part of the business has developed detailed contingency action plans to minimise the lead-time necessary to adapt to changes in circumstances. These plans are then updated whenever a change is noted or anticipated. The management of risk and loss control is decentralized, but in compliance with Company policies on risk, the process is reviewed centrally on a quarterly basis and is supervised by the Audit and Risk Committee.

Personal Development Coming to Delta late September 2009, the writer had his own strengths and weaknesses.

He would add that he was also, a student but, when he looks back at where he came from, he can see change. He sees not only student who has undergone training but also a student who has become a wealth resource though still to be refined. CHAPTER 3 COMPANY PRODUCT PREVIEW Products and Core Business Delta Beverages specializes in the manufacturing and distributing of Lager beer, Traditional beer and sparkling soft drinks. The company deals mostly on franchised brands and produces sparkling soft drinks which are: Coca cola, Fanta, Diet coke, Sprite and Sparletta.

It also produces larger beer which entails Bohlingers's, Carling Black Label, Castle Lager, Lion Lager, Golden Pilsner and Zambezi. The following offers detail about some of the product produced by Delta Beverages. LAGER BEERS Bohlingers The Bohlingers's brand was launched into the Zimbabwean market in 1993 becoming the second premium larger offering in the Delta

portfolio. Bohlingers's has a caramel taste and has a content of 4, 2% by volume. Carling Black Label It is of the SAB miller brands brewed under license by Delta Beverages. The brand was first brewed in 1966.

It is a fruity beer with an alcohol content of 5, 5%. . Castle Lager Castle is one of the biggest selling most widely distributed and available beer Brand in African continent. The beer has an alcohol content of 5, 0%. Eagle Lager This sorghum based larger beer brand of Delta Beverages 5% by volume and is slightly sweet. Pay off line: " Celebrate our Taste" Lion Lager Lion lager has a golden beer color with an unmistakable touch of Cape Breweries style. The original recipe came from South Africa (brewed in 1891). The main stream beer brand's is 5% alcohol by volume.

Pay offline: ".....with pride" Golden Pilsner This is a semi-premium beer brand with 3, 8% alcohol by volume. It has a slightly bitter brewed using maize, malts and SAAZ naps Pay offline: " Your ultimate choice" Zambezi Lager This premium beer brand is 4, 7% alcohol and it is a rich larger with a bitter taste Pay offline: " Zimbabwe's Own lager" Zambezi Lite Zambezi Lite lager is a light sporty beer with low alcohol content of 2, 8% Pay offline: " Full Malt, Totally lite" TRADITIONAL BEER Chibuku Chibuku beer was first brewed in Zimbabwe in 1962.

It is a traditional sorghum opaque beer brewed with the finest maize and sorghum locally grown in Zimbabwe. Alcohol content is 3, 3% by volume at 72 hours. SPARKLING BEVERAGES These are franchised with the Coca-Cola Company, the world's largest beverage company, refreshing consumer with more than 450 sparkling and still brands. Along with Coca-Cola, recognized

as the world's most valuable brand, the company's portfolio includes 12 other billion dollar brands including Diet coke, Fanta, Sprite, Coca-Cola, Zero Powerade, Minute Maid, Vitamin water .

Globally this franchised brand by Delta is the number one provider of sparkling beverages and juices and ready to drink teas and coffees.

Company Profile Delta Corporation is a broad based company with interest in beverage manufacturing and distributing. It is listed on the Zimbabwe Stock Exchange Market and currently is one of the top listed companies in terms of market capitalization. Delta specializes in the manufacturing and distribution of ? Lager beers ? Traditional beers and ? Sparkling Soft Drinks The company also has some interests in the Agro Industrial sector and specializes in the following ?

Barley Malting (Kwekwe Malting) ? Manufacture of Glass Bottles(Mega Pack ) ? Food Processing ? Manufacture and distribution of wine and spirits ? Agricultural Producer and distributor of fruits and vegetables. The company deals mostly on franchised brands, and the products produced at Delta are as follows: Sparkling soft drinks: ? Coca Cola ? Fanta ? Diet coke ? Sprite ? Sparletta Traditional Beer ? Chibuku Lager Beers ? Bohlingers ? Carling Black Label ? Castle Lager ? Eagle Lager ? Lion Lager ? Golden Pilsner ? Zambezi Lager Delta also prides itself in producing the Coca-Cola brand.

