

الإسعاف National الوطني Ambulance

Finance and Accounting Policies and Procedures Manual

September 2021

Version 6

FIP102

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Document Information and Revision History	
Master Location	National Ambulance Finance Department
Approval (Original Document) – V1	
Date of Issue	31 March 2013
Approved by	The National Ambulance Board of Directors
Amendments – V2	
Date of Issue	1 September 2015
Details	Paragraph 4.2.15 updated to allow greater time for petty cash and expense claim submission
Approved by	The National Ambulance Board of Directors (Q3 of 2015)
Amendments – V3	
Date of Issue	22 December 2016
Details	<ul style="list-style-type: none"> 1) Added an entire section – Section 16 – related to the MVA and Medical Claims Insurance Recovery Process. 2) Updated the section on Petty Cash in line with the recommendations of the Internal Auditors' comments
Approved by	The National Ambulance Board of Directors (Q1 of 2017)
Amendments – V4	
Date of Issue	10 January 2019

Document Information and Revision History

Details	<ul style="list-style-type: none"> 1) Updated Sections 4.13 (Payments Via Cheque Procedures), 4.15 (Payments Via Bank Transfers Procedures) and 4.20 (Advance Payments Procedures) as a result of the introduction of the Procurement and Tendering Committee ('PTC') in 2018. 2) Updated Section 4 (Cash and Banks) to document the process by which payments are made using the National Ambulance credit card. 3) Updated Section 4.2 (Cash and Bank Policies) to document the process by which petty cash payments are approved by members of the PTC. 4) Updated Section 6 (Property, Plant and Equipment) to document the changes in accounting required following the introduction of IFRS 16 'Leases'. 5) Complete overhaul of Section 7 (Leases) based on the requirements of IFRS 16 'Leases'. 6) Complete overhaul of Section 11 (Revenue) based on the requirements of IFRS 15, 'Revenue from Contracts with Customers'.
Approved by	The National Ambulance Board of Directors (First Meeting of the Board of Directors in 2019)

Amendments – V5

Details	<ul style="list-style-type: none"> 1) Updated the various forms at the end of this document to specify that the latest versions are saved elsewhere as Controlled Document. 2) Added the Abu Dhabi Healthcare Information and Cyber Security ('ADHICS') logo specifying that this is a 'Restricted Document'
Approved by	The National Ambulance Board of Directors (First Meeting of the Board of Directors in 2020)

Amendments – V6

Details	<p>Updated the various forms at the end of this document to specify that the latest versions are save elsewhere as Controlled Document</p> <p>Added the Abu Dhabi Healthcare Information and Cyber Security (ADHICS) logo specifying that this is a restricted document</p>
Approved by	The National Ambulance Board of Directors (First Meeting of the Board of Directors in 2021) and Policy review Committee September 2021

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Finance and Accounting Policies & Procedures Manual**Introduction****Purpose of the Manual****Glossary of Terms**

The following table lists the common acronyms and their related terminology used in this manual:

Terms	Definition
AP	Accounts Payable
AR	Accounts Receivable
BOD	The Board of Directors of NA
CAO	Chief Administration Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EOSB	End of Service Benefit
GL	General Ledger
IFRS	International Financial Reporting Standards
MDCR	Manual Distribution Control Record
MRCS	Manual Revision Control Sheet
MRP	Manual Revision Proposal
NA	National Ambulance LLC
PO	Purchase Order
PPE	Property, Plant and Equipment
PR	Purchase Requisition

Finance and Accounting Policies & Procedures Manual

Introduction

Purpose of the Manual

1 Introduction

1.1 Purpose of the Manual

- This document sets out in detail the finance and accounting policies and procedures that are to be followed by the Finance Department of National Ambulance LLC (NA).
- The purpose of this Finance and Accounting Policies and Procedures manual is to:
 - Document the finance and accounting policies and procedures for the Finance Department of NA.
 - Serve as means to define and clarify the responsibilities of the Finance Department, associated with all positions (responsible for various operational processes and procedures pertaining to Finance & Accounting).
 - Serve as a point of reference for the management of NA to ensure that finance and accounting policies and procedures are properly and consistently applied.
 - Provide a tool to address accounting related issues.

1.2 Implementation & Compliance

- The Finance Department along with other departments of NA is required to ensure implementation and compliance with these finance and accounting policies and procedures before processing accounting transactions.
- The finance and accounting policies and procedures detailed in this document will apply to all financial and accounting operations performed by the Finance Department and other departments of NA.

Finance and Accounting Policies & Procedures Manual**Introduction****Structure of the Manual****1.3 Structure of the Manual**

- This manual is divided into chapters and further sub-divided into sections. Under each chapter, the relevant sections are systematically grouped to discuss and document all related issues.
- This manual contains the following chapters:

Chapter	Title
1.	Introduction
2.	Finance Department Overview
3.	Accounting Assumptions, Concepts, Conventions and Policies
4.	Cash and Banks
5.	Accounts Receivable and Prepayments
6.	Property, Plant & Equipment
7.	Leases
8.	Intangible Assets
9.	Inventory
10.	Accounts Payable, Accruals, Provisions and Contingent Liabilities
11.	Revenue
12.	Payroll
13.	Financial Statement Closing Process
14.	Budgeting
15.	Forms and Templates

Finance and Accounting Policies & Procedures Manual

Introduction

Page Layout

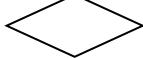
1.4 Page Layout

- Each page of this manual follows a standard layout, which includes a header, footer and the main body of text.
- The header includes the following information:
 - Entity's name i.e. National Ambulance LLC.
 - Title of manual i.e. Finance and Accounting Policies & Procedures Manual.
 - Chapter name
 - Section name
- The footer includes the following information:
 - Page number.
- Procedures to perform various Finance processes have been presented in a table format according to the following:

#	<i>Job Title</i>	<i>Procedure Description</i>	<i>Output/Report/Control</i>
Denotes the sequence number of the procedures/steps and are represented by 1, 2, and so on.	Denotes the organizational job position responsible for executing the specific procedure step.	Denotes the specific activities to be executed within a procedure step.	Denotes the output/report generated and/or relevant control applied during the procedure step

Finance and Accounting Policies & Procedures Manual**Introduction****Flowchart Format****1.5 Flowchart Format**

Work flow diagrams to perform various Finance & Accounting processes have been designed according to the following shapes:

Symbols	Definition
 Start	Represents the start of the process
 End	Represents the end of the process
	Represents a manual process step with a definite action.
	Represents a decision box, which always leads to more than one outcome in the process flow.

Finance and Accounting Policies & Procedures Manual

Introduction

Document Control

1.6 Document Control

- The CFO will be the manual controller. All inquiries and requests for revisions related to the manual should be addressed to him/her.
- The contents of this manual are confidential and are intended for internal use by NA only.
- This manual should always be kept in a safe place and must not be copied or revealed to third parties (i.e. persons not employed by NA) without the explicit written permission of the CFO and the CEO.
- A softcopy of this manual will be made available to all NA staff over the intranet. However, it shall be ensured that staff shall have limited access i.e. viewing only. Printing and copying options from the intranet to this effect will be disabled.
- Distribution of this manual, in whole or in part, will be made only as approved by the CFO.
- Each set of the manual shall be serially numbered. Distribution/circulation of this Manual will be controlled and monitored by maintaining a Manual Distribution Control Record (MDCR). The MDCR will record the following information about the distribution of copies of the manual:
 - Date of issue;
 - Position of custodian (to whom the manual is issued);
 - Name of custodian;
 - Signature of custodian (on issue of the manual);
 - Date of return; and
 - Signature of controller (on return of the manual)
- A suggested form for the MDCR is enclosed in [Forms and Templates](#)

Finance and Accounting Policies & Procedures Manual

Introduction

Updating the Manual

1.7 Updating the Manual

- Updating of this manual is the principal way of formalizing changes in the finance and accounting policies and procedures that may arise in response to the changing operational needs and requirements of NA. Such updating provides flexibility to the financial accounting functions and ensures that the manual remains relevant at all times.
- The objective of formalizing the manual updating procedures is to ensure that all amendments to, additions to, and deletions from the manual are properly documented and authorized/approved prior to implementation.
- In accordance with the above, the manual shall undergo a formal review, as required (annual recommended), to confirm that all changes are incorporated into the manual.
- The CFO (or an Authorized Personnel on his/her behalf) shall be responsible for this comprehensive task and will initiate the said review and needed updates.
- The Policies and Procedures Manual shall be updated and approved as per the Consolidated Delegation of Authority Matrix.
- These updates will be distributed to all the authorized personnel and holders of this manual.

Finance and Accounting Policies & Procedures Manual

Introduction

Manual Revisions

1.8 Manual Revisions

- NA Finance Department staff can propose changes via the Manual Revision Proposal (MRP) Form, which must be followed by proper approval.
- The CFO shall review proposed revisions, record recommendations on the MRP and forward it for review and approval according to the following:
 - All policy and procedures changes shall be reviewed and recommended by the CEO.
 - Updates and revisions of policies shall be approved by the Board of Directors.
 - All procedural changes shall be approved by the Chief Executive Officer.
- Upon approval of updates or revisions, the MRP will be forwarded to relevant staff, as appropriate, to determine that all relevant revisions are properly incorporated. The CFO shall distribute the revised manual to the recipients, along with a copy of the approved MRP.
- The CFO will further maintain a common Manual Revision Control Sheet (MRCS) (Appendix – C) that will provide a complete trail of revisions made to each page of the manual.
- The MRCS will be used only when a revision is made to any page of the manual. The MRCS will record the following information with respect to revisions to the manual:
 - Version Number.
 - Release Date.
 - Covering Letter Reference.
 - Manual Revision Proposal Reference.
 - Remarks (stating reason/explanation for the change).
- The manual is provided in a loose-leaf binder to enable approved revisions to be inserted. It will be the responsibility of each manual holder to ensure that they have received revised pages of the manual, as indicated in the relevant MRP copy, and that the manual is properly updated by adding the new pages and removing superseded pages.
- All MRPs, whether approved or not, will be allotted a serial number and separately filed sequentially.
- A suggested form for the MRP and MRCS are enclosed in [Forms and Templates](#).

Finance and Accounting Policies & Procedures Manual

Introduction

Exceptions to NA's Policies & Procedures

1.9 Exceptions to NA's Policies & Procedures

- Circumstances may exist which render it impossible to comply with policies and complete all procedures contained in this manual. Authorities for approving policy exceptions shall be executed in accordance with approved Consolidated Delegation of Authority Matrix. Any exceptions beyond the authorities mentioned in the matrix shall be approved by the CEO.
- Reasons for not being able to follow the procedures and the reasons for allowing such exception shall be recorded in writing and filed in the relevant correspondence/vendor file. However, it is to be noted that non-compliance with labor laws and other local rules and regulations issued by regulators and government are not permitted in any case whatsoever.
- Furthermore, it is to be noted that non – compliance with this manual that may cause an infringement of the law, rules, and regulations that may lead the staff of NA to be liable in their home country is not permitted.

Finance and Accounting Policies & Procedures Manual

Finance Department Overview

Introduction

2 Finance Department Overview

2.1 Introduction

- NA has a centralized accounting function to serve the accounting needs and consolidated reporting requirements.
- NA operates a centralized General Ledger (GL) Accounting Software to record and report financial accounting information.
- The Finance Department of NA includes (but is not limited to) the following functional areas:
 - General Ledger
 - Accounts Payable
 - Accounts Receivable
 - Cash and Banks
 - Property, Plant, and Equipment
 - Inventory
 - Financial Statements Closing Process
 - Budgeting
- The CFO is responsible for the supervision and administration of the accounting policies, the initiation of the financial plans, and implementation within the guidelines of NA's objectives.
- With regards to the functional areas mentioned above, the Finance Department is primarily responsible for (but is not limited to):
 - Budget preparation and administration.
 - Financial and management reporting
 - Cost allocation.
 - Recording of accounts payable.
 - Payroll execution.
 - Control of expenditure.
 - Financial concurrence and advice.
 - Compilation of rules and procedures concerning financial transactions.
 - Maintenance of fixed assets records i.e., monitoring fixed asset additions etc.
 - Preparation of cash flow and financial statements.
 - Internal and external financial management reports, as required.
 - Invoice processing for payment and posting of all related entries.
 - Maintenance of petty cash and relevant records.

2.2 Key Roles

Finance and Accounting Policies & Procedures Manual

Finance Department Overview

Key Roles

- The Finance Department of NA plays (but is not limited to) the following key roles in the accounting process of NA:
 - Establish and maintain a chart of accounts for processing accounting data in the GL. This chart of accounts represents the lowest level of detail available for reporting from the GL.
 - Develop finance and accounting policies and procedures and communicate these requirements throughout NA.
 - Disseminate updates of International Financial Reporting Standards (IFRS), as applicable, to carry out accounting activities in accordance with relevant standards.
 - Maintain accounting records that accurately reflect the routine activities of NA and determine appropriate systems, procedures and programs necessary to produce such records.
 - When budgets are prepared, the Finance Department, with the cooperation of other departmental heads, offer requested subject matter expertise on budgets planning to help quantify management's objectives and related decisions.
 - Analytically review the progress of NA's operations against the prepared plans and budgets. Additionally, provide regular reports and necessary advice to the CEO and relevant departmental heads.
 - Effectively ensure that Oracle is regularly improved/upgraded to address changing business situations and recommend changes and enhancements, as appropriate.
 - Reconcile on a monthly basis the various bank accounts, and various sub-ledgers to the GL.
 - Ensure completion, accuracy and protection of the accounting and financial information of NA.

Finance and Accounting Policies & Procedures Manual

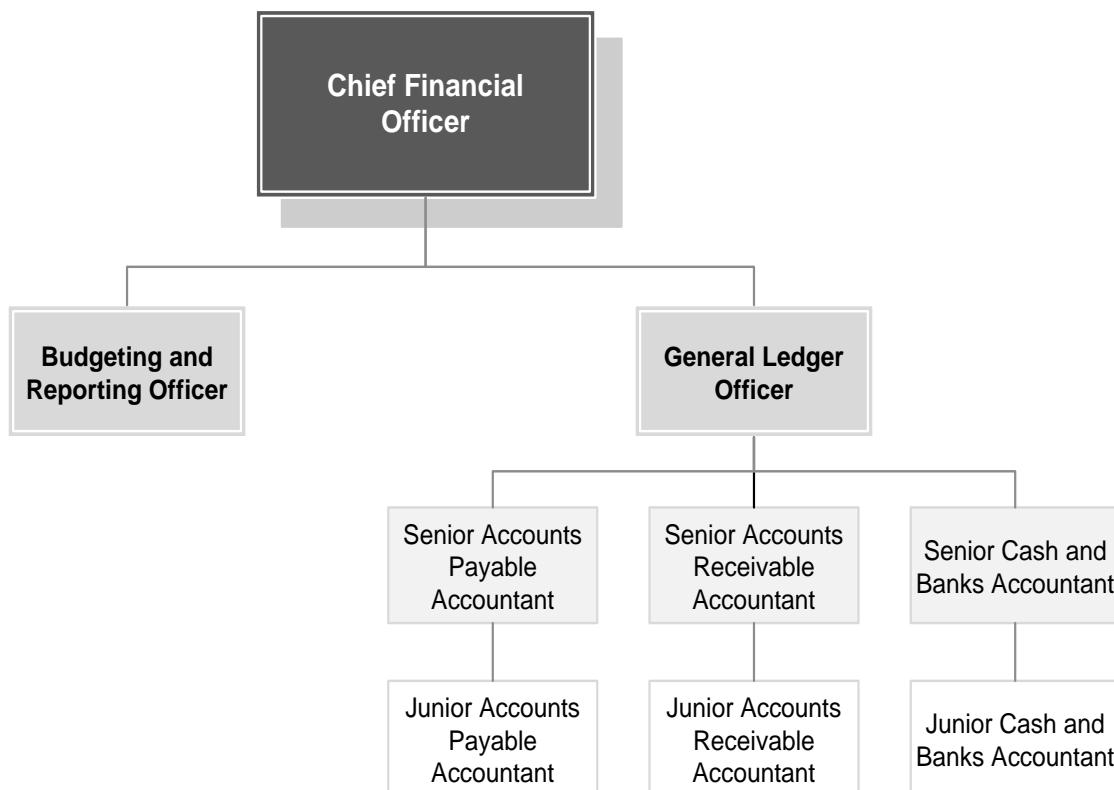
Finance Department Overview

Organization and Personnel

2.3 Organization and Personnel

- The Finance Department of NA has established clearly defined authority and responsibility for each staff member within the Department. Each staff member's responsibilities are denoted in his/her job description and coordinated by the CFO to oversee the responsibilities of the Finance Department.
- Following is the organizational structure of the Finance Department

Organizational Structure of Finance Department



Finance and Accounting Policies & Procedures Manual

Accounting Assumptions, Concepts, Conventions and Policies

Objectives

3 Accounting Assumptions, Concepts, Conventions and Policies

3.1 Objectives

- This chapter sets out in detail the general accounting assumptions, concepts, conventions and policies.
- The accounting policies described in the manual will be applicable to all employees of NA.
- The general accounting assumptions, concepts, conventions and policies are the fundamental accounting guidelines and principles that are approved and consistently followed by NA in accordance with its scope of operations, leading industry practices and IFRS.
- The objectives of defining accounting policies are to:
 - Ensure that NA's accounting policies are formalized and documented. Moreover, these policies should serve as a single point of reference to the management and staff of NA; and
 - Ensure that all staff of NA consistently applies approved accounting policies.
 - All changes to accounting policies must be reviewed and authorized by the Board as described in [Manual Updates and Revisions Sections](#).

3.2 Scope

- The scope of general accounting assumptions, concepts, conventions and policies is to establish a framework so that accounting information/transactions are properly authorized, reviewed, approved, and properly accounted for.
- The scope further includes general assumptions: principles and concepts of accounting are implemented in all accounting transactions incurred at NA.

Finance and Accounting Policies & Procedures Manual

Accounting Assumptions, Concepts, Conventions and Policies

Accounting Assumptions

3.3 Accounting Assumptions

- In accordance with IAS 1: Presentation of Financial Statements, the following fundamental accounting assumptions will apply for all finance processes performed by the Finance Department of NA.
- Financial statements will be prepared based on the following fundamental accounting assumptions:
 - 1. **Fair Presentation** ▪ Financial statements of NA shall present fairly the financial position, financial performance and cash flows.
 - Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definition and recognition criteria for assets, liabilities, income and expenses set out in IFRS
 - NA shall make an explicit and unreserved statement of its compliance with IFRS in the notes of its financial statements
 - The application of IFRSs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation
- 2. **Going Concern** ▪ Financial statements of NA will be prepared on a going concern basis which assumes the following:
 - NA will continue to be in operational existence for the foreseeable future
 - There is neither the intention nor the necessity of NA to liquidate its assets or significantly reduce the scale of its activities, which if existed, the following information will be disclosed in the financial statements of NA:
 - Material uncertainties regarding the events or conditions, placing significant doubts about NA's ability to continue as a going concern.
 - Details where the foreseeable future has been limited to less than one year from the date of approval of the financial statements.
- 3. **Accruals Concept** ▪ Under the accrual accounting concept, the following applies:
 - Revenues of NA will be recorded in the accounting periods in which they are recognized, regardless of when its cash equivalent is received.
 - Expenses of NA will be recorded in the accounting periods in which they are incurred, regardless of when its cash equivalent payments are made.

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Accounting Assumptions, Concepts, Conventions and Policies

Accounting Assumptions

- NA is using the accrual basis of accounting

4. Consistency of Presentation	<ul style="list-style-type: none">▪ The presentation and classification of financial statements (in accordance with IAS 1) shall be retained from one period to the next unless a change is justified either by a change in:<ul style="list-style-type: none">○ Significant change in NA Operations; or○ IFRS Standard or interpretation.
5. Materiality & Aggregation	<p>Materiality</p> <ul style="list-style-type: none">▪ Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately, unless they are immaterial <p>Aggregation</p> <ul style="list-style-type: none">▪ Items of a dissimilar nature or function will be presented separately unless they are immaterial
6. Offsetting	<ul style="list-style-type: none">▪ Offsetting has the effect of inhibiting the ability of the users of financial statements to understand the transaction and assess the future cash flows▪ Assets and liabilities, and revenues and expenses, will not be offset unless required or permitted by IFRS

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Accounting Concepts

3.4 Accounting Concepts

- Accounting concepts identify the objective of general purpose financial reporting as the disclosure of information useful in the decision making process of NA.
- The purpose of these concepts is to identify those attributes (hereinafter referred to as "qualitative characteristics") that financial information should possess, if it is to serve the specified objective.
- The qualitative characteristics will provide assistance when choices have to be made between reporting policies and be an indication of the quality that users can expect of the financial information provided to them.
- The main/core principal qualitative characteristics are explained as follows:

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| 1. Understandability | ▪ Users of the financial statements are assumed to have a reasonable knowledge of NA's activities and the environment in which it operates, and to be willing to analyze the information. Therefore, information presented is expected to be understandable when users might reasonably be expected to understand its meaning. |
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| 2. Relevance | ▪ The information is relevant to users if it can be used to assist in evaluating past, present or future events or in confirming, or correcting, past evaluations.
▪ The relevance of information is affected by its nature and materiality. Information is considered material if its omission or misstatement could influence the decisions of users or assessments made on the basis of the financial statements. However, each entity's materiality depends on the nature or size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut off point rather than being a primary qualitative characteristic which information must have if it is to be useful. |
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| 3. Reliability | ▪ Information is reliable when it is: <ul style="list-style-type: none">○ Free from material error○ Free from Bias○ Can be depended upon by users |
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| ▪ The following are the characteristics of reliable information: |
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Faithful Representation

- To be reliable, information must represent faithfully the transactions and other events it either purports to

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represent or could reasonably be expected to represent

Substance Over Form

- Transactions should be accounted for and presented in accordance with their substance and economic reality and not merely their legal form

Neutrality

- Neutral means free from bias. Financial statements are not neutral if, by the selection or presentation of information, they influence the making of a decision or judgment in order to achieve a predetermined result or outcome

Prudence

- Prudence is the inclusion of a degree of caution in the exercise of the judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated

Completeness

- In order to be reliable, the information in financial statements must be complete within the bounds of materiality and cost
- An omission can cause information to be false or misleading and thus unreliable and deficient in terms of its relevance

4. Comparability	<ul style="list-style-type: none"> ▪ The measurement and display of the financial effect of like transactions and other events must be carried out in a consistent way throughout NA. ▪ The financial statements should show corresponding information for the preceding periods for financial elements reported in the current period in order to comply with IFRS.
5. True and Fair View/Fair Presentation	<ul style="list-style-type: none"> ▪ Financial statements should present fairly the financial position, performance and changes in financial position of NA.
6. Constraints on Relevant and Reliable Information	<p>Timeliness</p> <ul style="list-style-type: none"> ▪ If there is undue delay in the reporting of information it may lose its relevance ▪ Management may need to balance the relative merits of timely reporting and the provision of reliable information ▪ To provide information on a timely basis it may often be

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necessary to report before all aspects of a transaction or other event are known, thus impairing reliability. If reporting is delayed until all aspects are known, the information may be highly reliable but of little use to users who have had to make decisions in the interim

- In achieving a balance between relevance and reliability, the overriding consideration is how best to satisfy the economic decision-making needs of users.

Balance Between Benefit and Cost

- The balance between benefit and cost is a pervasive constraint rather than a qualitative characteristic
- The benefits derived from information should exceed the cost of providing it. The evaluation of benefits and costs is, however, substantially a judgmental process
- The costs do not necessarily fall on those users who enjoy the benefits. Benefits may also be enjoyed by users other than those for whom the information is prepared

Balance Between Qualitative Characteristics

- A balancing, or trade-off, between qualitative characteristics is often necessary
- Generally the aim will be to achieve an appropriate balance among the characteristics in order to meet the objective of financial statements
- The relative importance of the characteristics in different cases will be a matter of professional judgment

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- If accounts are prepared on the basis of assumptions or concepts, which differ materially from any of the generally accepted fundamental assumptions and concepts defined above, the facts should be explained.
 - In the absence of a clear statement to the contrary, it will be assumed that the fundamental concepts and assumptions have been observed.

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Accounting Assumptions, Concepts, Conventions and Policies

General Accounting Conventions and Policies

The following general accounting conventions and policies will apply to NA's accounting processes:

3.5 General Accounting Conventions and Policies The following general accounting conventions and policies will apply to NA's accounting processes:

#	<i>Policy</i>	<i>Policy Description</i>
1	Basis of Accounting	<ul style="list-style-type: none"> ▪ The financial statements of NA will be prepared under the historical cost convention except for certain assets, stated at fair value ▪ Under the accrual basis of accounting, revenues will be recognized, regardless of the time when cash is received ▪ Expenses will be recognized in the period when the related revenue is recognized and the difference is the surplus or deficit for that period ▪ NA will consistently apply the accounting policies from one period to another
2	Changes in accounting estimates, and correction of errors	<p><i>Changes in Accounting Estimates</i></p> <ul style="list-style-type: none"> ▪ According to IAS 8, changes in accounting estimates may occur as a result of changes in the circumstances on which the estimate was based or because of new information, more experience or subsequent developments. Changes in accounting estimates do not, by their nature, relate to prior periods and are not the corrections of errors. ▪ Where it is difficult to distinguish a change in an accounting estimate from a change in accounting policy, the change is treated as a change in an accounting estimate. A change from carrying property, plant and equipment at historical cost to fair value is an example of a change in accounting policy, not a change in an accounting estimate. By contrast, a change in the depreciation rate from 10 years to 5 years on an item of property, plant and equipment would be recognized as a change in accounting estimate. ▪ The effect of a change on an accounting estimate is to be recognized prospectively (that is, from the date of change) by including it in the net results in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. ▪ Where changes in estimate may impact net assets rather than net surplus or deficit, the change is recognized by adjusting the carrying amount of the net assets / equity in the period of the change. <p><i>Errors</i></p> <ul style="list-style-type: none"> ▪ Errors may occur in the recognition, measurement, presentation or disclosure of elements of financial statements. NA's financial statements will not be presented fairly if they contain material errors. Adjustments to correct material errors are made retrospectively by amending comparatives and restating accumulated surpluses or deficits at the beginning of the earliest period presented. ▪ Errors in the preparation of the financial statements of one or more prior

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General Accounting Conventions and Policies The following general accounting conventions and policies will apply to NA's accounting processes:

#	Policy	Policy Description
		<p>periods may be detected in the current period. Errors may occur as a result of mathematical mistakes, mistakes in applying accounting policies, misinterpretation of facts, fraud or oversights.</p> <ul style="list-style-type: none"> ▪ A material prior period error is corrected by retrospective restatement in the first financial statements issued following the discovery of the error by: <ul style="list-style-type: none"> ○ Restating comparative amounts for the prior periods presented in which the error occurred; or ○ If the error occurred before the earliest prior period presented in the financial statements, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. ▪ NA should disclose the following in relation to errors: <ul style="list-style-type: none"> ○ The nature of the prior period error; ○ For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; ○ The amount of the correction at the beginning of the earliest prior period presented; and ○ If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected <p>Changes in accounting policies</p> <ul style="list-style-type: none"> ▪ NA applies the same accounting policy from one period to the next, unless: <ul style="list-style-type: none"> ○ the change is required by a mandatory regulation; ○ the change is required by IFRS; or ○ the change will result in the financial statements providing more reliable and relevant information about the effects of transactions, other events or other conditions on NA's financial position, financial performance or cash flows ▪ Voluntary changes of an accounting policy and the adoption of new IFRS where there are no specific transitional rules, including changes in classification, should be applied retrospectively, except to the extent that it is impractical to determine either the period-specific effects or the cumulative effect of the change. All comparative amounts should be adjusted to show the results and financial position of prior periods as if the new accounting policy had always applied. ▪ When a change in accounting policy has a material effect on the current period or any prior period presented, or may have a material effect in

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General Accounting Conventions and Policies The following general accounting conventions and policies will apply to NA's accounting processes:

#	Policy	Policy Description
		<p>subsequent periods, NA must disclose the following:</p> <ul style="list-style-type: none"> ○ The reasons for the change; ○ The amount of the adjustment for the current period and for each period presented; ○ The amount of the adjustment relating to periods prior to those included in the comparative information; and ○ The fact that comparative information has been restated or that it is impracticable to do so
3	Foreign Exchange Transactions	<p><i>Initial recognition of foreign currency transactions</i></p> <ul style="list-style-type: none"> ▪ Foreign currency transactions are transactions denominated in a currency other than NA's functional currency (UAE Dirham). Foreign currency transactions may produce receivables or payables that are fixed in terms of the amount of foreign currency that will be received or paid. ▪ A foreign currency transaction must be recorded on initial recognition in the functional currency by applying the spot exchange rate to the foreign currency amount at the date of the transaction. <p><i>Subsequent measurement (At reporting date)</i></p> <ul style="list-style-type: none"> ▪ A foreign currency transaction may give rise to assets and liabilities that are denominated in a foreign currency. The procedure for translating such assets and liabilities into NA's functional currency at each balance sheet date will depend on whether they are monetary or non-monetary items. ▪ Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. The essential feature of a monetary item is a right to receive (or an obligation to deliver) a fixed or determinable number of units of currency. ▪ Examples are: <ul style="list-style-type: none"> ○ Borrowings; ○ Trade payables; ○ Cash and bank balances; ○ Trade receivables ▪ Foreign currency monetary items are translated using the closing rate ▪ Exchange differences arising when monetary items are settled or monetary items are translated at rates different from those at which they were translated on initial recognition are recognized in surplus or deficit in the period in which they arise

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Accounting Assumptions, Concepts, Conventions and Policies

General Accounting Conventions and Policies The following general accounting conventions and policies will apply to NA's accounting processes:

#	Policy	Policy Description
		<ul style="list-style-type: none"> ▪ Non-monetary items are all items other than monetary items; the right to receive (or an obligation to deliver) a fixed or determinable number of units of currency is absent in a non-monetary item. ▪ Examples are: <ul style="list-style-type: none"> ○ Intangible assets; ○ Goodwill; ○ Fixed assets; ○ Inventories ▪ Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. ▪ Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. ▪ When a gain or loss on a non-monetary item is recognized directly in net assets, any exchange component of that gain or loss is recognized directly in net assets. For example, gains and losses arising on a revaluation of property, plant and equipment are recognized directly in net assets. When such an asset is measured in a foreign currency, the revalued amount is translated using the rate at the date the value is determined, resulting in an exchange difference that is also recognized in net assets.
4	Accounting Period	<ul style="list-style-type: none"> ▪ The accounting year of NA, upon which all financial statements are prepared, starts on the 1st of January and runs until the 31st of December every year.
5	Financial Statements	<ul style="list-style-type: none"> ▪ NA prepares its financial statements in accordance with IAS 1 and covers a period of twelve months commencing on the 1st of January and ending on the 31st of December each year and will include the following: <ul style="list-style-type: none"> ○ A statement of financial position (balance sheet) at the end of the period ○ A statement of financial performance for the period (Statement of Comprehensive Income) ○ A statement of changes in net assets ○ A statement of cash flows for the period ○ Notes, comprising a summary of accounting policies and other explanatory notes in accordance with required disclosure under IFRS

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General Accounting Conventions and Policies The following general accounting conventions and policies will apply to NA's accounting processes:

#	Policy	Policy Description
6	Events after the reporting date	<ul style="list-style-type: none"> ▪ Adjusting events are those events which provide evidence of conditions that existed at the reporting date. Events after the reporting date that are deemed to be 'adjusting events' should be adjusted and recognized in the financial statements ▪ An example of this is the receipt of information after the reporting date which indicates that an asset was impaired at the reporting date or that the amount of impairment loss needs to be adjusted ▪ Non adjusting events occur as a result of conditions arising after the reporting date ▪ NA shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting date ▪ An example of this would be where NA has adopted a policy to regularly revalue property to fair value and a decline in the fair value of property occurs between the reporting date and the authorization date of the financial statements ▪ NA shall disclose the date when the financial statements were authorized for issue and who gave that authorization. If another body has the power to amend the financial statements after issuance, NA shall disclose that fact ▪ If an NA receives information after the reporting date, but before the financial statements are authorized for issue, about conditions that existed at the reporting date, NA shall update disclosures that relate to these conditions in the light of the new information

Finance and Accounting Policies & Procedures Manual

Cash and Banks

Introduction

4 Cash and Banks

4.1 Introduction

4.1.1 This chapter covers cash and banks policies and procedures to provide Finance Department personnel with guidelines in regards to the following:

- Petty cash establishment, replenishment and disbursement
- Receipts via bank deposits
- Receipts via cheques
- Receipts via bank transfers
- Payments via cheques
- Payments via bank transfers
- Advance payments
- Bank monitoring, account maintenance and reconciliations

4.1.2 The objectives of the cash and banks policies and procedures is to carry out the receipt and disbursement of payments and receivables in a consistent and clear manner ensuring proper control over NA operations.

4.1.3 Cash and banks policies and procedures reflect and support NA's operations through the following:

- Clearly establishing the responsibilities and guidelines for appropriate and consistent accounting treatment of all transactions related to cash and banks.
- Optimize NA's cash position by monitoring cash and cash equivalents.

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Cash and Banks

Cash and Banks Policies

4.2 Cash and Banks Policies

Cash Management

Petty Cash - Petty Cash Establishment

- 4.2.1 A petty cash fund may be established for any department at NA to improve the efficiency of operations.
- 4.2.2 The petty cash fund shall be set up as an imprest fund. An imprest fund has two characteristics:
- It is set at a fixed amount.
 - It requires vouchers for every disbursement.
- 4.2.3 The total limit of the petty cash float should be no more than AED 10,000. However, due to operational requirements, a new petty cash fund can be created or the float limit of an existing fund can be increased after the Petty Cash Establishment Form is approved based on the Consolidated Delegation of Authority Matrix. However, the above-mentioned float limit is subject to the review of the CFO and approval by the CEO as part of the quarterly review of the float limits on each individual petty cash float, as detailed later in this section. Should the above-mentioned limit be exceeded by the actual float balance approved quarterly by the CEO, the quarterly approval limit shall be deemed approved as opposed to the petty cash float balance of AED 10,000 specified above.
- 4.2.4 The limit of the Petty Cash Fund should be reviewed periodically by the Finance Department to ensure that it is sufficient to meet business needs.
- 4.2.5 Due to the fact that cash is used extensively for business transactions in the UAE, the maximum amount that may be claimed in respect of any single item through the petty cash float is AED 20,000 or less excluding Service Charge. This limit can be exceptionally increased based on the Consolidated Delegation of Authority Matrix.
- 4.2.6 Petty cash may only be applied to claim an expense or pay for items of minor business expenditure, which are ad hoc in nature. Capital expenditure may be paid through petty cash, subject to the prevailing Purchases Procedures adopted by the company being followed.
- 4.2.7 The following items cannot be reimbursed via petty cash float, except with the approval of the CFO:
- Items in excess of AED 20,000
 - Employee salaries
 - Employee advances
 - Supplier / Vendor advances
 - Personal loans
 - Personal cheques
 - Travel advances
 - Interest charges

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- Furniture or equipment
 - Publications
 - Subscriptions
 - Advertising
 - Donations
 - Leases and rentals
 - Maintenance agreements
 - Printing of letterheads, business cards, and envelopes
 - Professional services
 - Seminars and memberships
 - Telephones and cell phones
- 4.2.8 Each petty cash fund will have a designated custodian. The custodian shall be responsible for the fund's security and control as well as ensuring that the fund is reconciled on a periodic basis. On a quarterly basis, the Accounts Payable Manager will prepare a summary of the I) designated custodian of each petty cash balance, II) the total amount of the petty cash float, and III) the balance outstanding on the petty cash float, the so-called '**Petty Cash Summary Report**' (Refer to the Forms and Templates later in this document). This will be prepared by the Accounts Payable Manager, presented to the CFO for review and to the CEO for approval.
- 4.2.9 In the event that no custodian is available for a particular department / function, the main petty cash float maintained by the Accounts Payable Manager will be used for petty cash requirements. In such cases, reimbursement of petty cash expenditure will be according to the policies and procedures applied for all petty cash floats, as detailed in this section.
- 4.2.10 The original cheque written to establish the fund, and the cheques written to replenish it, are made payable to the custodian of the fund. A letter of transmittal that shall assign a Petty Cash Identification Number should be attached to the cheque.
- 4.2.11 The Petty Cash Identification Number shall be incorporated and identified in all petty cash transactions.
- 4.2.12 If there is a need to change the custodian of a petty cash fund, the current custodian must:
- Complete the Transfer of Petty Cash Fund Accountability form
 - Prepare a list of cash, receipts and reimbursement requests in process
 - Reconcile the petty cash fund and ensure that the petty cash is audited prior to the transfer
 - The new custodian and the CFO must sign the reconciliation form
 - Transfer the fund to its new custodian

Petty Cash Disbursement

- 4.2.13 All requests for petty cash shall be raised using a standard petty cash voucher.

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Cash and Banks Policies

- 4.2.14 Reimbursement will only be made if the petty cash payment has been made with the explicit or implicit approval of the members of the Procurement and Tendering Committee ('PTC')
- 4.2.15 The expense should be supported by an invoice or other receipts and supporting documents signed by the Head of User Department. That should be attached to the Petty Cash Voucher and must contain the following information:
 - Date of purchase or payment
 - Name of payee
 - Positive evidence that a payment was made, i.e., a cash register receipt or a handwritten receipt on which the word "Paid" appears
 - Amount paid
 - Description of the goods purchased (entered by the payer if a handwritten receipt is obtained), or of the services provided
 - Signature indicating the receipt of purchases or services.
- 4.2.16 Requestor of reimbursements is required to complete the Petty Cash Reimbursement Form and submit it to the petty cash custodian and their respective User Department Head for review and approval.

Petty Cash Reconciliation and Replenishment

- 4.2.17 Petty cash and other expense claims shall be submitted within 2 months from the date the expenditure was incurred.
- 4.2.18 When the petty cash balance reaches 40% of the limit, the custodian is required to provide a reconciliation of petty cash expenditures to date together with the supporting documents to the Finance Department to replenish the petty cash fund.
- 4.2.19 The petty cash custodian is responsible for the preparation of the monthly Petty Cash Reconciliation Report.
- 4.2.20 Receipts supporting petty cash disbursements and cash on hand must always total the amount of the initial petty cash advance.