The Coca-Cola Company is the world's largest beverage company, refreshing consumers with more than 450 sparkling and still brands. Along with Coca-Cola, recognized as the world's most-valuable brand, the Company's portfolio includes 12 other billion-dollar brands, including Diet Coke, Fanta,

Sprite, Coca-Cola Zero, vitamin water, Powerade, Minute Maid and Georgia Coffee. Globally, it is the No. 1 provider of sparkling beverages, juices and juice drinks and ready-to-drink teas and coffees. Through the world's largest beverage distribution system, consumers in more than 200 countries enjoy the

Company's beverages at a rate of 1.5 billion servings a day. Delta Beverages is split into two operational regions, Northern comprising of Harare and surrounding area and Southern Region which includes Kwekwe, Gweru, Masvingo, Zvishavane, Bulawayo, Hwange, Chiredzi, Chipinge, Victoria Falls and Beitbridge. Like any other manufacturing company, Delta Beverages has the following departments in addition to Accounting: Brewing Department The brewing department involved in the conversion of raw materials into final larger product by carrying on the processes involved in beer making, Packaging Operations

The department is responsible for the actual bottling of the SBs and lagers. Its major task is production scheduling and general upkeep of the machines. Quality Assurance Department The quality Assurance Manager is mainly responsible for the general quality compliance in the environmental and manufacturing systems and other certifications which the company aims be accredited with like EOSH, HACCP, EMS and MEP certification. Warehouse Department The major task performed by the warehouse section is stock management, loading and dispatching of vehicles. The section is headed by a warehouse manager.

Engineering Department The main purpose of the department is to provide engineering services to the packaging line. The section of engineering encompasses electrical engineers, mechanical engineers, boiler attendants and filters. Some of the services provided are attending to break downs and property maintenance. Trade Marketing This department is responsible for consumer marketing and Market Research which entails competitors tracking and customer strategies in key Accounts such as OK, TM, Jagers, Makro and others. CHAPTER 4 ORGANISATIONAL STRUCTURE CHAPTER 5 STORES

#### SECTION Introduction

In order to understand the Accounting departmental function fully one has to first form an appreciation of the Stores departmental functions. Although the Stores department did not feature on the attachment programme, one managed to acquire knowledge of the buying, receiving and issuing procedures due to the close interaction of Stores, Costing and Creditors Department. The stores section generates the bulk of work done at Creditors which gives the necessity for one to first understand the chain of procedures as the departments are quite inter-related 5. 1 Stores Accounting System

Objectives – To ensure the smooth processing and proper recording of purchases and stock movements – To ensure adequate supply of the required stocks and materials needed to support the operations of the company. – To provide procedures for controlling physical stocks and maintaining an optimum investment. Basic Features of the System The Stores system relies on other systems, principally with the Creditors department for authorization and eventual payment of invoices. There is also

a high degree of inter-relation between the stores, production and costing systems.

The stores department supplies the production department with materials requested and on issuing these materials it charges the relevant cost centre /expense account and this becomes the input for the Costing department. If the materials requested are items not readily available in Stores, then an order has to be made from outside suppliers. This results in accounts payables which are the responsibility of the Creditors Department personnel who have to process payment for those goods. It can therefore be seen that the Stores Department is central to the creditors, production and costing departments.

**Purchase Orders** All orders to suppliers must be placed through stores to ensure that duplication of stocks and redundant stocks are minimized and that the most advantageous prices are obtained. The buying procedure is as follows: Receiving of Purchase requisitions Supplier Identification and Selection Raising Orders from selected suppliers Expediting Stocks Purchases are recorded in the relevant book of account and stock items are recognized as assets as soon as ownership passes to Delta. The cost of a stock item includes all charges directly incurred in the purchase and acquisition of the item.

Where stocks are purchased externally, transport cost and customs duty costs are added to the cost of the stock item. **Delivery** Upon delivery of the goods, the receiving clerk is to physically check the stock items as per delivery note. He/she is to sign before stamping the delivery note after the



counting and checking of quality of the goods delivered. The receiving of goods is done by the receiving clerk who is mainly responsible for: –

Receiving goods at stores -Binning procedure that is identifying the bin location regarding to the stock items and coding of the stock items. Issuing of stores items to user department -Raising of GRNs and getting invoices authorized for payment

5. 2 Documentation Used

**Quotation** It is a statement of prices charged for the specific quantities ordered or goods intended to be purchased. The quotation will include specific time of delivery, delivery costs and so on. **Order** It is a system requisition made by the Stores personnel to the suppliers which they have selected after comparing the prices and terms offered by other suppliers. It gives details of goods needed, catalogue, numbers of such goods, prices agreed on terms of delivery and so on.

It is triplicate and the other copy remains at stores while the other copy goes to Accounting Department to support the payment made to a supplier.

**Advice Note** It is sent to the suppliers informing its debtor (Delta) that goods have been dispatched stating also the date of delivery. **GRN** This is a system generated receipt which serves as proof that the goods have been received. It contains the total value of goods received excluding VAT, the supplier code and the GRN Number. **Delivery Note** This is sent with the messenger (from the supplier) to deliver goods.

It serves as proof of delivery when signed by the receiving clerk. It contains quantity of goods received and date of delivery. **Invoice** It is sent by the supplier containing details relevant to an order such as quantity, discounts, prices of goods, VAT element and terms of payment. This invoice is crucial for the Creditors Departments to facilitate payment. **Creditors Note** It is sent

by the supplier to reduce the amount on the invoice and is usually issued when: ? Goods have been returned for effectiveness, wrong sizes poor quality and so on. ? Goods have been over charged

When payment is to be done, the creditors' clerk is to take effect of the credit note by lessening the amount of owing to the supplier with the credit note. Debit Note It is used to increase the amount charged on an invoice. It may be used when goods have been undercharged, for instance an item with a catalogue price of \$475 has been invoiced as \$457. It increases or adds to the liability previously taken up through the invoice for purchases made. Statement of Account It is sent by the supplier usually at the end of the month to the customer (Delta) informing its debtor of the amount owing.