Petty Cash Physical Verification

- 4.2.21 A cash count shall be performed by officers appointed by the CFO, including a review of the supporting documents. Cash count is carried out randomly, at least 4 times a year.
- 4.2.22 While physically verifying the petty cash fund it shall be ensured that:
 - The cash in the safe is physically counted by an employee other than the custodian who manages the petty cash balance
 - The end of month balance has been matched with the physical count balance and all differences – If any – were investigated and reconciled
 - Should the actual expenditures be less than the approved fund limit, then the Finance Department shall be responsible for the review and realignment of the User Department's petty cash fund limit with its monthly spending

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- All shortages alongside the physical verification report shall be reported to the CFO to decide on the appropriate course of action depending on severity of the case discovered. Shortage may be solved by the custodian if appointed by the CFO or further investigations shall be required in the case of theft or burglary.

Receipts

General Receipts Policies

4.2.23 NA may accept payment against services, ambulance cars, training material, and other related paramedic services via the following methods only.

- Bank Transfers
- Cheques
- Direct Deposits in bank account

4.2.24 This shall also apply to payment receipts from different parties:

- The Finance Department must maintain proper copies of payment vouchers under the relevant vendor's folder (i.e. Cheque, bank transfer or debit/credit card payments)
- All payments received have to be in UAE Dirham (AED), the national currency of the United Arab Emirates

Receipts via Bank Deposits

4.2.25 All cheques should be deposited daily by 12:00 PM i.e., on the day of receipt in the collection bank accounts of NA; all cheques received after 12:00 PM should be deposited at the bank within the next business day.

4.2.26 The bank deposit slip should include the following information:

- Account Name i.e. National Ambulance LLC
- Account Number
- Bank Branch; and
- Payee Details (i.e. Name, service provided)

4.2.27 NA must ensure that a copy of the bank deposit slip is faxed to NA Finance Department alongside the payee's name, details of payment (the service the payment relates to)

4.2.28 All un-deposited cheques/ cheque books and petty cash fund should be kept overnight in a safe locked with a key and a number combination, under the joint custody of the CFO and the General Ledger Officer. The CFO is responsible for having a backup key for the safe and the General Ledger Officer holds the responsibilities of the actual custodian for the safe.

4.2.29 No transaction should be entered or posted in Oracle without the support of original source documents or at least faxed copies or photocopies of invoices and supporting documents.

Receipts via Cheques

4.2.30 All cheques must be in the name of NA and not in the name of any individual or staff of NA.

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- 4.2.31 Cheques should be delivered or mailed to the Finance Department directly via the payer. Cheques or other forms of receipt received by departments other than the Finance Department should be forwarded immediately upon receipt, under an interoffice memo to the Cash & Banks Junior Accountant at the Finance Department.
- 4.2.32 Any cheques that do not clear due to insufficient funds, closure of account, or arrest of payment instructions should be discarded and returned to the payer
- 4.2.33 In the event that a payer has a record of two cheques which fail to clear, this method of payment should no longer be accepted as a form of payment for NA services in the future.
- 4.2.34 Cheques and other forms of payment instruments shall be affixed stamps of “Received” and “Date” upon receipt.
- 4.2.35 All incoming cheques will be logged in the incoming cheque report in Oracle.

Receipts via Bank Transfers

- 4.2.36 Bank transfers can be made directly to NA’s bank account via SWIFT transfers or from an appropriate bank or exchange house.
- 4.2.37 The Finance Department must ensure that for all payments transferred, a copy of the bank deposit slip is received alongside the payer’s name, and contains details of payment of the service provided, (i.e. if trainee- the course and the duration the payment relates to).

General Payments Policies

- 4.2.38 Payments made by NA should be carried out via the following methods:
 - Bank Transfers
 - Cheques
 - Petty cash
- 4.2.39 Bank transfers shall be the primary method of payment while the use of cheques shall be kept at a minimum.
- 4.2.40 All payments to vendors/suppliers shall be endorsed and approved based on adequate and authentic documentation, proving that payments are made against goods and services received by NA.
- 4.2.41 Payments to vendors/suppliers should be approved as per the Consolidated Delegation of Authority Matrix.
- 4.2.42 Signing of cheques/bank transfers shall be carried out as set out in the Consolidated Delegation of Authority Matrix.
- 4.2.43 Single payment vouchers shall be permissible for a group of invoices related to a particular vendor/supplier.
- 4.2.44 All payments to vendors/suppliers must be made through crossed cheques or bank transfers.

Payments via Cheques

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- 4.2.45 A running stock of cheque books should be maintained in a locked safe within the Finance Department. The CFO is responsible for requesting new check forms from the bank.
- 4.2.46 An Incoming/Outgoing Cheque Report should be maintained in Oracle and details of incoming and outgoing cheques should be entered, upon receipt or payment.
- 4.2.47 Cheques shall be prepared in accordance with the following guidelines:
 - Total cash requirements associated with each cheque run is monitored in conjunction with the available cash balance in the bank prior to the release of any cheques
 - Cheques shall be utilized in numerical order
 - Cheques to suppliers shall never be made payable to “bearer” or “cash” and should be stamped to “Payee Only”
 - Cheques shall never be signed prior to being prepared – Blank cheques
 - Post-dated cheques shall not be issued except in special cases after obtaining explicit approval from the CFO
 - Upon the presentation of a cheque, invoices and other supporting documentation should be immediately cancelled by stamping them as “Paid”
- 4.2.48 Cheques should not be prepared by individuals who authorize expenditures.
- 4.2.49 Cheques may be voided due to processing errors by making proper notations in the cheque register and defacing the cheque by tearing off the signature portion, crossing the cheque, and clearly marking it as “VOID”. Reasons for cancellation of the cheque shall be documented.
- 4.2.50 Where a payment order is cancelled for any reason, the voucher should be duly marked as ‘CANCELLED’.
- 4.2.51 Cheques shall be sent to suppliers/vendors as soon as they have been prepared and signed.
- 4.2.52 Cheques issued shall be voided after six months if not collected by the payee and should be cancelled by a reversal voucher.
- 4.2.53 A cheque reversal voucher shall only be posted after cross checking with the relevant bank statement to ensure that the cheque has not been cashed.

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Payments via Bank Transfers

4.2.54 Bank transfer forms shall include the following information

- Bank Name Beneficiary
- Account Name
- Account Number
- Bank Address/ Branch
- SWIFT
- IBAN
- Beneficiary's address
- Value date

Advance Payments

4.2.55 All advance payments to vendors/suppliers shall be made against an agreement letter or contract.

4.2.56 Advance or partial payments to vendors/suppliers will only be authorized in accordance with the approved purchase order, contract or written agreement.

4.2.57 All advance payments made to employees to cover business travel expenses shall be approved by the head of the relevant User Department and should be submitted to the Operations Department upon approval which is then forwarded to the Finance Department seven days prior to the date of travel.

4.2.58 All NA employees are required to complete and submit the Business Reimbursement Form within 5 days from their return date. The Form shall be approved by the head of the relevant User Department.

4.2.59 Advances payments should be given to departments that do not have an established petty cash float.

The following Bank Management policies will apply to bank transactions processes at NA:

Opening/Closing Bank Accounts

4.2.60 Opening and closing bank accounts shall be for valid business purposes and shall be duly approved according to the Consolidated Delegation of Authority Matrix.

Authorized Bank Signatories

4.2.61 Bank account signatories shall be established to enable signature at an appropriate level of authority within NA. The bank account signatories shall be approved as per the Consolidated Delegation of Authority Matrix.

4.2.62 Any change to the bank authorized signatories shall be duly approved as per the Consolidated Delegation of Authority Matrix.

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4.2.63 Persons selected as NA's bank account signatories shall have no responsibility for preparing Cheques/bank transfers or reconciling bank accounts, in order to maintain segregation of duties for proper control.

4.2.64 Banks shall be notified promptly of all changes in the authorized signatories and their related limits.

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Monitoring Bank Accounts

- 4.2.65 NA's bank accounts shall be monitored on a continuous basis to ensure that sufficient cash resources are available to meet NA's cash disbursement requirements as they become due.
- 4.2.66 All fund transfers that have been performed between NA's bank accounts shall be duly approved according to the Consolidated Delegation of Authority Matrix.
- 4.2.67 The Finance Department should open separate General Ledger accounts for each bank account.
- 4.2.68 A monthly cash forecast report should be prepared to identify future cash needs.

Bank Accounts Maintenance

- 4.2.69 A review of the bank account structure/services shall be performed annually to ensure that all accounts are active and dormant accounts are closed.
- 4.2.70 The Finance Department should initiate a bank account closing request for bank accounts that have been dormant for periods exceeding six months.
- 4.2.71 Bank services and pricing shall be reviewed annually to ensure the accuracy of charges and competitive pricing.

Bank Transfers

- 4.2.72 Bank transfers should be prepared based on the determination that the transaction is valid and is in accordance with the relevant policies.
- 4.2.73 All bank transfers (i.e. interbank transfer or intra bank transfer) shall be made by way of authorized bank transfer letter in accordance with the Consolidated Delegation of Authority Matrix.
- 4.2.74 Bank transfers should be prepared by persons other than those who initiate or approve any documents that give rise to disbursements.
- 4.2.75 The Finance Department will account for all bank transfers based on the debit advice from the transferor bank and credit advice from the transferee bank or based on the statement of account received from the banks.
- 4.2.76 The basis of this transfer shall be promptly reviewed and confirmed by the CFO.

Bank Reconciliations

- 4.2.77 Bank reconciliations shall be prepared on a monthly basis
- 4.2.78 Adjustments (if any) should be made in the books to reconcile the bank account balances with the ledger.
- 4.2.79 Authorized personnel preparing and reviewing the bank reconciliation should sign and date the reconciliation indicating the date:
 - The reconciliation was completed.
 - The reconciliation was reviewed.
- 4.2.80 Bank reconciliations should certify that:

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Cash and Banks Policies

- Entries are accurate and correspond with NA financial records. These include deposits, wire transfers, withdrawals, expenditures and revenues on bank statements and monthly financial reports.
 - All reconciling items (i.e. payments and receipts) have been identified and included. Reconciling items shall include:
 - Items outstanding for over two reconciliation periods shall be investigated and necessary actions shall be taken.
- 4.2.81 Any non-reconciling items will be treated swiftly in coordination with external and internal parties.
- 4.2.82 Bank reconciliations should be filed within the Finance Department and made available to internal/external auditors, upon request.
- 4.2.83 Supporting documentation for the bank account balance, general ledger account balance and significant reconciling items should be attached to the reconciliation.

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Petty Cash Establishment Procedures

4.3 Petty Cash Establishment Procedures

The following procedures should be followed for the establishment of a Petty Cash Fund to pay for items of minor business expenditure, which are ad hoc in nature and are not classified as capital expenditure at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	User Department Head	<ul style="list-style-type: none"> ▪ Complete the Petty Cash Fund Establishment Form ▪ Ensure that the following is included in full: <ul style="list-style-type: none"> ○ Details of Petty Cash Imprest ○ Petty Cash Custodian information ○ Details of the Requestor • Designate a custodian for the fund. The custodian will be directly responsible for the safekeeping and disbursement of the cash. ▪ Sign and date Petty Cash Establishment Form. 	<i>Petty Cash Establishment Form</i> <i>Designation of Custodian</i> <i>Signed and dated Form</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and endorse Petty Cash Establishment Form. ▪ Sign and date Petty Cash Establishment Form. 	<i>Reviewed and Endorsed Petty Cash Establishment Form</i> <i>Signed and dated Form</i>
3.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review and approve Petty Cash Establishment Form. ▪ Sign and date Petty Cash Establishment Form. 	<i>Reviewed and Approved Petty Cash Establishment Form</i> <i>Signed and dated Form</i>
4.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Input details of Petty Cash Establishment Form in Oracle and Prepare Invoice Voucher 	<i>Invoice Voucher</i>
5.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Review supporting documents and Invoice Voucher 	<i>Reviewed Invoice Voucher</i>

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Petty Cash Establishment Procedures

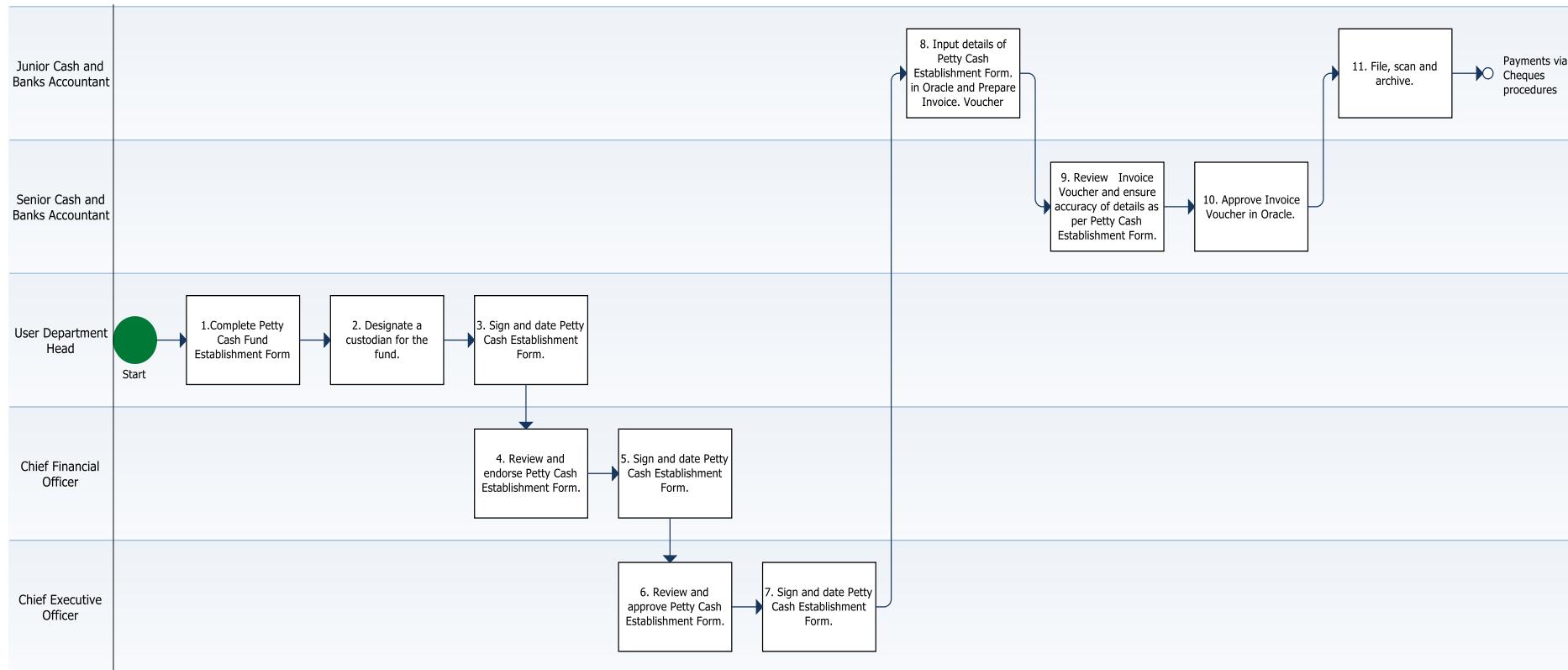
No.	Job Title	Procedure Description	Output/Report/ Control
		<ul style="list-style-type: none"> ▪ Ensure that details are accurate as per the approved Petty Cash Establishment Form. ▪ Approve Invoice Voucher in Oracle 	
6.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Proceed to Payments via Cheques Procedures ▪ Print, scan and file all relevant documents for archiving. 	<i>Payments via Cheques</i> <i>File, scan and archive</i>

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Petty Cash Establishment Flowchart

4.4 Petty Cash Establishment Flowchart



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Petty Cash Replenishment Procedures

4.5 Petty Cash Replenishment Procedures

The following procedures should be followed for the replenishment of a Petty Cash Fund when petty cash expenditures reach an agreed level relevant to the petty cash funds' original balance at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Petty Cash Custodian	<ul style="list-style-type: none"> ▪ Periodically checks petty cash balance on hand ▪ Prepare a Petty Cash Expense Report that includes the following details of all expenses: <ul style="list-style-type: none"> ○ Section/Department ○ Date ○ Description ○ Amount ○ Petty Cash Invoice Voucher Number ○ Purpose/Details of Expenses ○ Supporting documents (i.e. itemized receipts, completion certificates, memos, emails etc.) ▪ Complete Petty Cash Replenishment Form ▪ Attach Petty Cash Expense Report to Petty Cash Replenishment Form alongside all supporting documents. 	<i>Petty Cash Expense Report</i> <i>Petty Cash Replenishment Form</i>
2.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Assign GL account code to each of the itemized expense items listed in the Petty Cash Expense Report. ▪ Stamp and date “Received” on Petty Cash Expense Report. 	<i>Assigned GL Account Codes</i> <i>Stamped Petty Cash Expense Report</i>
3.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Verify accuracy of the Petty Cash Expense Report against Petty Cash Replenishment Form and supporting documents. ▪ Ensure that the replenishment amount and the balance on hand is less than or equal to the approved limit. ▪ Proceed to Invoice Processing Procedure. 	<i>Verification of Petty Cash Expense Report and Replenishment Form</i>

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Petty Cash Replenishment Procedures

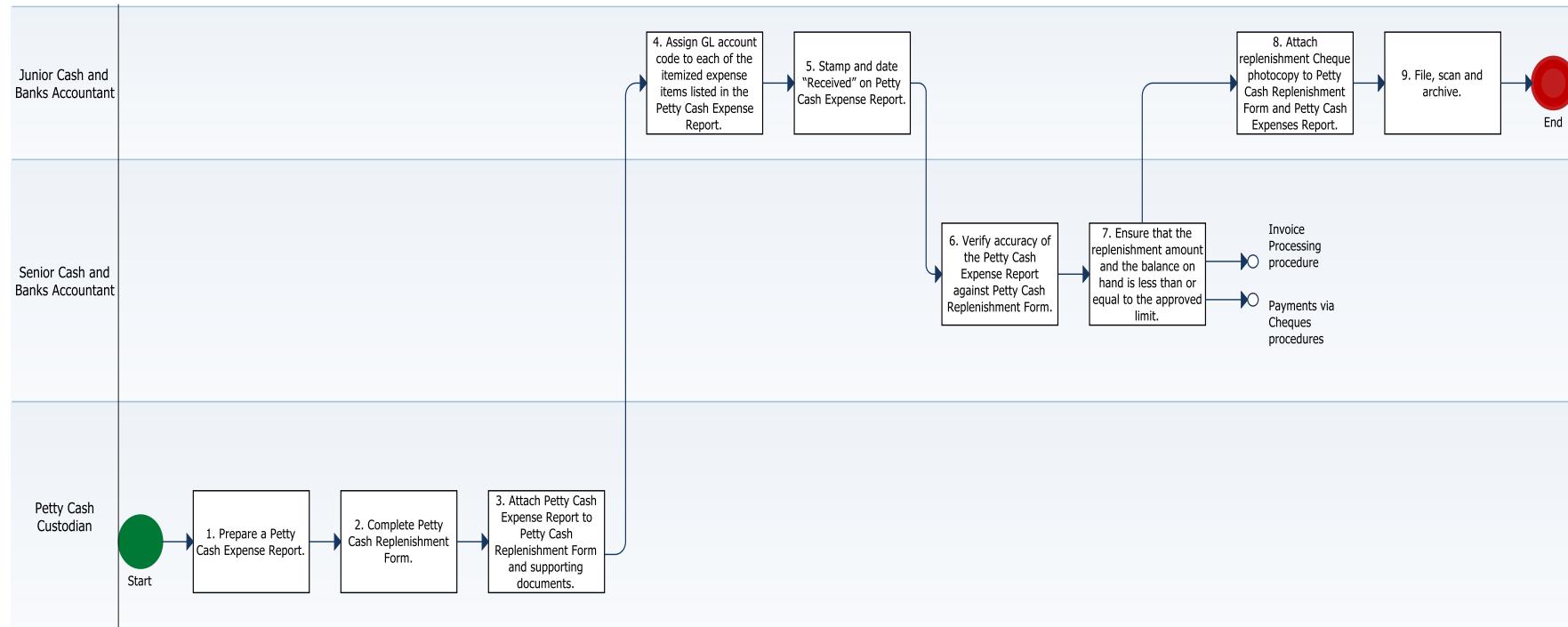
No.	Job Title	Procedure Description	Output/Report/Control
		<ul style="list-style-type: none">▪ Proceed to Payments via Cheques Procedure.	
4.	Junior Cash and Banks Accountant	<ul style="list-style-type: none">▪ Attach replenishment Cheque photocopy to Petty Cash Replenishment Form and Petty Cash Expenses Report alongside all supporting documents.▪ Scan and file all relevant documents for archiving.	