It contains the details of all customer`s purchases during the month. It also gives details of the invoices which have not been paid. It is important because it allows both the supplier and the customer to check the accuracy of entries. 5. 3 Flow of Documentation The diagram below shows the flow of documents within the stores department. Diagram From the system requisition, a purchase order is raised which comes in triplicate, the green P/O goes to the supplier, the black stays at the buying office and the red is forwarded to the creditors department attached with the invoice. 5. 4

#### Handling of a Prepayment

There are instructions where a supplier can request cash upfront before they offer any goods or services. In this case a prepayment will be done basing on the amount on the proforma invoice sent to the supplier. A prepayment requisition is raised, attached to the proforma invoice, and then the payment

is taken for authorization to the Accounting Executive. After it has been authorized it is then taken to the Creditor's clerk who will facilitate payment.

In creditors there is proper control account for the handling of prepayment which is account 365899000 – 0510 – Prepayments and other. CHAPTER 6

ACCOUNTS PAYABLE DEPARTMENT 6. Introduction This chapter mainly encompass the Creditors departmental functions where the author of this report was attached for the greater part of his attachment period. It was a very fruitful period as one not only learnt the procedures practiced in the department, but also gained more knowledge on the importance of managing the accounts payables of any organization. The Creditors section forms part of the purchasing and payment cycle. In this department communication with the suppliers and supporting departments such as Stores is vital. The flow of documents to reach the creditors section usually takes the following. . 2 Summary of Terms Used Requisition An internal document that must be completed and authorized in order for purchases to be made. Supplier Database An official list of suppliers whom Delta purchases from as revised from time to time. Creditors Reconciliation A document prepared in accordance with the supplier statement so as to reconcile the balance owing in AP ledger system to what is about to be paid. Remittance Advice A document attached to the supplier's batch of invoices intended to be paid. It shows all the invoices by the number, date and amount. Payment Register

Manual book maintained in the Accounts Payable department recording relevant payment details. Cheque Requisition An official document that is used to request payment with. It contains the necessary details to facilitate

the payment. 6. 3 Why Manage Accounts Payable Accounts Payables are a very important component of the working capital for any organization as it is one of the sources for short-term financing. It arises spontaneously as a result of purchases made on credit; hence an organization can obtain the use of goods or benefit from service provision with payment being made at a latter date.

The money which was supposed to pay for the goods/services can be invested and earn returns until payment is made. The level of creditors or accounts payable of an organization needs to be carefully monitored as unusually high levels of accounts payables can result in liquidity problems (failure to pay short-term liabilities as they fall due), and ultimately to withdrawal of favorable credit facilities, legal action and loss of goodwill. In this regard Delta has realized the importance of an efficient Accounts Payable system which is designed to ensure there is timeous payment of listed suppliers.

In addition Delta has a computerized AP system to process supplier invoices and payments and ensure liabilities are fully recorded and distributed correctly. 6. 4 Responsibilities in the Creditors Department In this department, allocated suppliers whose accounts needs to be managed from the time an invoice is received from suppliers to the time of processing payment. Each Creditors clerk is given a responsibility of suppliers` to deal with and as such the student had to deal with his own suppliers.

This responsibility kept one focused and helped in understanding most of the issues relating to Accounts Payables, especially the various accounts that are

affected by processed invoices. In that context the students' responsibility in this section included the following

- Filing of invoices and other related documents.
- On receipt of documents from stores, checking whether invoices brought for processing have all the supporting document such as the P/O, GRN and ensuring that the invoices have been authorized by the relevant HODs.
- Processing invoices, debit notes, credit notes into the Accounts payable system. Preparation of Payments (and Remittance Advice in support).
- Attending to supplier queries and addressing their concerns.
- EPC- Executive Procurement Committee, preparing EPC listing for payments needing EPC ratification.
- Preparing the weekly Cash flow statement every Thursday, gathering forecasts for the forth coming week for all supplies.

Filing After processing of payments, one has to file the documents used to process a transaction into respective files of suppliers which are named alphabetically for easier identification when they are needed by information users such as auditors (internal and external).

5 Internal control objectives over the AP Cycle

- Accurate recording of purchase and payments.
- Proper processing of supplier invoices, the creditor's clerk matches invoice, P/O, and GRN.
- Completeness of purchase and payment recording in the proper accounting period, ensuring validity of purchases and payment.
- As soon as ownership of goods and service passes to Delta the company has a legal obligation to pay as per agreed terms.
- All payments are to be done by cash or funds transfer.

6. 6 Potential Risk

- Duplication of payments.
- Non-recording of payments made or recording in the wrong period all together.
- Payment for non- existent goods.
- Payments processing from the wrong bank account in the system (USD, account, Rand account, GBP account).