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Petty Cash Replenishment Flowchart

4.6 Petty Cash Replenishment Flowchart



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Petty Cash Reimbursement Procedures

4.7 Petty Cash Reimbursement Procedures

The following procedures should be followed for reimbursements made to an employee from a Petty Cash Fund at NA:

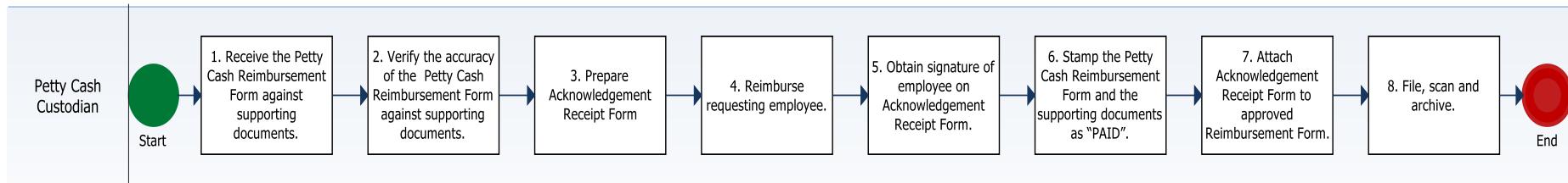
No.	Job Title	Procedure Description	Output/Report/ Control
1.	Petty Cash Custodian	<ul style="list-style-type: none"> ▪ Receive (from the requesting employee) the Petty Cash Reimbursement Form in addition to related supporting documents i.e. itemized receipts etc. signed and dated by the Head of the User Department ▪ Verify that requested payments are: <ul style="list-style-type: none"> ○ According to the petty cash policy, goods or services fall under ‘Allowable Expenses’ that can be procured through petty cash. ○ The signature of the relevant User Department Head and Chief Financial Officer has been obtained as an indication of approval. ○ Petty cash requisition slip is error free. ▪ Prepare Acknowledgement Receipt Form. ▪ Reimburse requesting employee. ▪ Obtain signature of employee on Acknowledgement Receipt Form. ▪ Stamp the Petty Cash Reimbursement Form and the supporting documents as “PAID”. ▪ Attach Acknowledgement Receipt Form to approved Reimbursement Form ▪ Scan and file all relevant documents for archiving. 	<p><i>Signed and dated Reimbursement Form</i></p> <p><i>Verification of Reimbursement Form</i></p> <p><i>Acknowledgement Receipt Form</i></p> <p><i>Reimbursement of Employee</i></p> <p><i>Signed Acknowledgement Receipt Form</i></p> <p><i>Stamped Petty Cash Reimbursement and supporting documents</i></p> <p><i>Scan, file and archive</i></p>

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Petty Cash Reimbursement Flowchart

4.8 Petty Cash Reimbursement Flowchart



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Receipts via Cheques Procedures

4.9 Receipts via Cheques Procedures

This section contains procedures that should be followed for collection of payments via cheques at NA:

No.	Job Title	Procedure Description	Output/Report/ Control
1.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Receive the cheque from the debtor and stamp the cheque as received. ▪ Prepare an Acknowledgement Receipt and obtain a copy of the cheque with the recipient signature and hand it over to the originator of the cheque. ▪ Prepare a Receipt Voucher. ▪ Forward the cheque, the Receipt Voucher, and a copy of the acknowledgement receipt to the Senior Cash and Banks Accountant. 	<i>Stamped Cheque</i> <i>Acknowledgement Receipt</i> <i>Receipt Voucher</i>
2.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Review all the forwarded documents to ensure their accuracy. ▪ Send the documents to the Junior Cash and Banks Accountant to arrange for the deposits of the cheque in the bank. 	<i>Reviewed Cheque and Receipt Voucher</i>
3.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Prepare a bank deposit slip and attach it to the cheque. ▪ Deposit the cheque in NA's collection bank account. ▪ Receive a deposit note from the bank. ▪ Attach the deposit note with the Receipt Voucher and forward it to the Senior Cash and Banks Accountant. ▪ Generate journal entries of the collection transaction in Oracle. 	<i>Bank Deposit Slip</i> <i>Deposit Note</i> <i>Prepare Related Journal Entries</i>
4.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Review related journal entries and supporting documents to ensure accurate recording. 	<i>Reviewed journal entries</i>
5.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and post journal entries in Oracle. 	<i>Posted journal entries</i>
6.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Print and stamp the journal entries as "Posted" ▪ Print, scan, and file all relevant documents for archiving. 	<i>Stamped journal entries</i> <i>File, scan and</i>

Finance and Accounting Policies & Procedures Manual**Cash and Banks**

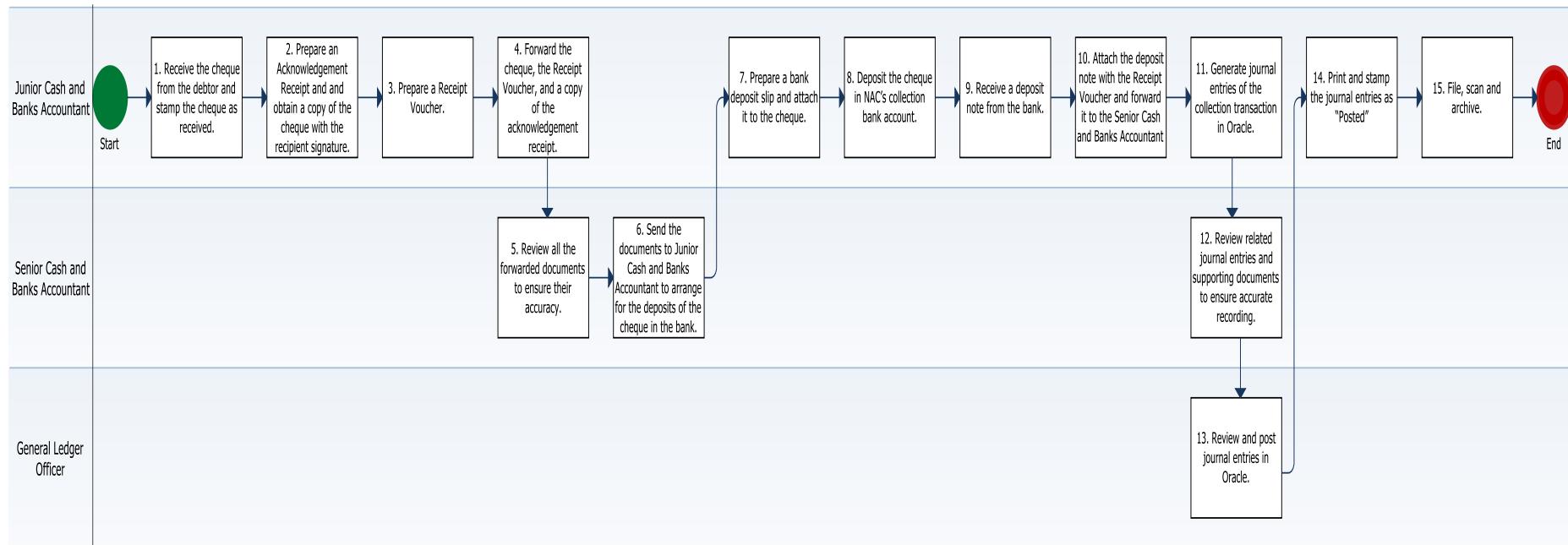
No.	Job Title	Procedure Description	Output/Report/ Control
			archive

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Receipts via Cheques Flowchart

4.10 Receipts via Cheques Flowchart



Finance and Accounting Policies & Procedures Manual**Cash and Banks****Receipts via Bank Transfers Procedures****4.11 Receipts via Bank Transfers Procedures**

This section contains procedures that should be followed for collection of payments via bank transfers at NA:

No.	Job Title	Procedure Description	Output/Report/ Control
1.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ On a daily basis download bank account statement via online banking. ▪ Identify receipts directly credited to bank account ▪ Input the following information of identified receipts as per bank account statements in Oracle: <ul style="list-style-type: none"> ○ Payer. ○ Individual check amount. ○ Check number. ○ Check date. ▪ Generate journal entries in Oracle. ▪ Prepare a Receipt Voucher. ▪ Forward the bank account statement and Receipt Voucher to the Senior Cash and Banks Accountant for review. 	<i>Bank Statement/Credit Advice</i> <i>Prepare related journal entries</i> <i>Bank Receipt Voucher</i>
2.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Verify that all receipts as per bank statements have been recorded. ▪ If any errors or discrepancies were found, the Senior Accountant returns the documents to the Junior Cash and Banks Accountant for rectification. ▪ Review related journal entries and supporting documents to ensure accurate recording. 	<i>Verification of entries</i> <i>Reviewed journal entries</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and post journal entries in Oracle. 	<i>Posted journal entries</i>
4.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Print and stamp the journal entries as “Posted” ▪ Print, scan, and file all relevant documents for archiving. 	<i>Stamped journal entries</i> <i>File, scan and archive</i>

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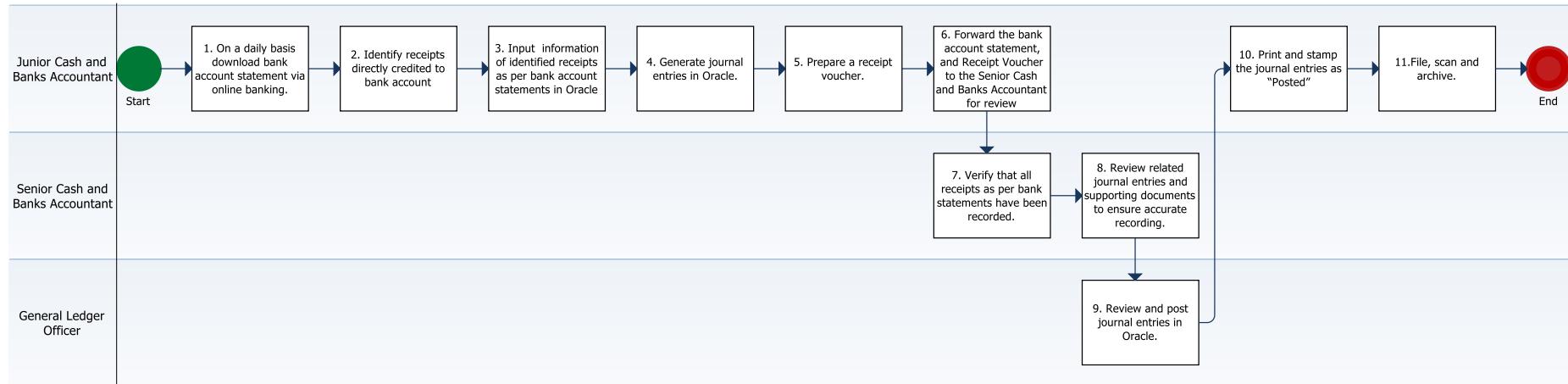
Receipts via Bank Transfers Procedures

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Receipts via Bank Transfers Flowchart

4.12 Receipts via Bank Transfers Flowchart



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Payments via Cheques Procedures

4.13 Payments via Cheques Procedures

This section contains procedures that should be followed for payments via cheques at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Ensure that the payment has been approved, either explicitly or implicitly, by the Procurement and Tendering Committee ('PTC') by making reference to the approved PTC documents signed by its members. ▪ Receive approved Invoice Voucher and the following supporting documents from Procurement Function in Administration Department: <ul style="list-style-type: none"> ○ Vendor/Supplier Invoice ○ Purchase Order/Contract ○ Supporting Documents/Emails ▪ Generate Payment Voucher (PV) in Oracle ▪ Ensure amount is as per Invoice Voucher from supplier payments. ▪ Print Payment Voucher and attach to supporting documents. ▪ Sign "Prepared By" on Payment Voucher. 	<p><i>Receipt of Approved Invoice Voucher and Supporting Documents</i></p> <p><i>Payment Voucher</i></p> <p><i>Printed Payment Voucher</i></p> <p><i>Signed "Prepared By" on Payment Voucher</i></p>
2.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Ensure that the payment has been approved, either explicitly or implicitly, by the Procurement and Tendering Committee ('PTC') by making reference to the approved PTC documents signed by its members. ▪ Review Payment Voucher against supporting documents ▪ Sign "Checked By" on Payment Voucher. 	<p><i>Verified Payment Voucher and Cheque</i></p> <p><i>Signed "Checked By" on Payment Voucher</i></p>

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Payments via Cheques Procedures

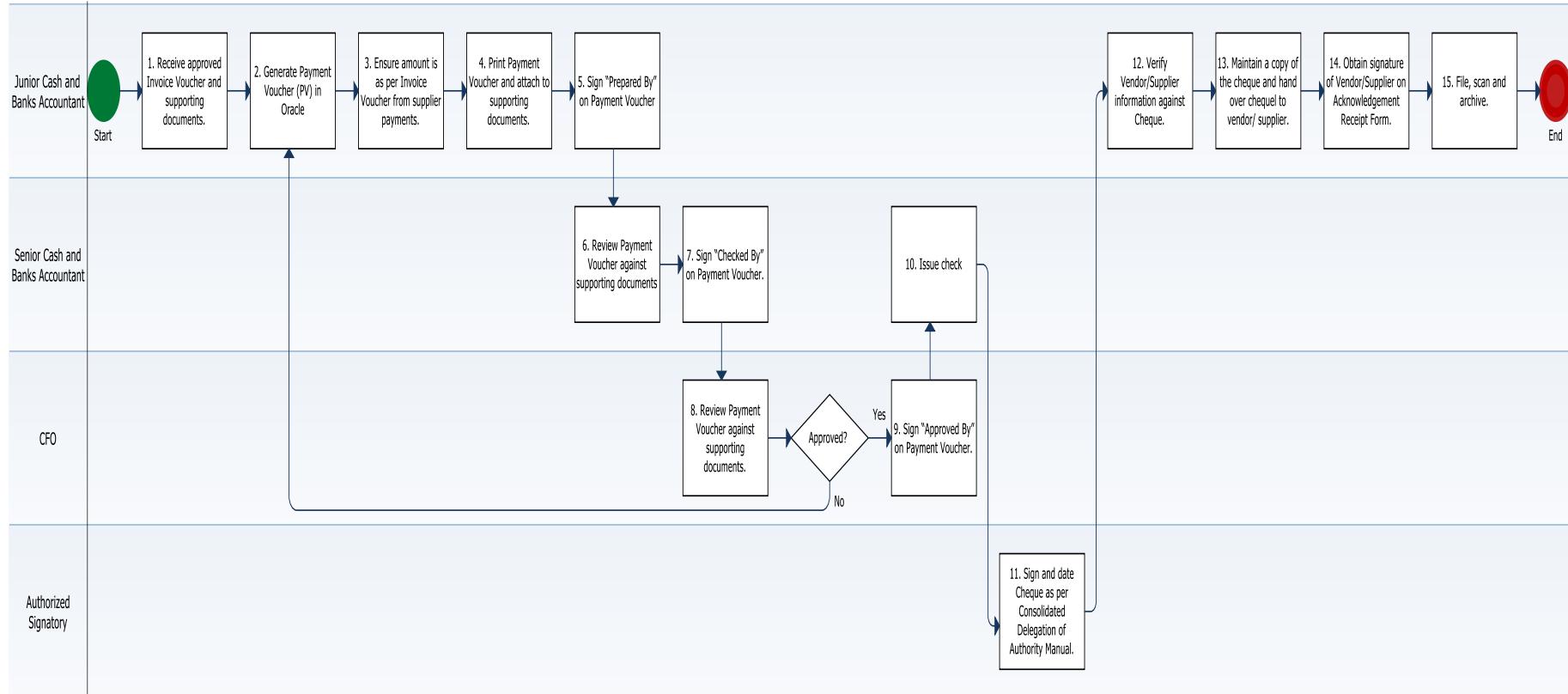
No.	Job Title	Procedure Description	Output/Report/Control
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve Payment Voucher against supporting documents. ▪ Sign “Approved By” on Payment Voucher. 	<i>Reviewed and Approved Payment Voucher and Cheque</i> <i>Signed “Approved By” on Payment Voucher</i>
4.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Issue Cheque 	<i>Cheque</i>
5.	Authorized Signatory	<ul style="list-style-type: none"> ▪ Sign and date Cheque as per Consolidated Delegation of Authority Matrix. 	<i>Signed and dated Cheque</i>
6.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ At the time of payment disbursement, verify Vendor/Supplier information against Cheque ▪ Photocopy Cheque ▪ Handover Cheque to Vendor/Supplier ▪ Obtain signature of Vendor/Supplier on Acknowledgement Receipt Form. ▪ Maintain photocopy of Cheque signed by the beneficiary ▪ Scan and file all relevant documents for archiving. 	<i>Verification Vendor/Supplier versus Cheque</i> <i>Cheque Photocopy</i> <i>Cheque Handover</i> <i>Signed Acknowledgment Receipt Form</i> <i>Copy of cheque signed by the beneficiary</i> <i>File, scan and archive</i>

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Payments via Cheques Flowchart

4.14 Payments via Cheques Flowchart



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Payments via Bank Transfers Procedures

4.15 Payments via Bank Transfers Procedures

This section contains procedures that should be followed for payments via bank transfers at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Ensure that the payment has been approved, either explicitly or implicitly, by the Procurement and Tendering Committee ('PTC') by making reference to the approved PTC documents signed by its members. ▪ Receive approved Invoice Voucher and the following supporting documents from Operations Department: <ul style="list-style-type: none"> ○ Vendor/Supplier Invoice ○ Purchase Order/Contract ○ Supporting Docs/Emails ▪ Generate Payment Voucher (PV) in Oracle. ▪ Print Payment Voucher and attach to supporting documents. ▪ Sign and date "Prepared By" on Payment Voucher. 	<i>Receipt of Approved Invoice Voucher and Supporting Documents</i> <i>Payment Voucher</i> <i>Signed "Prepared By" on Payment Voucher</i>
2.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Ensure that the payment has been approved, either explicitly or implicitly, by the Procurement and Tendering Committee ('PTC') by making reference to the approved PTC documents signed by its members. ▪ Review Payment Voucher and Bank against supporting documents. ▪ Sign and date "Checked By" on Payment Voucher. 	<i>Reviewed Payment Voucher</i> <i>Signed "Checked By" on Payment Voucher</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve Payment Voucher against supporting documents. ▪ Sign and date "Approved By" on Payment Voucher. 	<i>Signed "Approved By" on Payment Voucher</i>
4.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Issue Bank Transfer Letter. 	<i>Bank Transfer Letter</i>

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Payments via Bank Transfers Procedures

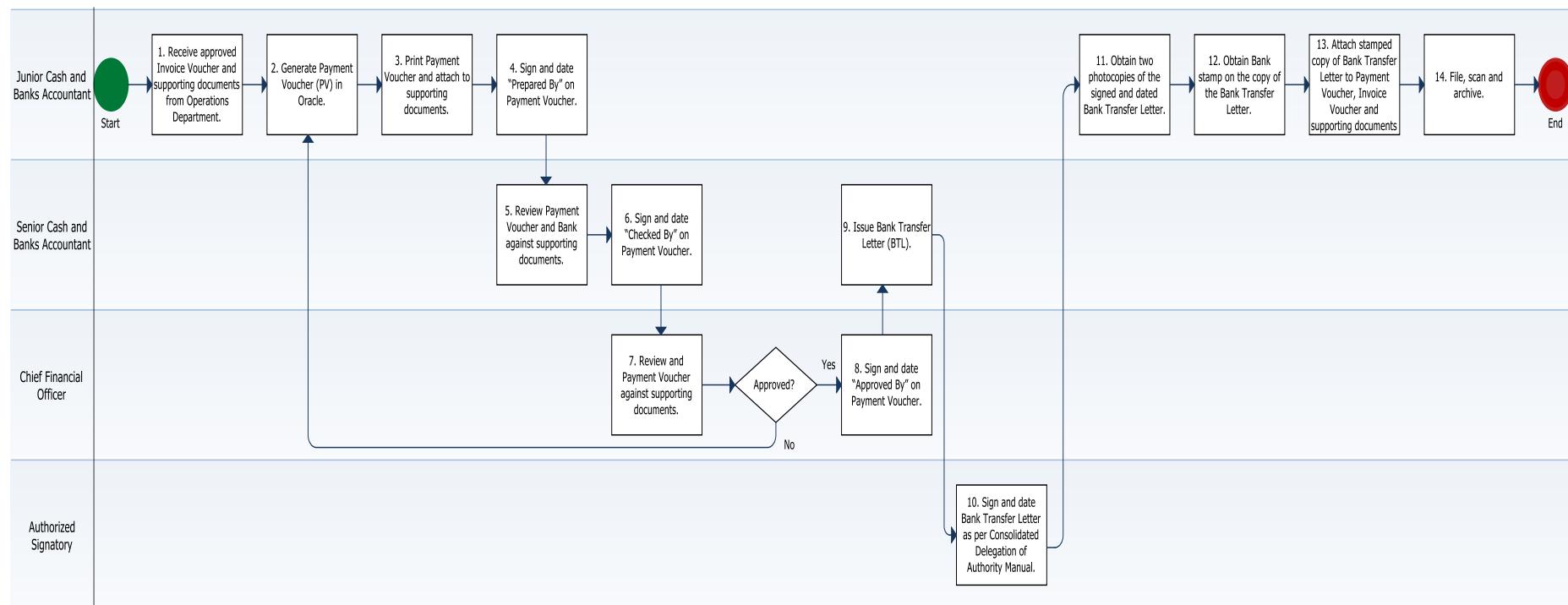
No.	Job Title	Procedure Description	Output/Report/Control
5.	Authorized Signatory	<ul style="list-style-type: none"> ▪ Sign and date Bank Transfer Letter as per Consolidated Delegation of Authority Matrix. 	<i>Signed and dated Bank Transfer Letter</i>
6.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Obtain two photocopies of the signed and dated Bank Transfer Letter. One copy is for archiving and the other copy is to be attached to the original Bank Transfer Letter and forwarded to the bank. ▪ Obtain Bank stamp on the copy of the Bank Transfer Letter. ▪ Attach stamped copy of Bank Transfer Letter to Payment Voucher, Invoice Voucher and remaining supporting documents. ▪ Scan and file all relevant documents for archiving. 	<p><i>Photocopies of Bank Transfer Letter</i></p> <p><i>Stamped Copy of Bank Transfer Letter</i></p> <p><i>Attached Supporting Documents</i></p> <p><i>File, scan and archive</i></p>

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Payments via Bank Transfers Flowchart

4.16 Payments via Bank Transfers Flowchart



Finance and Accounting Policies & Procedures Manual

Cash and Banks

Payments via Credit Card

4.17 Payments via Credit Card

This section contains procedures that should be followed for payments using the National Ambulance credit card:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Ensure that approval from the Procurement and Tendering Committee is in place, whether explicit approval for a specific expense or implicit approval for items that have a general approval issued by the PTC (for example Department of Health license fees, etc.) 	<i>Receipt of Approved Invoice Voucher and Supporting Documents</i> <i>Payment Voucher</i> <i>Monthly Credit Card reconciliation report</i>
2.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Review Payment Voucher and Credit Card statement against supporting documents. ▪ Sign and date “Checked By” on Payment Voucher. ▪ Prepare the monthly credit card reconciliation report 	<i>Reviewed Payment Voucher</i> <i>Monthly Credit Card reconciliation report</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve Payment Voucher against supporting documents. ▪ Review and Approve the monthly credit card reconciliation report. 	<i>Monthly Credit Card reconciliation report</i>
4.	Authorized Signatory	<ul style="list-style-type: none"> ▪ Review the expenses incurred and approve the monthly credit card reconciliation report 	<i>Monthly Credit Card reconciliation report</i>
5.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ File all relevant documents for archiving. 	<i>Monthly Credit Card reconciliation report</i>

4.18 Internal Bank Transfers Procedures

This section contains procedures that should be followed for internal bank transfers at NA:

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Internal Bank Transfers Procedures

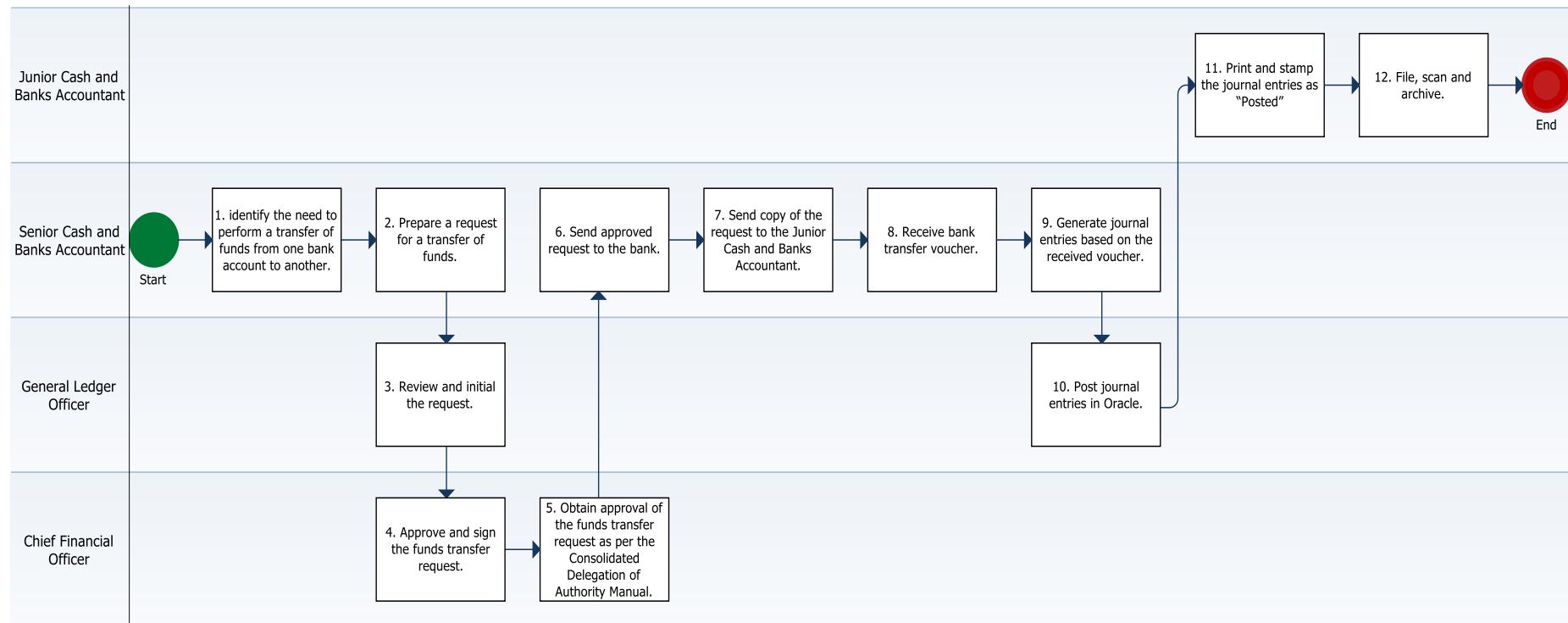
No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Based on payment vouchers received from AP Accountant, Senior Cash and Banks Accountant identifies the need to perform a transfer of funds from one bank account to another. ▪ Prepare a request for a transfer of funds including the following details: <ul style="list-style-type: none"> ○ Justifications for such a transaction ○ Amount to be transferred ○ Account numbers 	<i>Request for a transfer of funds</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and initial the request. 	<i>Reviewed request for transfer of funds</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve and sign the funds transfer request. ▪ Obtain approval of the funds transfer request as per the Consolidated Delegation of Authority Matrix. 	<i>Approved and signed funds transfer request</i>
4.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Send approved request to the bank. ▪ Send copy of the request to the Junior Cash and Banks Accountant. ▪ Receive bank transfer voucher. ▪ Generate journal entries based on the received voucher. 	<i>Transfer request sent to bank</i> <i>Bank transfer voucher</i> <i>Prepare related journal entries</i>
5.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post journal entries in Oracle. 	<i>Posted journal entries</i>
6.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Print and stamp the journal entries as “Posted” ▪ Print, scan, and file all relevant documents for archiving. 	<i>Stamped journal entries</i> <i>File, scan and archive</i>

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Internal Bank Transfers Flowchart

4.19 Internal Bank Transfers Flowchart



Finance and Accounting Policies & Procedures Manual

Cash and Banks

Advance Payments Procedures

4.20 Advance Payments Procedures

This section contains procedures that should be followed for advance payments for the purchase of goods or services at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	User Department	<ul style="list-style-type: none"> ▪ Prepare Cash Advance Request Memo. ▪ Attach Purchase Requisition and obtain the signature of User Department Head on Cash Advance Request Memo. 	<i>Cash Advance Request Memo</i> <i>Signed and Approved Cash Advance Request Memo</i>
2.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Ensure that the payment has been approved, either explicitly or implicitly, by the Procurement and Tendering Committee ('PTC') by making reference to the approved PTC documents signed by its members. ▪ Proceed to Invoice Processing Procedure. ▪ Proceed to Payment via Cheque Procedure. ▪ Encash Cheque. ▪ Make the necessary purchase(s) and ensure that receipts are collected in exchange for purchases. 	
3.	User Department	<ul style="list-style-type: none"> ▪ Prepare Expense Breakdown Summary and ensure the following is included: <ul style="list-style-type: none"> ○ Date ○ Department ○ Expense Details (Date, Expenses Description, Cost Center Code and Amount) ○ Total Amount ○ Total Advance ○ Balance ▪ Obtain the signature and approval of User Department Head on Expense Breakdown Summary. ▪ Attach Expense Breakdown Summary 	<i>Expense Breakdown Summary</i> <i>Signed and Approved Expense Breakdown Summary</i>

Finance and Accounting Policies & Procedures Manual

Cash and Banks

Advance Payments Procedures

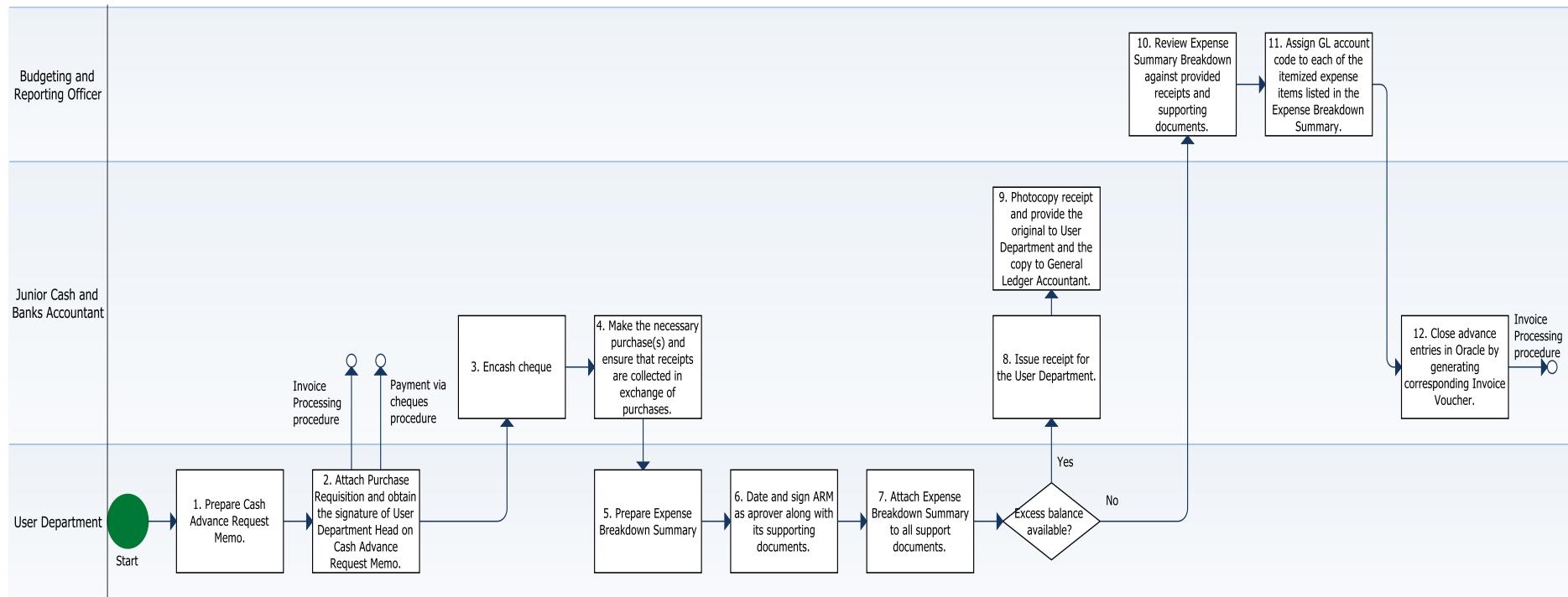
No.	Job Title	Procedure Description	Output/Report/Control
		<p>to all support documents including the following, if applicable:</p> <ul style="list-style-type: none"> ○ Vendor/Supplier Invoice ○ Invoice Voucher ○ Advance Cheque Photocopy ○ Payment Voucher ○ Supporting documents/emails <ul style="list-style-type: none"> ▪ If excess cash/balance is available, proceed to Step 4. ▪ If no balance is available, proceed to Step 5. 	
4.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Issue receipt for the User Department to verify receipt of excess cash remaining from approved advance. ▪ Photocopy receipt and provide the original to User Department for record and the copy to General Ledger Officer. 	<i>Receipt</i>
5.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Review Expense Summary Breakdown against provided receipts and supporting documents. ▪ Assign GL account code to each of the itemized expense items listed in the Expense Breakdown Summary. 	<i>Reviewed Expense Summary Breakdown</i> <i>GL Account Assignment</i>
6.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Close advance entries in Oracle by generating corresponding Invoice Voucher. ▪ Proceed to <u>Invoice Processing</u> Procedure. ▪ Print, scan, and file all relevant documents for archiving 	<i>Close Entries</i> <i>Invoice Voucher</i> <i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Cash and Banks

Advance Payments Flowchart

4.21 Advance Payments Flowchart



Finance and Accounting Policies & Procedures Manual

Cash and Banks

Bank Account Reconciliation Procedures

4.22 Bank Account Reconciliation Procedures

This section contains procedures that should be followed for bank account reconciliations at NA:

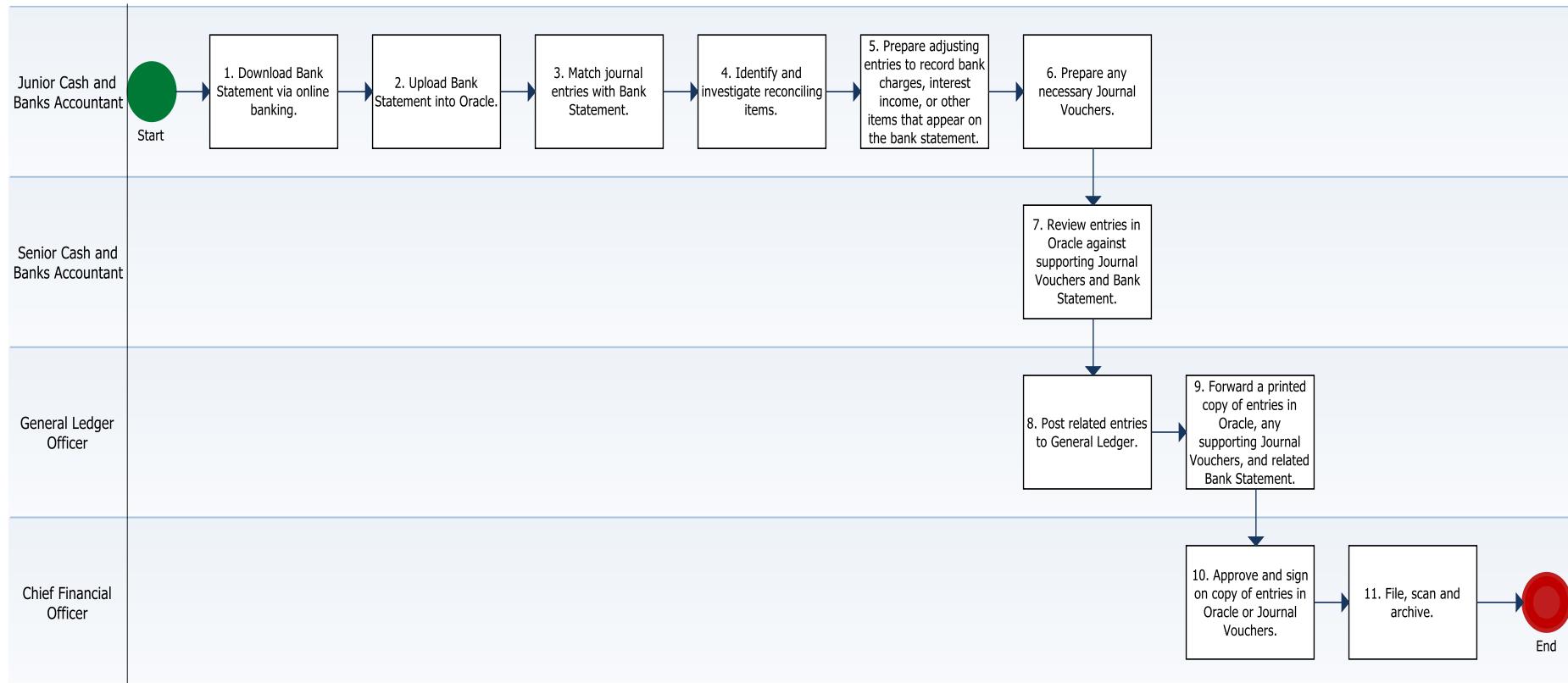
No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Download Bank Statement via online banking. ▪ Upload Bank Statement onto Oracle ▪ Match journal entries with Bank Statement ▪ Identify and investigate reconciling items. ▪ Prepare adjusting entries to record bank charges, interest income, or other items that appear on the bank statement. ▪ Prepare any necessary Journal Vouchers. 	<p><i>Downloaded bank statement</i></p> <p><i>Uploaded bank statement in Oracle</i></p> <p><i>Matching Journal Entries</i></p> <p><i>Journal Vouchers if necessary</i></p>
2.	Senior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Review entries in Oracle against supporting Journal Vouchers and Bank Statement. 	<i>Reviewed reconciliations</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post related entries to GL. ▪ Forward a printed copy of entries in Oracle, any supporting Journal Vouchers, and the related Bank Statement. 	<i>Posted Journal Entries</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve and sign on copy of entries in Oracle or Journal Vouchers. 	<i>Approved bank reconciliation</i>
5.	Junior Cash and Banks Accountant	<ul style="list-style-type: none"> ▪ Print, scan, and file all relevant documents for archiving. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Cash and Banks

Bank Account Reconciliation Flowchart

4.23 Bank Account Reconciliation Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Introduction

5 Accounts Receivable and Prepayments

5.1 Introduction

5.1.1 This chapter establishes policies and procedures relating to receivables and prepayments management at NA to assist in developing a framework to properly account for, report, manage and collect receivables and prepayments.