6. 7 Key Internal Controls to Minimize the Risk

- Authorization of all requisitions

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and purchasing vested in specific persons (EPC and specified signatories).

- Maintaining a record of all cancelled, bounced back, bank transfer forms.
  - Maintaining a Payment Register.
  - Checking for arithmetic accuracy and details on every invoice prior to processing and payment.
  - Separation of duties on ordering, receipt and payment of goods.
- ## 6. 8 Cash Flow Preparation

The cash flow statement is divided into two sections: • Revenues (receipts from sales) which is completed in the Debtors section accountable for the sales of the company. • Payments made to suppliers and internal staff which are completed in the creditors section accountable for the payments made to suppliers of goods and services. The cash flow is done on a weekly basis and the period concerned starts from the Friday of the previous week to Thursday of the current week. It has a column for the forecasts of payments to be made for that specific week. This enables a comparison of the actual and forecasted payments made.

The forecast is usually compiled by stores department staff as they are assumed to have a rough picture of what they will purchase during the specific week. The cash flow statement is part of the Management committee Report hence decisions can then be made on the results of the cash flow.

## CHAPTER 7 CASH BOOK

### 7. 1 Introduction

This section deals with certain transactions of the company involving cash and other non-cash transactions. All suppliers that are not included in the Delta suppliers system but from whom purchases are made, are paid through this department.

### 7. 2 Documentation Used

#### Cheque Requisitions

These are used as requests for the payment to be done to the supplier or internal staff member. The requisitions for the suppliers are usually done by the stores personnel whilst internal staffs draft their own with the assistance of the HR department. The staff requisitions are usually for transport refunds, Out Of Town Allowance (OTA), staff loans and any expenses incurred in the line of duty. Cash Receipt Book It is used to receipt payments made to the company by suppliers or staff by cash. Payments made to the company may result from scrap sales that are sales from spent grain, empty sugar bags or empty containers.

Audit Trail This is a summary of transactions made by a customer as captured into BASIS by the responsible personnel at the DBC. It shows invoices made to a particular customer and credits made to clear out the invoices paid for. They have attached to them Bank Deposit Slips and a receipt for the payment. Bank Deposit Slips These are the statements from the bank confirming that money has been entered into the account whose number appears on the statement. They have to be stamped by the bank and signed. They are then attached to the Route Settlement Sheets or Audit Trails depending on the reason for the deposit (AR or CS). Route Settlement Sheets This is a summary of the Cash Sales made by a particular driver (salesman) to a cash customer. The Deposit Slip relating to the transaction is then attached to the RS Sheet. SAP 180 Reports This is a listing of the total sales broken down in terms of product, quantity sold and the value of the sales. These are sent per DBC. It also contains any discounts that are given. Invoices for Scrap If an individual or firm buys scrap from the company

he/she is given invoices by the issuing company he/she is given invoices by the issuing clerk from the stores department.

The copies are triplicate (white, red and blue copy) upon payment at Cash book, the white copy remains behind and is filed for reference purposes, the red one is left at Stores and the blue one goes with the customer. Bank Statements Entails details of the transactions made through the bank. It shows details of the sweeping deposits and withdrawals. It also shows the bank and withdrawals. It also shows the bank transfers that had bounced back or were returned. Cash Book Register This is used to record the details of transfers made and cash issued. These registers are used in handling suppliers and staff queries. . 3 Responsibilities under the Cash Book Section Under the time spent in this department, the author was able to acquire knowledge of the following activities in the Cash Office. Receipting Sundries This task involves receipting sundry sales which arise from selling scrap or voucher top ups. Most sales from sales scrap such as wet spent grain are mainly from local farmers who use the spent grain as stock feed. The amount receipted accumulates to petty cash for reissue (requisitions) and for petty cash payments. Maintenance of Petty Cash Book A running balance of withdrawals and payments are maintained.

The remaining balance of cash is physically counted. The internal control recognized is that of custody which states that there should be appropriate physical security measures to protect all the company's assets, hence the existence of lockable facility in which proper keeping of keys is exercised by the Cash Book Officer. Attending To Supplier Queries Those suppliers not in Delta suppliers system are catered for in the cash office. And so when one <https://assignbuster.com/accounting-industrial-report-assignment/>



works in this office they are answerable to the suppliers pertaining to their payment as per their agreed terms of contract.

Processing of Requisition in the System The expenses are debited in the General ledger. For example a requisition is captured for a welfare loan gives to the following entries: DR Expenses Account 365815030 – 0428 CRCash book Account 365899000 – 0390 Reconciling the Cash book This is a reconciliation done in maintenance of the Syspro (AP) balance compared to the withdrawal (bank) balance. The cashier at the end of every month sends a recon to the creditors' clerk to clear their payments to suppliers which have not been processed yet.