5.1.2 The policies and procedures are intended to provide the Finance Department personnel with guidelines for activities related to:

- Recognition and measurement of Account Receivables
- Recognition and measurement of Prepayments
- Impairment of Account Receivables
- Account Receivables Write Offs

5.1.3 The objectives of the accounts receivables policies & procedures are to:

- Establish the required and consistent accounting treatment of receivables and prepaid expenses
- Ensure that receivables are managed efficiently and effectively to minimize the risk of loss
- Recognize receivables promptly and pursue their collection
- Maintain a complete and accurate record of outstanding receivables
- Ensure that payments are received on a timely basis as per contract agreements and payment terms

5.1.4 The consistent implementation of and compliance with these policies and procedures will be the responsibility of NA's Finance Department.

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Accounts Receivable and Prepayment Policies

5.2 Accounts Receivable and Prepayment Policies

Recognition and Measurement of Accounts Receivable

- 5.2.1 Accounts receivable will be stated at original amount due less an allowance for any uncollectible amount (Allowance for bad and doubtful debts).
- 5.2.2 All receivables due from third parties (customers) will be billed and invoices will be prepared on a timely basis upon contract agreement and payment plan.
- 5.2.3 The Finance Department is responsible for obtaining a complete set of supporting documents from the Operations Department to record account receivables. Supporting documents may include, but are not limited to:
 - Quotation
 - LPO
 - Email
 - Agreement/ Contract terms
 - Timesheet
 - Service Delivery Note
- 5.2.4 Customer Master Files must be maintained and updated by the Operations Department

Monitoring and Collection of Accounts Receivables

- 5.2.5 Proper segregation of duties shall be established between the collection and recording of Accounts Receivable.
- 5.2.6 Collections from customers must be in accordance with the payment schedule based on the relevant contract.
- 5.2.7 Invoices due dates shall be monitored and collections shall be processed in a timely manner.
- 5.2.8 The Finance Department is responsible in coordination with the Operations Department for following up with debtors and ensuring the timely collection of the payment, in cases where a cheque is returned.
- 5.2.9 Credit balances shall be investigated and reclassified if applicable.
- 5.2.10 A weekly Aging Analysis Report shall be prepared for all accounts receivables via Oracle.
- 5.2.11 The Chief Financial Officer shall be notified immediately of all outstanding/overdue payments identified upon performing the weekly receivables Aging Analysis.
- 5.2.12 The following criteria should be followed for performing the receivables aging analysis and for identifying outstanding/overdue payments:

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Accounts Receivable and Prepayment Policies

Number of Days (beyond agreed credit terms)	Classification of Outstanding Amounts
1 to 30	Late Payment
31 to 60	Delinquent Payment
61 to 90	Doubtful Debt
More than 90	Bad Debt

5.2.13 The accounts receivable sub-ledgers must be reconciled with the General Ledger on a monthly basis as part of the closing process.

Recognition and Measurement of Prepayments

5.2.14 Any amount paid in advance (to third parties) should be considered as a prepayment if the following criteria are met:

- The amount is actually paid.
- The expense period covers future periods (the period in which the goods/services will be provided).

5.2.15 Prepaid Expenses shall be recognized in the period they were accrued.

5.2.16 Prepaid expenses should only be made when a tangible benefit can be derived from a certain activity under a contractual arrangement.

5.2.17 All prepaid expenses will be recognized once the payment is processed.

5.2.18 Prepaid expenses should be sub-classified based on their nature (i.e. prepaid rent, etc.).

5.2.19 Prepaid expenses should be amortized over the period of the expense.

Impairment

5.2.20 At each reporting date NA shall assess whether there is any objective evidence that the accounts receivable balance is impaired. In this regard, NA may use, for example, the following indications:

- Client is facing significant financial difficulty
- The client has committed a breach of payment terms
- NA has offered discounts or concessions to the debtor as a result of difficulties faced by the debtor that NA would not otherwise consider
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganization

5.2.21 An estimate (Allowance) for bad debt accounts will be provided for when the collection of the partial/ full outstanding amount is no longer probable.

5.2.22 The amount of allowance that should be accounted for will be calculated as a percentage of the total amount due to NA, based on the probability of the debt balance collection.

5.2.23 The estimate shall be derived by analysing the accounts receivable aging report based on the established criteria for classification of outstanding amounts and probability of collection.

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Accounts Receivable and Prepayment Policies

- 5.2.24 Allowances for bad debts accounts shall be reviewed and approved in accordance with the Financial Delegation of Authority.
- 5.2.25 Allowance for impairment will be charged to the Statement of Comprehensive Income for the period in which NA identifies objective evidence that the accounts receivable balance is impaired.
- 5.2.26 When, in a subsequent period, the amount of the impairment loss decreases and the decrease is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly (if balance was written off previously) or by adjusting the allowance for bad debts account.
- 5.2.27 NA will need to determine that the reversal of impairment will not result in a carrying amount of a receivable balance that exceeds the carrying amount that would have resulted had the impairment not been recognized at the same date the impairment is reversed.
- 5.2.28 The amount of the reversal will be recognized in the Statement of Comprehensive Income.

Receivables Write Off

- 5.2.29 Accounts receivable shall be written-off when there is sufficient evidence that the receivable amount cannot be collected regardless of the age of the subject receivable.
- 5.2.30 Bad debts write-offs shall be approved as per NA Consolidated Delegation of Authority Matrix.
- 5.2.31 Bad debts will be written off in the period in which they are determined as unrealizable, if:
- The debtor is insolvent
 - The debtor is in liquidation and there are insufficient funds to meet the debt
 - The debtor has no remaining assets
 - It is uneconomic to finalize recovery action due to the relatively small value of the debt and/or the potential costs of recovery
 - Legal proceedings through the courts have proven, or on legal advice would prove, to be unsuccessful
 - When there is no possibility of recovery.
- 5.2.32 Bad debts written off earlier and realized subsequently will be deducted from the provisional expense of the year any remaining amount would be recognized as other income.
- 5.2.33 Third parties with delinquent accounts shall not receive additional credit from NA.

Credit Note

- 5.2.34 Credit notes shall be in the form of a letter or some type of document format with business justification.
- 5.2.35 Credit notes shall be raised for credit customers in case of incorrect invoicing. Credit notes shall be prepared according to the following:
- Upon request from the concerned Procurement Department or Customer
 - Special Customers

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Accounts Receivable and Prepayment Policies

- Export Customers
- Cash Customer

- 5.2.36 Credit notes shall be prepared according to predefined terms of the contract with the customers.
- 5.2.37 To this effect, a Credit Note Request Form should be completed and signed off by the Head of originating department.
- 5.2.38 All credit note requests should be accompanied by full supporting documentation to verify the request.
- 5.2.39 Credit notes will only be issued in the event of a genuine error or discrepancy. Under no circumstance should or will they be used to write off a bad debt.

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recording Accounts Receivable from Events Procedures

5.3 Recording Accounts Receivable from Events Procedures

This section contains procedures that should be followed for recording account receivables from Events at NA:

No.	Job Title	Procedure Description	Output/Report/Control
6.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ Receive the relevant supporting documents from Operations Department: <ul style="list-style-type: none"> ○ Quotation ○ LPO ○ Other relevant documentation i.e.: email communications, special letter requests ▪ Review supporting documents and verify the following information: <ul style="list-style-type: none"> ○ Amount to be invoiced ○ Description of services provided or goods sold ○ Payment terms ○ Verify that pricing is as per the price list ▪ Input the following details in Oracle: <ul style="list-style-type: none"> ○ Amount to be invoiced ○ Description of services provided or goods sold ○ Unit of measure ○ Invoice number 	<i>Verify supporting documents and invoice</i> <i>Invoice details in Oracle</i>
7.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Review supporting documents, invoice, and invoice details on Oracle. ▪ If any errors or discrepancies were found, the Senior Accountant returns the documents to the Junior AR Accountant for rectification. 	<i>Review supporting documents, invoice, and invoice details in Oracle</i>
8.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review supporting documents and invoice. ▪ Post entries into Oracle. ▪ Print invoice. 	<i>Entries in Oracle</i>

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recording Accounts Receivable from Events Procedures

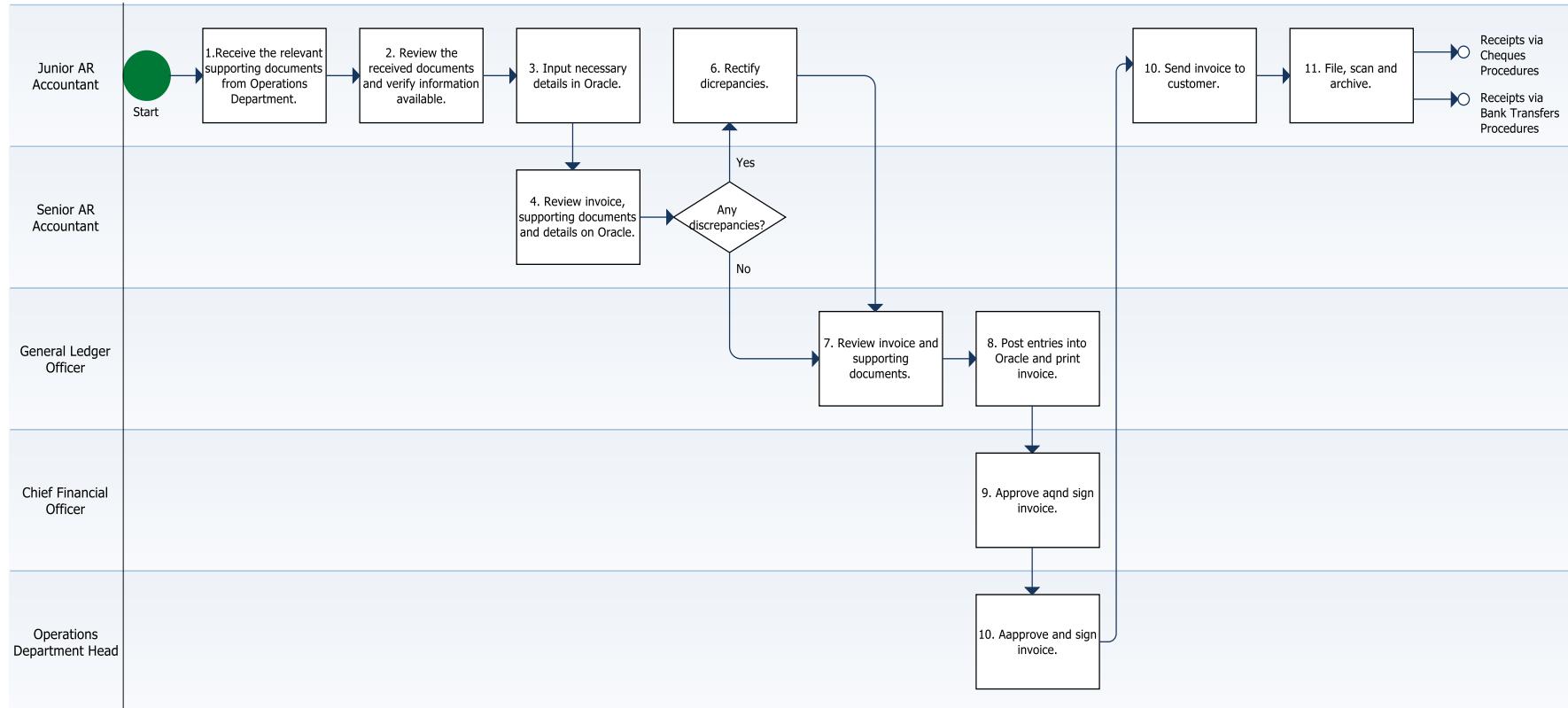
No.	Job Title	Procedure Description	Output/Report/Control
9.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve and sign invoice. 	<i>Signed Invoice</i>
10.	Operation Department Head	<ul style="list-style-type: none"> ▪ Approve and sign invoice. 	
11.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ Send invoice to customer. ▪ File and scan invoice and supporting documents for archiving ▪ Proceed to receipts procedure: <ul style="list-style-type: none"> ○ Receipts via Cheques ○ Receipts via Bank Transfers 	<i>Invoice sent</i> <i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recording Accounts Receivable from Events Flowchart

5.4 Recording Accounts Receivable from Events Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recording Accounts Receivable based on Contracts Procedures

5.5 Recording Accounts Receivable based on Contracts Procedures

This section contains procedures that should be followed for recording account receivables from Contracts at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ Receive the following supporting documents from Operations Department: <ul style="list-style-type: none"> ○ Timesheet ○ Goods Delivery Note ○ Service Completion Certificate ▪ Prepare payment schedule as per agreement/contract terms ▪ Review supporting documents to ensure that services were rendered and goods were delivered according to agreement/ contract terms ▪ Input the following details in the relevant revenue account in Oracle: <ul style="list-style-type: none"> ○ Amount to be invoiced ○ Description of services provided or goods sold 	<i>Payment schedule</i> <i>Verify supporting documents and invoice</i> <i>Invoice details in Oracle</i>
2.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Review supporting documents, invoice, and invoice details on Oracle ▪ If any errors or discrepancies were found, the Senior Accountant returns the documents to the Junior AR Accountant for rectification 	<i>Review of supporting documents, invoice, and invoice details on Oracle</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review supporting documents and invoice ▪ Post entries into Oracle ▪ Print invoice 	<i>Entries in Oracle</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve and sign invoice 	<i>Signed Invoice</i>
5.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ Send invoice to customer ▪ File and scan invoice and supporting documents for archiving 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recording Accounts Receivable based on Contracts Procedures Recording Accounts

**Receivable based on Contracts Procedures Recording Accounts Receivable based
on Contracts Procedures**

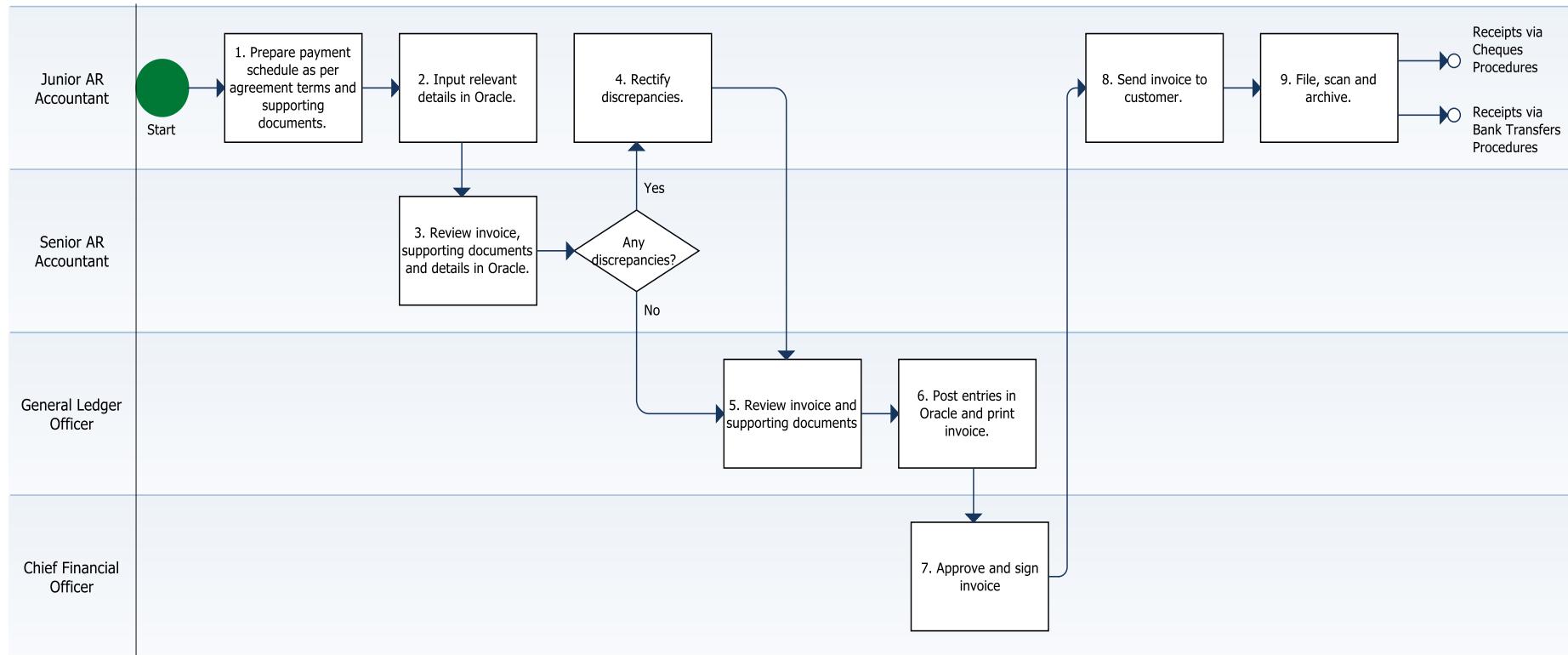
No.	Job Title	Procedure Description	Output/Report/ Control
		<ul style="list-style-type: none"> ▪ Proceed to receipts procedure: <ul style="list-style-type: none"> ○ Receipts via Cheques ○ Receipts via Bank Transfers 	

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recording Accounts Receivables based on Contracts Flowchart

5.6 Recording Accounts Receivables based on Contracts Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Monitoring Accounts Receivable Procedures

5.7 Monitoring Accounts Receivable Procedures

This section contains procedures that should be followed for monitoring accounts receivable by classifying the outstanding/overdue payments and determining a suitable course of action for collection or write off at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Generate aging analysis report from Oracle. ▪ Identify the outstanding/overdue payments. ▪ Examine overdue accounts on a case by case basis. ▪ Prepare a Schedule of Delinquent Accounts comprising the balances of all the overdue accounts. ▪ Sign and date schedule. 	<i>Aging Analysis Report</i> <i>Classification of outstanding/overdue payments</i> <i>Schedule of Delinquent Accounts</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review Schedule of Delinquent Accounts against Aging Analysis Report and relevant contact agreement. ▪ Recommend course of action for each of the outstanding/overdue payments in accordance with NA and PSG Policies and the provisions of the contract. ▪ Print and attach memo with recommendations to the Schedule of Delinquent Accounts ▪ Sign and date memo. 	<i>Reviewed Aging Analysis Report alongside recommendations</i> <i>Signed and dated memo</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review Schedule of Delinquent Accounts against Aging Analysis Report and relevant contact agreement and memo. ▪ If recommendations are approved, sign and date approved Aging Analysis Report and Memo ▪ If recommendations are not approved, provide comments and return to General Ledger Officer for updated/amended recommendations. 	<i>Reviewed and Approved Aging Analysis Report</i>

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Monitoring Accounts Receivable Procedures

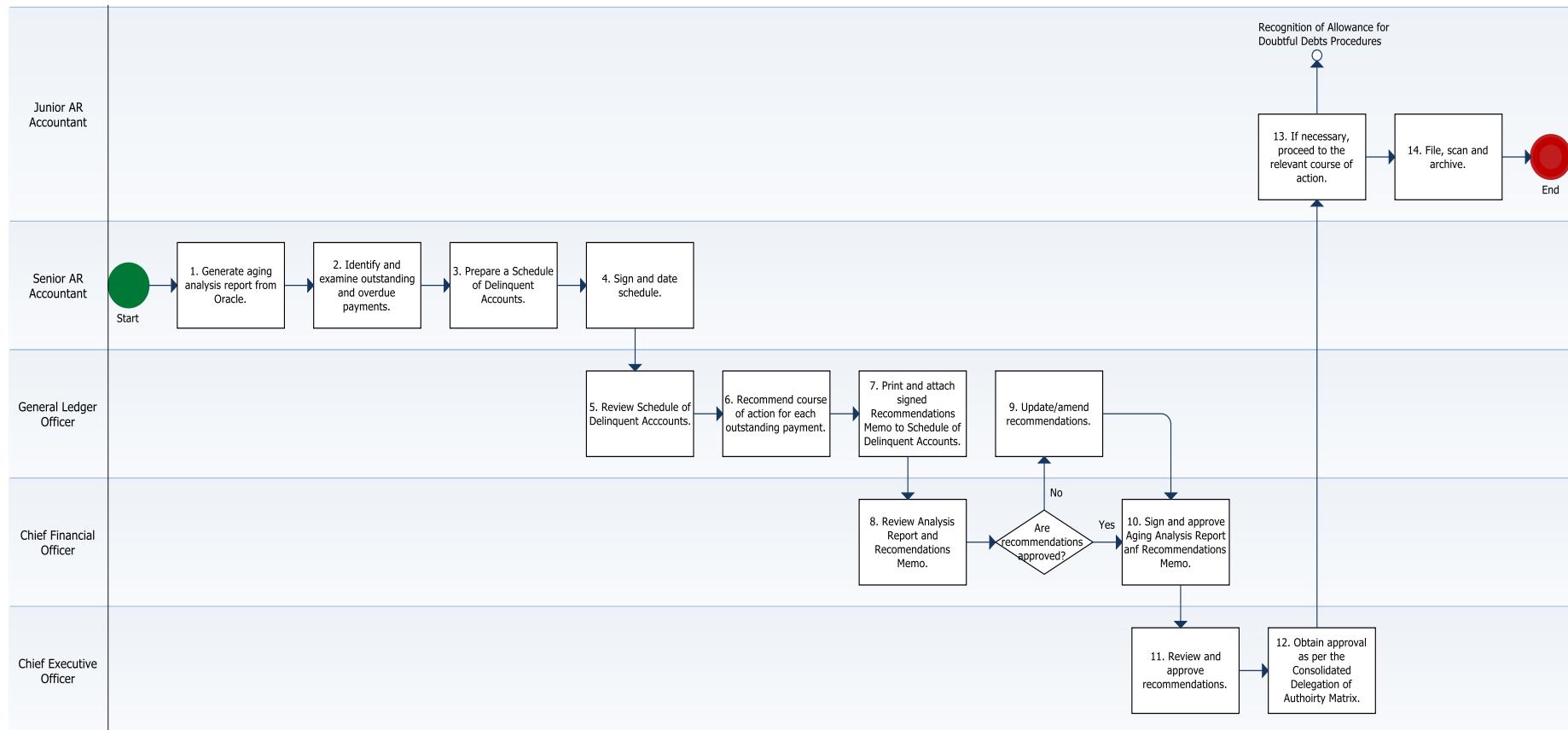
No.	Job Title	Procedure Description	Output/Report/ Control
4.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review and Approve on recommendations. ▪ If required, obtain approval as per Consolidated Delegation of Authority Matrix. 	<i>Approved recommendations</i>
5.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ Proceed with recommended course of action. ▪ If necessary, proceed to the relevant procedure for the <u>Recognition of the Allowance for Doubtful Debts</u>. ▪ File and scan hard copy Aging Analysis Report and Schedule of Delinquent Accounts. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Monitoring Accounts Receivable Flowchart

5.8 Monitoring Accounts Receivable Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recognition of Allowance for Doubtful Debts Procedures

5.9 Recognition of Allowance for Doubtful Debts Procedures

The following procedures should be followed for Recognition of the Allowance for Doubtful Debts at NA:

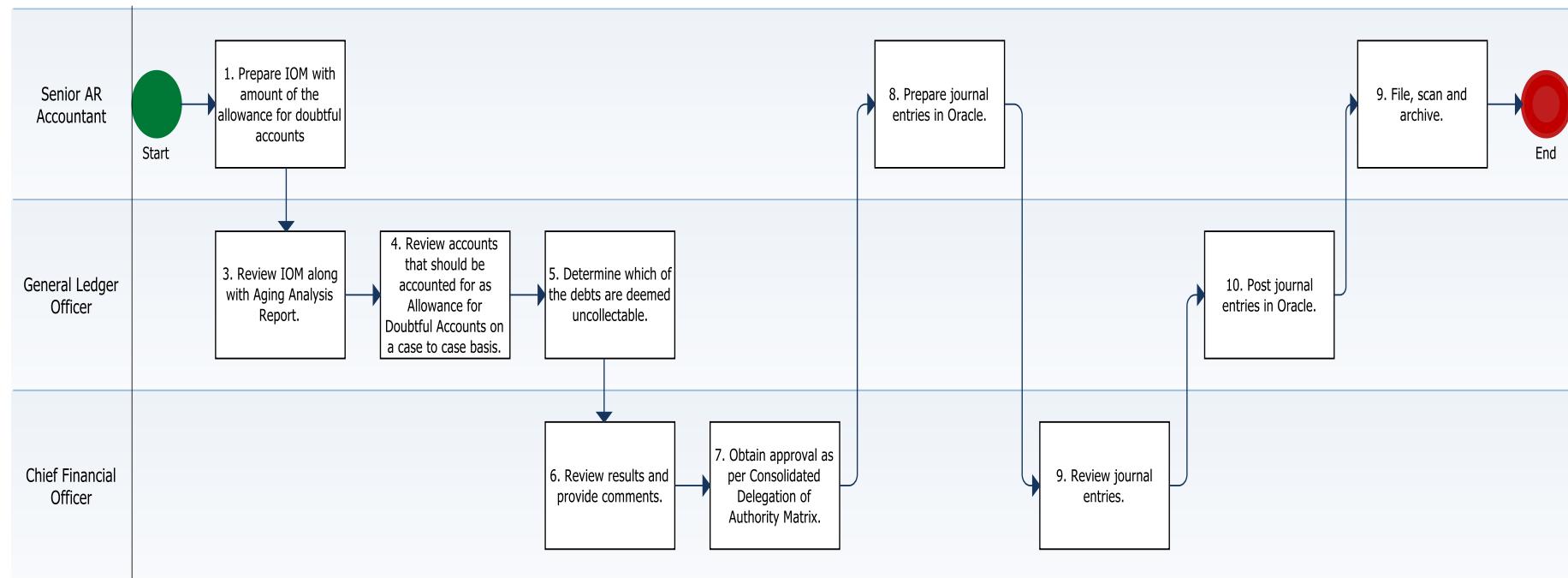
No.	Job Title	Procedure Description	Output/Report/ Control
1.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Prepare an Internal Office Memo (IOM) with the amount of the allowance for doubtful accounts and forward it along with the Aging Analysis Report to General Ledger Officer. 	<i>Internal Office Memo</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review IOM along with the Aging Analysis Report. ▪ Review accounts that should be accounted for as an Allowance for Doubtful Accounts on a case by case basis and determine whether any of the defaulting customers/debtors have been escalated and subject to court disputes ▪ Determine the debts for which collection is deemed impossible. 	<i>Reviewed IOM and Aging Analysis Report</i> <i>Uncollectable debts</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review results provided by the General Ledger Officer and provide any relevant comments. ▪ Obtain approval as per Consolidated Delegation of Authority Matrix. 	<i>Reviewed results</i> <i>Comments</i>
4.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Prepare journal entries in Oracle. 	<i>Journal entries</i>
5.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review journal entries in Oracle. 	<i>Reviewed journal entries</i>
6.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post journal entries in Oracle. 	<i>Posted journal entries</i>
7.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ File, scan, and archive Aging Analysis Report, IOM, and supporting documents. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Accounts Receivable and Prepayments

Recognition of Allowance for Doubtful Debts Flowchart

5.10 Recognition of Allowance for Doubtful Debts Flowchart



Finance and Accounting Policies & Procedures Manual

Property, Plant and Equipment

Introduction

6 Property, Plant and Equipment

6.1 Introduction

- 6.1.1 The Property, Plant and Equipment (PPE) policies and procedures establish the responsibility, and provide guidelines, for appropriate and consistent accounting treatment of NA's PPE.
- 6.1.2 The purpose of this section is to provide policies and procedures in accordance with leading practices and International Financial Reporting Standards (IFRS). The following will be covered:
- The recognition criteria to determine what expenditure is to be capitalized and when it should be capitalized.
 - The recognition criteria for Capital Work in Progress
 - The measurement criteria used to determine the cost elements to be included in the value of PPE
 - The method and rates to be used for depreciation of different classes of assets
 - The accounting treatment of PPE acquisitions, transfers, impairments and disposals
 - Fixed Assets Register Maintenance
 - The physical verification and control of property, plant and equipment

Finance and Accounting Policies & Procedures Manual

Property, Plant and Equipment

Property, Plant and Equipment Policies

6.2 Property, Plant and Equipment Policies

Recognition and measurement

6.2.1 In accordance with *IAS 16: Property, Plant & Equipment*, an item will be recognized as an asset if:

- It is probable that future economic benefits associated with the item will flow to NA; and
- The cost of the item can be reliably measured

6.2.2 NA will recognize PPE based on the following criteria:

- The individual cost of the asset is equal to or above AED 1,500 for all classes of assets
- The asset must have an estimated useful life of more than one year
- The asset has been acquired or constructed with the intention of being used on a continuing basis and is not intended for immediate sale in the ordinary course of business
- Items which do not have an individual cost of AED 1,500 or above will not meet the capitalization criteria set above. However, if several items are purchased in one year, the total expenditure may be capitalized and disclosed as a single line item in the Fixed Assets Register

6.2.3 NA shall classify its PPE assets into one of the following categories:

- Building Improvements
- Furniture and Fixtures
- Tools and Equipment
- Medical Equipment
- Vehicles

PPE purchases

6.2.4 PPE purchases and additions shall be in line with NA's approved Capital Expenditures Budget in accordance with the established Budgeting policies.

6.2.5 Items of PPE shall be recognized at the date the risks and rewards of ownership have been substantially obtained. The following factors shall be considered when judging if the risks and rewards of ownership of an asset have passed to NA:

- Passing of legal title
- Physical possession
- Assumption of risk for loss or damage

6.2.6 Please refer to the [Leases](#) section of the manual for PPE.

Finance and Accounting Policies & Procedures Manual

Property, Plant and Equipment

Property, Plant and Equipment Policies

Capitalization

Items of expenditure that qualify for capitalization

- 6.2.7 An item that qualifies for recognition as an asset shall be measured at its cost.
- 6.2.8 The cost of an acquired item of PPE comprises:
- Its purchase price, including import duties and non-refundable purchase taxes (if applicable), after deducting trade discounts and rebates.
 - Any costs directly attributable to bringing the asset to the location
 - The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
 - The following costs are examples (not exhaustive) of directly attributable costs to be included in the value of PPE at initial recognition:
 - **Furniture and Fixtures:**
 - Purchase price
 - Installation
 - Freight expenses
 - Duties
 - **Tools and Equipment:**
 - Purchase price
 - Freight expenses
 - Duties
 - Installation
 - Testing costs
 - **Vehicles**
 - Purchase price
 - Freight expenses
 - Duties
 - Installation
 - Testing costs
- 6.2.9 The costs of leasehold improvements and assets held under finance leases will be capitalized and amortized over the expected useful life of the improvements/assets or over the remaining term of the lease, whichever is shorter, in accordance with *IAS 17: Leases*.
- 6.2.10 If NA expects that the payment on an asset is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment shall be recognized as interest over the period of credit, unless such interest is capitalized in accordance with *IAS 23 Borrowing costs* (i.e. if the asset is considered as a qualifying asset).

Items of Expenditure that do not Qualify for Capitalization

Finance and Accounting Policies & Procedures Manual

Property, Plant and Equipment

Property, Plant and Equipment Policies

- 6.2.11 Costs which are not directly attributable to bringing the asset to its present location and condition necessary for it to be capable of operating in the manner intended by management will not be capitalized and will be recognized as an expense in the period in which they are incurred.
- 6.2.12 General administrative costs that are not directly attributable to the acquisition, construction or commissioning of the asset should be expensed as incurred.
- 6.2.13 The following is a comprehensive, though not exhaustive, list of expenditures that should not be capitalized as part of the cost of the asset:
- Costs of opening a new facility such as inaugurations, ceremonies
 - Costs of introducing a new product or service (including costs of advertising and promotional activities)
 - Costs of conducting business in a new location or with a new class of customer (including costs of staff training)
 - General overhead costs (i.e. selling, administrative, other) if they cannot be directly attributed to preparing the asset for use
 - Annual licensing fees
 - Costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or is operated at less than full capacity
 - Expenditures on training staff to operate the asset
 - Management salaries
 - Accounting expenses
 - Expenditures on advertising campaigns
 - Small tools and equipment including special test equipment, fixtures, and different tools having a comparatively short useful life
 - Making minor repairs to assets
 - Meal costs etc.
- 6.2.14 If the expense in question does not clearly meet the capitalization criteria, further clarification and guidance should be obtained from the Finance Department.

Subsequent Expenditure

- 6.2.15 Expenditures that will enhance the original asset to qualify for recognition and are not related to restoring or maintaining the future economic benefits or service potential of the asset are capitalized.
- 6.2.16 Examples of improvements which result in increased future economic benefits, and are therefore capitalized, include modifications which result in substantial increases to:
- The asset's economic life
 - The asset's capacity
 - The quality of output from the asset
 - Functions that did not previously exist

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- The productive life of the asset is increased or its capacity is increased (based on technical information)
- The amount of improvement or replacement cost exceeds a certain threshold as set out by the Board of Directors

6.2.17 Costs subsequent to acquisition that do not meet these criteria shall be expensed in the period that they are incurred. This would normally include routine maintenance and repair costs of the day to day servicing of the item.

Capital Work in Progress (CWIP) Recognition

- 6.2.18 Capital Work-in-Progress (CWIP) is recorded as an asset on the Statement of Financial Position. CWIP indicates assets that are under construction (or under development) and not considered to be a final product, and must still be accounted for because funds have been invested towards its production.
- 6.2.19 CWIP shall be transferred to the relevant category of PPE at the date where the asset is technically capable of operating and providing the service for which it is intended.
- 6.2.20 CWIP shall be recognized as assets at the date of completion of the activities necessary to prepare the asset for its intended economic use.
- 6.2.21 CWIP is stated at cost. In accordance with IAS 16: Property, Plant and Equipment, such costs include all directly attributable costs of construction, including staff and management compensation.
- 6.2.22 If a project involves the construction of more than one piece of PPE, the individual part or phase should be capitalized when it is completed, provided it is ready for use and that probable future economic benefits associated with the item will flow into the entity.
- 6.2.23 If a project must be completed in its entirety before any part can be used individually, then the “placed in service date” for the entire project will be the completion date of the entire project.
- 6.2.24 Once the CWIP is complete and the asset is ready for its intended purpose, the accumulated cost of the CWIP shall be capitalized and transferred to its respective asset category.
- 6.2.25 The following costs are examples of what is usually capitalized as part of CWIP:
- Original contract or invoice cost
 - Specific in-transit insurance charges
 - Project related insurance
 - Non-refundable taxes paid in connection with the acquisition of property, plant and equipment
 - Borrowing costs (under IAS 23 Borrowing Costs). NA capitalizes interest with respect to major assets under installation and construction until such assets are ready for use
 - Depreciation of PPE used in carrying out works related to the construction
 - Costs for the remuneration of employees that arise directly as a result of the acquisition, construction or production of PPE
 - Costs of preparation of foundations and other land preparation costs

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- Costs for reconditioning used equipment when purchased
- Consultancy services / professional fees relating to the acquisition of PPE
- Installation charges of new equipment
- Spare parts used in the construction
- Other direct costs such as travel costs for contractors should be capitalized

Termination of Capitalization

- 6.2.26 If at any point in time NA elects to suspend the activities necessary to prepare an asset for its intended use or sale, then capitalization of costs could be treated as follows:
- Costs incurred during the period of suspension are not considered to be a necessary cost of development and therefore cannot be capitalized
 - Situations do exist where the capitalization of costs is allowed in a period of suspension. Such cases relate to temporary delays that are necessary or expected in the process of preparing an asset for its intended use or which result from a natural delay such as adverse weather conditions
- 6.2.27 The decision on whether to continue to capitalize costs or not in the period of suspension will be assessed on a case-by-case basis.
- 6.2.28 Capitalization of directly attributable costs ceases when substantially all the activities necessary to get the asset ready for use are complete, even if it is not brought into use. Therefore, costs incurred in using or redeploying an item are not included in the carrying amount of the asset. Further examples are:
- Costs incurred while an item capable of operating in the manner intended by management has yet to be brought into use or is operated at less than full capacity
 - Cost of relocating or reorganizing part or all of an entity's operations
- 6.2.29 The term "substantially complete" refers to the stage when the physical construction of the asset is complete, despite the possibility that further routine maintenance work will be required. In this regard, the costs related to the required routine tasks should not be capitalized.