When the creditors' clerks are clearing the effect becomes: DR Supplier AP a/c CR Cashbook 365899000-0390 This clearing in the end should result in Syspro balance and AP balance being zero (0). In reconciling the cashbook, it serves to take note that the bank statement balance at any given day should be the same as the balance of the cashbook at that same date plus any unprocessed amounts. Bank charges as well contribute to errors on the bank statement as well by the part of the bank and as such by the part of the bank and such need proper reconciling. 7. Cashbook processing Delta runs two systems namely BASIS and SYSPRO. BASIS is used at the DBC and SYSPRO is for the head office. All entries entered into BASIS by the DBC are supposed to be entered into SYSPRO at the head office. Hence upon reconciliation the figures or entries are supposed to knock each other out. Audit Trails and RS sheets are received from the DBC. These are related to entries that will have been made into BASIS. They have attached to the Bank

Deposit Slips, which represent a deposit made to be bank relating to the amount settled in the system.

Audit Trails are for credit customers and are thus Accounts Receivable while RS Sheets are for Cash Sales made by drivers (salesman). The amounts entered into BASIS should tie up with the deposits made. Any variances are termed over banks (if the amount deposited is more than the amount entered into BASIS) and under banks (if the amount deposited is less than the amount entered). Before entering the information into SYSPRO we first enter it onto an Excel spreadsheet. This makes the capturing process faster and more accurate. Each AR transaction is entered accompanied with the BDS number, a receipt number, and date of transaction.

For CS we enter with it the date, BDS number, driver number and also DBS number. The inclusion of these makes it easier to look for information in the system in the event that there are errors that have been made or verification wanted. All transactions that are entered into the system are first entered as being unreconciled. The reconciliation process is done after the Bank Statements have been received from the bank. This reconciliation known as the Bank Reconciliation involves clearing an account once it has appeared on the Bank Statement.

Any transaction entered into the system but does not appear on the Bank Statement remains unreconciled and any amount found on the Bank Statement that is not in the system is listed on an Excel spreadsheet for Unprocessed Transactions. The sum of the system generated bank balance and unprocessed deposits should balance with the Bank Statement closing

balance. The accounting month for Delta ends on the 25th of every month. Hence all transactions occurring after the 25th are entered in the following month. After this closing date all DBCs send their SAP180 Report.

Here there is a total of all the money deposited (notes, coins and Cheques) as according to what was captured from the DBC. This should match with what would have been entered into SYSPRO and any variances highlighted to the DBC Manager and Accountant. Along with this comes a BASIS download of all the transactions they processed during the month captured in almost a similar manner that would have been in SYSPRO. With this download reconciliations are done for all DBCs matching what was entered into SYSPRO and what the DBCs entered into BASIS. Although the information used to capture is the same, they rarely balance.

This is usually because of: •Error in BASIS or SYSPRO, •Previous month entries posted in current month, •RD Cheques, •Sundry Income entered into cashbook, •Omission in BASIS or SYSPRO, •Empties Refund, •BDSs not received, •Bank Error on BDS, •Under banks or over banks. After the reconciliation has been done, variances are then looked into. Any issues that need to be taken care of are done through consultation with the relevant people namely the DBC personnel or the bank. At the end of every month a Bank Reconciliation for each DBC is attached to the system generated Reconciliation and also the bank Trial Balance.

These are taken to Management for review. 7. 5 Control measures Since the cashbook is the main source of funds for Delta there is need to ensure that it is guarded diligently. The use of two systems helps in combating the stealing

of money from the company. There is minimal social interaction with those working from the DBCs and those from the head office so as to reduce the chances of collusion between the two parties that would result in pilferage. Personnel at the Head office act as an Audit team meant to pick up any fraud that might have occurred or that is likely to occur. All documents received have to be signed.

Audit Trails and RS Sheets that are received are signed by the person who prepared them and also signed by a superior, usually the DBC Manager. The manager signs after having gone through the documents and his Hence if there are any irregularities that are identified, someone is automatically accountable for them. BDSs also have to be signed by the teller who conducted the transaction and there should also be a bank stamp to show that the bank actually deposited the amount. Since some of the BDSs are kept at the DBC, money might be entered into someone's account and yet a fraudulent BDS was received for that amount.

CHAPTER 8 AUDIT ENGAGEMENTS. This is a starting point to an audit. Before engaging in any assignment, Delta follows a number of procedures. It puts into consideration, before engagement, the risk associated with each centre to be audited. This can be obtained from the previous audits done and finalized from such a centre. Delta divided its centres into three different categories depending on the risk associated with that particular centre. The centres were categorized as follows: 1. Category A – High Risk Centre – 3 audits and 3 follow-ups. 2.

Category B – Medium Risk Centre – 2 audits and 2 follow-ups. 3. Category C – Low Risk Centre – 1 audit and 1 follow-up. Before the audit field work is done, a Scoping Letter is sent to the centre's management to let them know when and how the audit is going to be conducted. This letter will notify the management and at the same time giving them an allowance to confirmation of some other queries before the audit is done. An Example of Delta Scoping Letters are structured is shown below. Delta Internal Audit Scoping Letter (Specimen). Memorandum To: Regional Workshops Manager- South

Cc: Transport Services Executive From: Audit Manager Date: 21 November 2010 Internal Audit Scoping Letter for Gokwe Transport Services Background

This is a scheduled routine audit of the Workshop, which will commence on 26 November and finish on 27 November 2010. Some of the work will be performed from the Internal Audit Office. Objectives The audit objectives are:

- To review the adequacy and effectiveness of the systems of internal control at the business units.
- To review accuracy of financial reports.

Scope Period to be reviewed: 26 March 2010 to 25 November 2010.

Audit coverage: •Inventory management •Tribology Reviews •Management Accounts Reviews •Tyre Controls •Use of Compressors •Scheduled Maintenance •Use of Job Cards & Status of Jobs in On-Key •Human Resources •Safety, Health and Environment •Stationery Note: Internal audit might extend or reduce the scope of the audit, if during the fieldwork any significant alterations from the risk assessment require such a change.

Approach •Conducting interviews with key personnel and documenting systems notes. •Walkthrough testing to confirm key controls are consistently operational. Limited {sampling} testing of key controls to confirm if these

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are consistently operating Deliverables •Verbal presentation to management. •Written report detailing observations, key risks and control improvement opportunities. •Short memo detailing key control gaps noted. The report will be distributed to all recipients of this scoping letter {as indicated above} as well as the Executive Director – Beverages Operation, General Manager- Audit & Risk and Finance & Administration Executive – North. Timings [The following dates have been agreed with local management]

Activity Date Scoping letter agreed: 21 November 2010 Fieldwork opening meeting: 26 November 2010 Fieldwork closing meeting: 27 November 2010 Draft report to management: 27 November 2010 Management responses: 30 November 2010 Final Draft report review with senior management: 03 December 2010 Final report issued: 06 December 2010 The Budget for this review is 6 man-days, which is equivalent to 2 working days. Key contacts Auditee Internal Audit Regional Workshops Manager: K Kashangura Ass. Audit Manager: T Gwenzi

Project Sponsor: (T. Mandizvidza) Snr Internal Auditor: R Mucherera Snr Internal Auditor: L Luwaca Acknowledgement and Acceptance Please acknowledge your acceptance of the terms of our audit as set out in this Scoping Letter by signing the confirmation below and returning a copy of this letter to me at Bulawayo DBC in Bon Accord Rd, Kelvin Industrial Area, Bulawayo. If I do not hear from you by the end of the day on 21 November 2010, I will assume you accept the terms of the audit as set out in the Scoping Letter. In the meantime, please do not hesitate to contact me if you have any comments.

Kind Regards, Richman Kufazvinei AUDIT MANAGER Confirmation of the Scoping Letter I acknowledge my agreement to the terms of the internal audit that are set out in the Scoping letter dated 21 November 2010. Signed: Position: Date: After the letter, a detailed plan on how the audit is to be carried out is conducted and this is called preliminary planning. CHAPTER 9 WORKING PAPERS Working papers provide audit evidence that an audit was conducted in the case that the firm is sued. These are also used in Planning an audit. They show how past audits were conducted and the reports raised.

At Delta, these are kept by a few responsible employees in a filing room where accessibility is limited to unauthorized individuals. The working papers were retrieved from the filing room before, during and after an audit. I was exposed to mainly the current year file and the prior year file. The current year file The file contained, among other things, the following type of information; •The Scoping Letter •Status of records •Summary of the nature of operations engaged on such particular centre. •Staffing requirements •Time sheets showing the actual time spent on each section of audit

The prior year audit file These are working papers of the past audits. It contained, inter alia, the following type of information; •Budgets •Statutory documents •Management reports •The Final report •Set of financial statements, duplicate and the original. The Audit File was divided into different sections and organized in such a way that it was easy to follow. Each section was given a reference number according to the document index. CHAPTER 10 AUDIT EVIDENCE Sufficient audit evidence was supposed to be gathered on every audit to the satisfaction of the Auditor that the Financial Statements are true and fair.

Assertions to be tested include Valuation, Validity of transactions, Presentation and Disclosure, Occurrence, Completeness, Obligations, Existence and Ownership (particularly for Assets). The audit evidence gathered must be persuasive to the auditor, supportive and reasonable. There are various ways in which Audit evidence was/is obtained. These ways include the following: •Agreement with expectations •Confirmation of balances •Observation •Satisfactory internal controls •Recomputations by the Auditor •Testimony by the Directors •Review of the Board of Directors Minutes •Subsequent events

It must be pointed out that audit evidence was sought for material balances. A material balance is an amount that can affect the decision of reasonable users of the financial statements. A reasonable conclusion can be drawn out of the adequate audit evidence gathered during the audit. CHAPTER 11 PRACTICAL EXPERIENCE Here are some of the sections that were covered and the approach I used for every section is well documented under each and every section. The sections covered include: •Security Stationery •Bank and Cash •Cost of sales •Operating Expenses •Payroll Expense •Stock •Stationery •Sundry Income Transport Bank and Cash Objective To ensure that bank and cash balances are not materially mis-stated Audit Procedure SECURITY STATIONERY (Cheque books, Bank deposit books, O & G Vouchers, Receipt books) Objectives: i. To ensure that there is authorization of the requested security stationery item by the Head of Department. ii. To ensure that receipts and issues of serialized security stationery are recorded in a security stationery register. iii. To ensure that both used and unused security stationery is kept in a secure place. iv. To ensure that there are regular



management reviews of the security stationery anagement system. In each and every entrance audit meeting the centre’s management are being informed of the position in which their centre stand. CHAPTER 9 9. 1

Accounting Policies Accounting policies are the specific principles, basis, conventions, rules and practices applied by an entity in preparing and presenting its financial statements. These policies are based on the information that the student was exposed to and tasks one was given to work on. 9. 2 Basis of Preparation Historical Cost Convention The Consolidated Financial Statements for Delta are prepared on the historical cost basis.

The financial statements are presented in United States Dollars (USD) which is the functional currency adopted in Zimbabwe. 9. 3 Basis of Consolidation The Financial Reporting Department is responsible for the consolidation of financial information for company five and company six so as to present the consolidated financial position of Southern Region. The consolidated financial statement exclude all inter-company balances, transactions, income and expenses resulting from inter-company transactions that are recognized in assets and liabilities eliminated in full through the short-term loan account.

The inter-company accounts which are managed at Delta Southern Region are as follows. •Central Lagers •Central SBs •Central sorghum •Corporate Accounting •Information technology •Head Office •Transport services 9. 4 Compliance and Non-compliance to IAS Delta prepares its financial statement in compliance with the International Financial Reporting Standards (IFRS), as modified by the guidelines issued by the company’s external

auditors Deloitte and Touch Chartered Accountants, and also complies with the Zimbabwe Stock Exchange regulations since it is a listed Companies Act.

At Southern region during the process the consolidated financial statements in monthly board pack prepared by the financial, all the accounting policies and methods of computation used are consistent with those applied in the preparation of the financial statements for the last period, be it a month or the whole period. IAS1(Presentation of Financial statements) requires an entity to disclose comparative information could not be provided as the last year's figures could not be objectively ascertained due to the existence of various exchange rates.

Inability to determine a fair rate and unavailability of inflation indices which could have been used in the restatement of opening balances from Zimbabwean dollars to US dollars. Property, Plant and Equipment (PPE) Delta PPE are stated at their gross carrying amounts excluding costs of day to day servicing less accumulated depreciation and where applicable accumulated impairment in value. Such costs include the costs of replacing part of such PPE (repairs). Gross carrying amount represents either costs or in the case of revalued property at the end of the revaluation process.

Depreciation is not provided on freehold land and capital project under developments. PPE are depreciated over their useful lives on straight line basis such that the cost or valuations of assets are reduced to their estimated residual values. The estimated useful lives are as follows

- Freehold60 years
  - Leaseholdover the lease period
  - Vehicles4 – 10 years
  - Plant and Equipment5 -25 years
- The carrying values of Delta's PPE are

reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recovered.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end. Freehold land and buildings are initially valued at open market rates with subsequent additions shown at cost. Any revaluation surplus is credited to the Asset Revaluation Reserve. Containers as Part of PPE Containers are also regarded as part of PPE as from the new financial year F11. They are sold and purchased at the current deposit prices for reuse later. The repurchased containers are recycled.

This is with the exception of PETs (Polythene Terephthalate) which are meant for single use purposes. Pricing of the containers is so as to ensure that they have a carrying value, which is approximately 60% of the container replacement cost. Any surplus deposit is considered as income. The value of any returnable containers scrapped is charged to the income statement.

Derecognition – Old Line 2 An item of PPE is derecognized upon disposal or when future economic benefits from its use or disposal, for example the old Line2.

Any gain loss arising on de-recognition of an asset (calculated as the between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized. In reference to the old line 2 which was derecognized in November, the assets were treated in manner below: •Some of line 2 assets were disposed, and the gain recognized in the statement on comprehensive

income •Some of the assets had no net realize value and were therefore written off. While some of the assets were transferred to engineering stock so as to be used during the repairs and maintenance for other lines, there are four reduction lines at Belmont Plant. The following exhibit shows the Income Statements for Delta Beverages which will be prepared in compliance with the relevant International Accounting Standards. REGIONAL

## OFFICE FINANCIAL STATEMENT-Income Statement 7. Review of Financial

Performance 7. 1 Income Statement-April 10 April PF 0 %VAR Prior Year %

VAR Sales Revenue SB's 3, 239, 006 3, 640, 016 89%1, 684, 088 192%

Lagers 5, 096, 812 4, 986, 494 102%3, 039, 815 168%

Sorghum 2, 606, 458 2, 468, 453 106%2, 419, 085 108% Mr Juicy37, 040 0

0%0 0% Eagle237, 572 426, 667 56%164, 855 144% Total 11, 216, 889 11,

521, 629 97%7, 307, 843 153% Excise Levy (1, 052, 575)(855,

757)123%(610, 050)173% VAT (1, 440, 045)(1, 502, 821)96%(928,

293)155% Trade Discount (229, 320)(230, 433)100%(116, 160)197% Council

Levy (64, 676)(64, 394)100%(56, 126)115% Net Sales 8, 430, 273 8, 868,

224 95%5, 597, 214 151% Cost of Sales Non Group (3, 555, 126)(2, 679,

376)133%(1, 876, 067)189% Freight -Internal &amp; External (180, 294)(389,

276)46%(374, 755)48% Group Other (293, 668)(1, 279, 283)23%(794,

385)37%

Group- Delta (209, 506)(193, 122)108%(87, 970)238% Margin 4, 191, 678 4,

327, 167 97%2, 464, 037 170% Overheads Group - Delops (354, 506)(394,

320)90%(274, 814)129% Group - Transport (420, 134)(521, 684)81%(441,

719)95% Non Group (2, 109, 000)(2, 405, 978)88%(1, 345, 506)157%

Miscellaneous Income 14, 926 24, 324 61%19, 953 75% Operating Income 1,

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322, 964 1, 029, 507 129% 421, 951 314% Non Group Interest Rec/Payable  
 (5, 373)0 – (13, 617)39% Group Interest Rec/Payable (60, 616)(32,  
 824)185%(3, 524)1720% Profit Before Tax 1, 256, 974 996, 683 126% 404,  
 811 311% Gross Margin % 50% 49% 1% 44% 6% Operating Income %  
 16% 12% 4% 8% 8%

Elements of Costs – New Line Purchased (IAS 16) Delta Beverages undertook a multimillion dollar investment when it bought the new 14 million production line. The new multifunctional line is to be installed at Belmont Plant. The price for new line is to be paid in installments. The costs of the new line comprises of the following;

- The purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates.
- Any costs directly attributable to bringing of the new line to its location and condition for it to be capable of operating in manner intended by management.

Such would include for instance cost of site preparation, delivery and handling costs and professional fees, installation and assembly costs. VAT Reconciliation The amount calculated as VAT from net sales should be reconciled against the payments to ZIMRA. Therefore all VAT accounts should remain at zero balances except the amounts representing sales the current month not yet paid, by this Delta will be trying fulfill its duties to ZIMRA. Charges on products ? Excise: They are calculated as 40% of Net Sales on all Lagers. ? Royalties: They are 5% of the Net Sales of Lagers mainly CBL and Lion.

This is with the exception of Zambezi, Bolingers and Pilsener. They are also charged on 5% of all Sorghum products. ? Technical Fees: They are 1. 5% of the Net Sales of all products. ? Handling Charges: These are charged to Rainbow Beverage products. They are calculated and charged to the subsidiary based on Sales Volume and the Freight. By default they are suppose to be increased quarterly Turnover Turnover comprises of sales, fees and rentals with inter-company turnover excluded from the Group turnover. Sales also include Excise and Sales Tax.

Intra-group turnover, which arises in the normal course of the business, is excluded from Group Turnover. Stocks Stocks are valued at the lower of cost and net realizable value. The cost of stocks is determined based on the following:

- Raw materials, stores consumables and merchandise. These are valued based on the FIFO valuation.
- Manufactured finished products, these are valued as raw materials cost plus labour and portion of manufacturing overhead expenses.
- Containers have been recorded as stocks in the past but as from the new financial year F11, the containers have been transferred to PPE. refer to PPE)

REVENUE RECOGNITION Revenue from the Sale of Products Revenue from the sales of products is recognized when all the following conditions have been satisfied:

- Delta has transferred to the buyer the significant risks and rewards of ownership of products.
- Delta retains neither continuing managerial involvement to degree usually associated with ownership nor effective control over the products sold.
- The amount of revenue can be reliably measured.
- It is probable that the economic benefits associated with neither ownership or effective control over the products sold.
- The amount of the revenue can be measured reliably.
- It is probable that

the economic benefits associated with the selling of products will flow to Delta and; •The costs incurred or to be incurred in respect of selling of products can be measured reliably. Revenue from Rendering of Services Delta offers other services except for selling of its wide range products, these services include refrigeration services to retailers and wholesalers and selling and distribution of products not manufactured by Delta such as Super Mahewu.

On transactions involving the hiring of refrigerators or the distribution of non Delta products, revenue shall be recognized by reference to the stage of completion of the transaction at balance sheet date. Going Concern The directors and management of Delta have assessed the ability of the company to continue operating as a going concern. CHAPTER 10 CONSTRAINTS AND RECOMMENDATIONS Having undergone successful training on my industrial attachment at Delta Beverages, I still found some flaws in the way that some of the procedures are executed.

Some of the challenges faced included shortage of resources, communication challenges, and lack of adherence to SOP instructions resulting in inefficiency. 10. 1 Constraints (1)Working long hours One of the main challenges I faced was that of adjusting to working long hours especially during month-end in order to meet set targets. This can be attributed to a number of reasons bearing in