Recording Depreciation Expense

- 6.2.30 NA's PPE are stated at cost less accumulated depreciation less any impairment in value.
- 6.2.31 If an item of PPE has a limited useful economic life then its cost will be reduced to its estimated residual value by the systematic allocation of depreciation over its useful economic life.
- 6.2.32 The depreciation charge for each period should be recognized in profit or loss, unless it qualifies to be capitalized in the carrying amount of another asset.

Commencement of Depreciation

- 6.2.33 Depreciation of an asset will commence in the month following the placement of the capital item in service.

Method of Depreciation and Estimated Useful Life

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- 6.2.34 The depreciation method adopted should reflect the pattern in which the asset's economic benefits are expected to be used by NA.
- 6.2.35 The nature of NA's business and its related PPE is such that the service potential declines over the life of the asset on a constant basis, making the straight-line method the most appropriate depreciation method.
- 6.2.36 Depreciation shall be computed monthly and charged to the depreciation expense account on a systematic basis until the book value of the asset reaches its estimated residual value.
- 6.2.37 The useful life of an asset is defined as the:
- Period over which an asset is expected to be available for use by an entity; or
 - Number of production or similar units expected to be obtained from the asset by an entity
- 6.2.38 Depreciation shall be calculated on a straight-line basis over the estimated useful lives of assets according to the following:
- | | |
|--------------------------|---------|
| ▪ Building Improvements | 3 years |
| ▪ Furniture and Fixtures | 3 years |
| ▪ Tools and Equipment | 3 years |
| ▪ Medical Equipment | 3 years |
| ▪ Vehicles | 3 years |

Termination of Depreciation

- 6.2.39 Depreciation of an asset will cease at the earlier of the date that an asset is:
- Classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
 - Derecognized
- 6.2.40 Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Review of Useful Life

- 6.2.41 The useful life of an item of PPE should be reviewed at each financial year-end and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods should be adjusted (IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).
- 6.2.42 When a change in useful life affects the depreciation charge, it is necessary for the change to be accounted for as a change in accounting estimate

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Review of Depreciation Method

- 6.2.43 The depreciation method applied to PPE should be reviewed periodically and, if there has been a significant change in the expected pattern of economic benefits from those assets, the method should be changed to reflect the changed pattern.
- 6.2.44 When such a change in depreciation method is necessary, the change should be applied for the current and future periods prospectively in accordance with (IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors).

Retirement and Disposal of Property, Plant and Equipment.

- 6.2.45 Asset retirement shall take place when an asset is permanently removed from service. Assets retirement shall constitute sales, transfers, exchanges, trade-ins, donations, abandonment, scrapping and other forms of disposal of assets.
- 6.2.46 The carrying amount of an item of PPE shall be derecognized:
- On disposal; or
 - When no future economic benefits are expected from its use or disposal
- 6.2.47 The gain or loss resulting from de-recognition of an item of PPE shall be included in the Statement of Comprehensive Income when the item is derecognized.
- 6.2.48 If equipment is temporarily idle, depreciation will continue to be recorded.
- 6.2.49 All write-offs should be approved in accordance to the Financial Delegation of Authority Matrix.
- 6.2.50 Recommendations for asset retirement/disposal shall be endorsed in accordance with the Financial Delegation of Authority Matrix.
- 6.2.51 When an asset is retired and immediately disposed, depreciation will be ceased as of the disposal date.
- 6.2.52 Residual value refers to the potential disposal value of the asset if it were already of the age and in the condition expected at the end of its useful life.
- 6.2.53 Residual values must be reassessed at each reporting date. If expectations are significantly different from previous estimates, the change must be accounted for prospectively over the asset's remaining useful economic life in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. The depreciation recognized over the remaining useful life of the asset would be adjusted to take into account the revised estimate of the residual value.
- 6.2.54 In the event the revised residual value is increased to an amount equal to or greater than the asset's carrying amount, then the asset's depreciation charge will be zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.
- 6.2.55 If the retirement occurs during the first fifteen days of the month, the transaction date should be the first day of that month.
- 6.2.56 If the retirement occurs after the fifteenth day of the month, the transaction date should be the first day of the following month.

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Recognition of Gains and Losses

- 6.2.57 Gains and losses on the retirement of assets will be recognized when incurred.
- 6.2.58 The gain or loss recognized in the Statement of Comprehensive Income will not be classified as revenue but rather as other income.
- 6.2.59 The gain or loss will be determined as the difference between the net proceeds from the sale and the carrying amount of the asset retired.
- 6.2.60 The consideration receivable on the disposal of an item of PPE will be recognized initially at its fair value.
- 6.2.61 If payment for the item is deferred, the consideration received will be recognized initially at the cash price equivalent.
- 6.2.62 The difference between the nominal amount of the consideration and the cash price equivalent will be recognized as interest revenue reflecting the effective yield on the receivable.
- 6.2.63 If the cost of a replacement of a part of the item needs to be included in the carrying amount of an item of PPE, then the carrying amount of the replaced part, regardless of whether the replaced part had been depreciated separately, needs to be derecognized.
- 6.2.64 If it is not practical to determine the carrying amount of the replaced part, the cost of the replacement shall be used as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

Transfer of property, plant and equipment

- 6.2.65 PPE transfers and change of locations shall be duly approved as per NA's Delegation of Authority Matrix.
- 6.2.66 A Fixed Asset Transfer Form shall be completed to initiate the process of PPE transfer.

Impairment Reviews

- 6.2.67 At the end of each reporting period, if there is an indicator of impairment, NA shall assess whether an asset may be impaired.
- 6.2.68 Impairment of an asset will arise when the carrying amount of an asset is higher than its recoverable amount. Recoverable amount is the higher of the:
 - Fair value of the asset less costs to sell; or
 - Value in use of the asset
- 6.2.69 Fair value of the asset less costs to sell is generally the amount that two willing parties would exchange less any disposal or selling costs.
- 6.2.70 The value in use is the present value of the future expected cash flows from the use of the asset.
- 6.2.71 Listed below are examples (not exhaustive list) of impairment indicators:

External Indicators

- A significant decline in the asset's market value

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- Adverse changes in technology, the market, the economic or legal environment
- Increases in market interest rates

Internal Indicators

- Evidence of obsolescence
- Plans to discontinue the use of the asset or to dispose of it
- Evidence that the asset is performing less than its expected use

Fixed Assets Register Maintenance

- 6.2.72 For identification purposes and to facilitate tracking of the PPE, all NA's PPE items shall be labelled with a bar code (Asset Tag Number) upon the receipt and verification of the physical quality of the asset. Asset tag number should be assigned and tagged on all Fixed Assets maintained.
- 6.2.73 The authorized personnel as per the Consolidated Delegation of Authority Matrix should be notified of any movement of assets, including those idle or unusable ones.
- 6.2.74 All items of PPE that meet the recognition criteria will be recorded in the fixed assets register.
- 6.2.75 At a minimum (but not limited to), the Fixed Assets Register will have the following details for an item of PPE:
- Date of purchase/ date when asset is placed into use (as intended by the management)
 - Useful life
 - Depreciation rate and method
 - Cost
 - Description of asset
 - Asset class
 - Invoice number
 - Supplier name
 - Serial number
 - Depreciation charge for the year
 - Accumulated depreciation to date
 - Net book value
 - Residual value, if any
 - Location of asset
 - Custodian name
- 6.2.76 The Fixed Assets Register shall be reconciled with the general ledger to ensure that all PPE transactions have been posted to the General Ledger.

Physical Verification and Control

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- 6.2.77 A periodic physical count, title verification and reconciliation with recorded amounts shall be performed at a minimum of once a year.
- 6.2.78 An asset physical verification team shall be formed to conduct the asset verification exercise.
- 6.2.79 The abnormal physical condition of the item of PPE (i.e. idle, damaged, unused, destroyed, etc...) shall be noted during the physical count.
- 6.2.80 Physical count results shall be compared against the Fixed Assets Register. All variations between physical count and detailed PPE records shall be investigated and the results shall be reported on a timely basis for proper action.

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Recording Property, Plant and Equipment Procedures

6.3 Recording Property, Plant and Equipment Procedures

The following procedures should be performed for recording Property, Plant and Equipment at NA to facilitate the assignment of PPE categories and the reconciliation of physical inventories with financial accounts.

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Run the Property, Plant and Equipment (PPE) mass addition process in AP Module. ▪ Generate Mass Addition Create (MAC) Report. ▪ Input asset details in the FA Module such as: <ul style="list-style-type: none"> ○ Asset commission date ○ Asset location ○ Cost center category ○ Depreciation rate ○ Useful life ▪ Print and sign MAC Report as preparer and attach all supporting documents. 	<i>PPE Addition Process</i> <i>MAC Report</i> <i>Print and sign MAC Report</i>
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Verify MAC Report and FA Module entries against supporting documents such that: <ul style="list-style-type: none"> ○ All required information have been input accurately ○ Rates and quantities received match the ones in the related PO ▪ In case of errors, send report and supporting documents to Junior Accountant for rectification. ▪ Date and sign MAC Report as reviewer. 	<i>Verified entries</i> <i>Signed MAC Report</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and approve system entries, MAC Report and supporting documents. ▪ Date and sign MAC Report as approver. ▪ Post all transactions generated in Mass Addition Creation Report in 	<i>Reviewed and Approved Transactions</i> <i>Signed and dated MAC Report</i> <i>Posted Transactions</i>

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Recording Property, Plant and Equipment Procedures

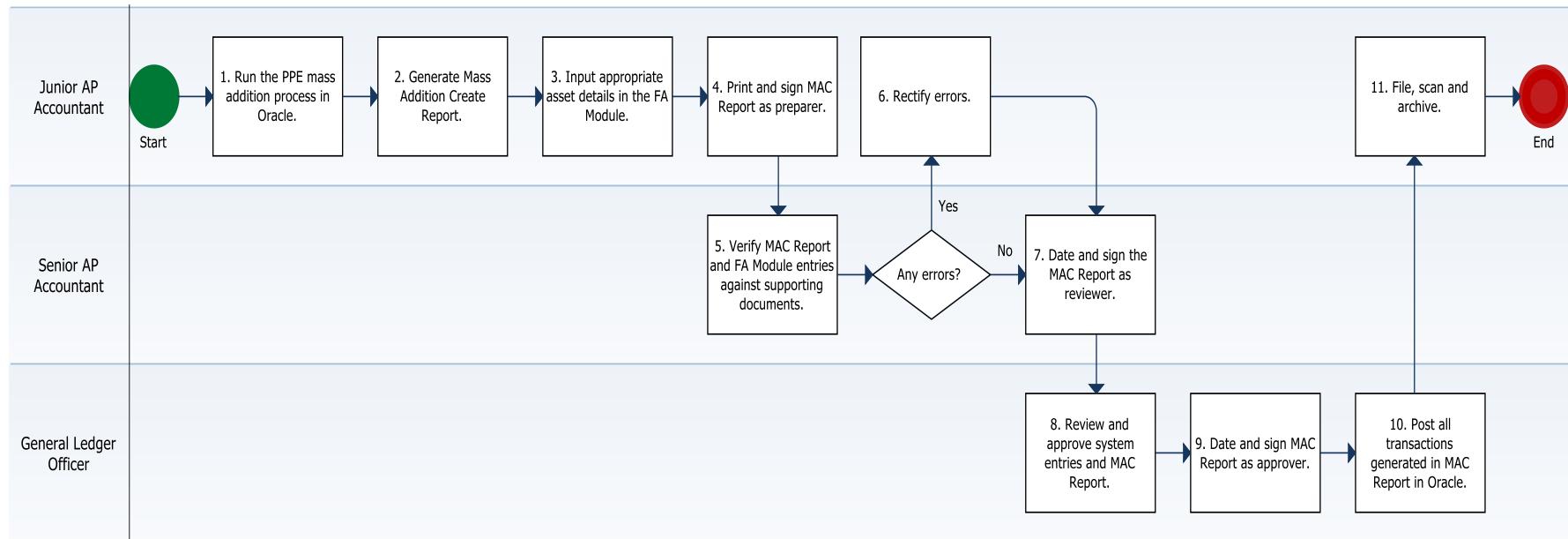
No.	Job Title	Procedure Description	Output/Report/ Control
		Oracle.	
4.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive MAC Report and supporting documents for record. 	<i>File, scan and archive</i>

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Recording Property, Plant and Equipment Flowchart

6.4 Recording Property, Plant and Equipment Flowchart



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Property, Plant and Equipment

Recording Leases under IFRS 16 ‘Leases’

6.5 Recording Leases under IFRS 16 ‘Leases’

The following procedures should be performed for recording Property, Plant and Equipment at NA as it relates to the capitalization of leases in accordance with IFRS 16 ‘Leases’.

No.	Job Title	Procedure Description	Output/Report/Control
1.	Accounts Payable Accountant	<ul style="list-style-type: none"> ▪ Understand the contents of IFRS 16 Leases ▪ Evaluate transactions upon payment and understand whether they represent a lease under the context of IFRS 16 Leases. 	<i>Email to the Financial Controller with details of the lease payments required on leased assets.</i>
2.	Financial Controller	<ul style="list-style-type: none"> ▪ Review the submission of the Accounts Payable Accountant and verify whether the lease needs to be capitalized under the requirements of IFRS 16 Leases. 	<i>Email to the CFO with details of the lease payments required on leased assets.</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Undertake the calculations related to the transactions impacted by IFRS 16 Leases ▪ Determine the journal entries required related to the I) right-of-use asset, II) the associated lease liability, III) the depreciation on the right-of-use asset, IV) the accumulated depreciation on the right-of-use asset, V) the interest expense related to the lease payment, and VI) any interest paid in advance / interest accrual that should be made. 	<i>Journal entries to be provided to the General Ledger Accountant to record in the general ledger.</i>
4.	General Ledger Accountant	<ul style="list-style-type: none"> ▪ Record the journal entries as provided by the Chief Financial Officer. 	<i>Approved journal entries recorded in the general ledger.</i>

6.6 Recording Depreciation Procedures

The following procedures should be performed for recording depreciation of Property, Plant and Equipment at NA to account for allocation of the fixed asset’s cost to the accounting periods benefited:

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Recording Depreciation Procedures

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Perform a depreciation run in the Oracle system at the end of the closing period. Depreciation amount for each asset is systematically calculated based on the defined rates in the assets master record. ▪ Generate the Depreciation Report. ▪ Ensure that the following is included (at minimum): <ul style="list-style-type: none"> ○ Asset name ○ Asset description ○ Historical cost ○ Date of purchase ○ Useful life ○ Stop depreciation on date ○ Annual depreciation rate ○ Periodic depreciation expense (assumed to be monthly). ▪ Verify depreciation report for errors, if any, and perform adjusting entries, if required. ▪ Print and sign Depreciation Report as the preparer. ▪ Attach supporting documents 	<i>Depreciation Run</i> <i>Depreciation Report</i> <i>Verification of Depreciation Report</i> <i>Printed and signed Depreciation Report</i>
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Verify system transactions and Depreciation Report against supporting documents, if available. ▪ Date and sign the Depreciation Report as the reviewer. 	<i>Verified Transactions</i> <i>Reviewed and signed Depreciation Report</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and approve system transactions, Depreciation Report and supporting documents, if available. ▪ Date and sign the Depreciation Report as the approver. ▪ Create accounting entries and post transactions in Oracle. 	<i>Reviewed and approved Transactions</i> <i>Signed and dated</i> <i>Create Accounting Entries</i> <i>Posted Transactions</i>

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Recording Depreciation Procedures

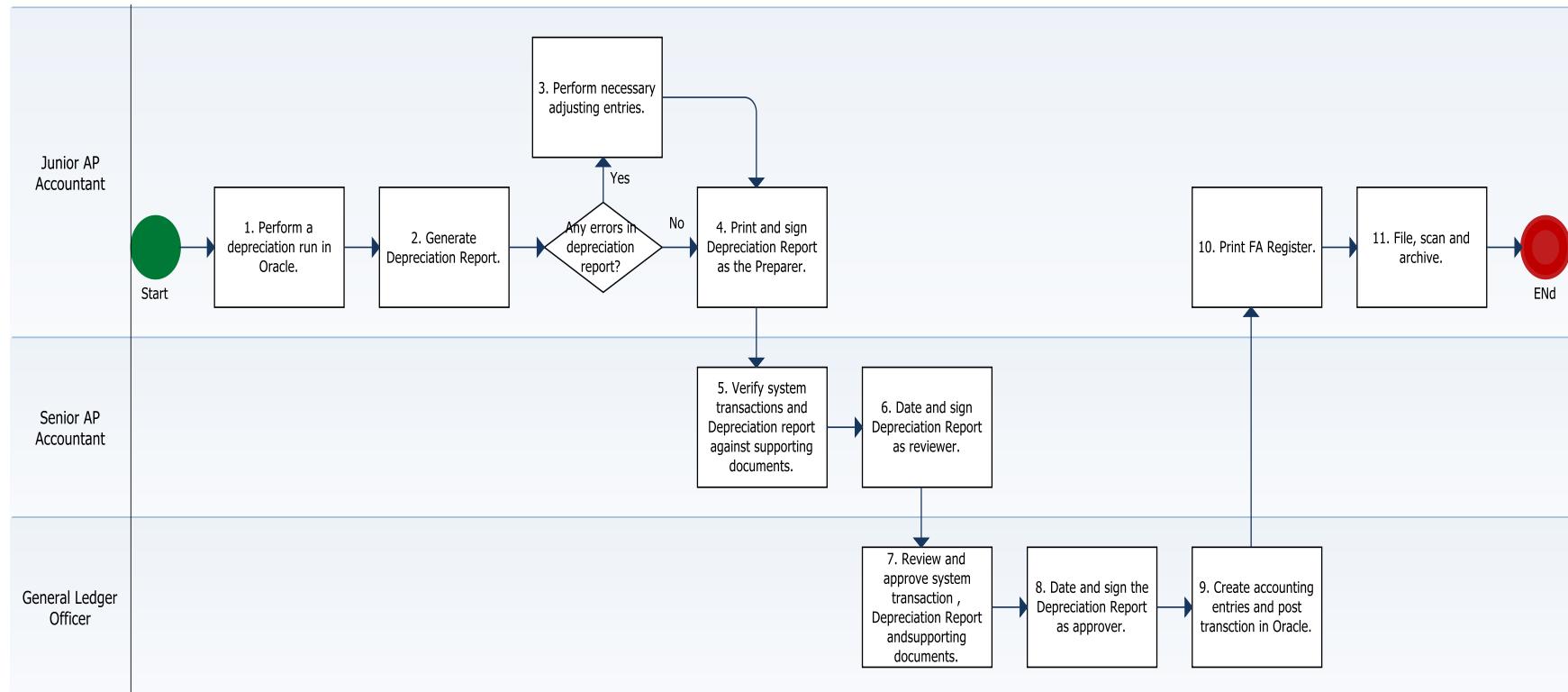
No.	Job Title	Procedure Description	Output/Report/ Control
4.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Print FA Register and ▪ File, scan and archive Depreciation Report and supporting documents, if available for record. 	<i>Printed FA Register</i> <i>File, scan and archive</i>

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Recording Depreciation Flowchart

6.7 Recording Depreciation Flowchart



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Recognition and Recording of CWIP Costs Procedures

6.8 Recognition and Recording of CWIP Costs Procedures

The following procedures shall be followed for recognition and recording of CWIP costs at NA for the purpose of recognizing and recording the costs of constructing long-term fixed assets:

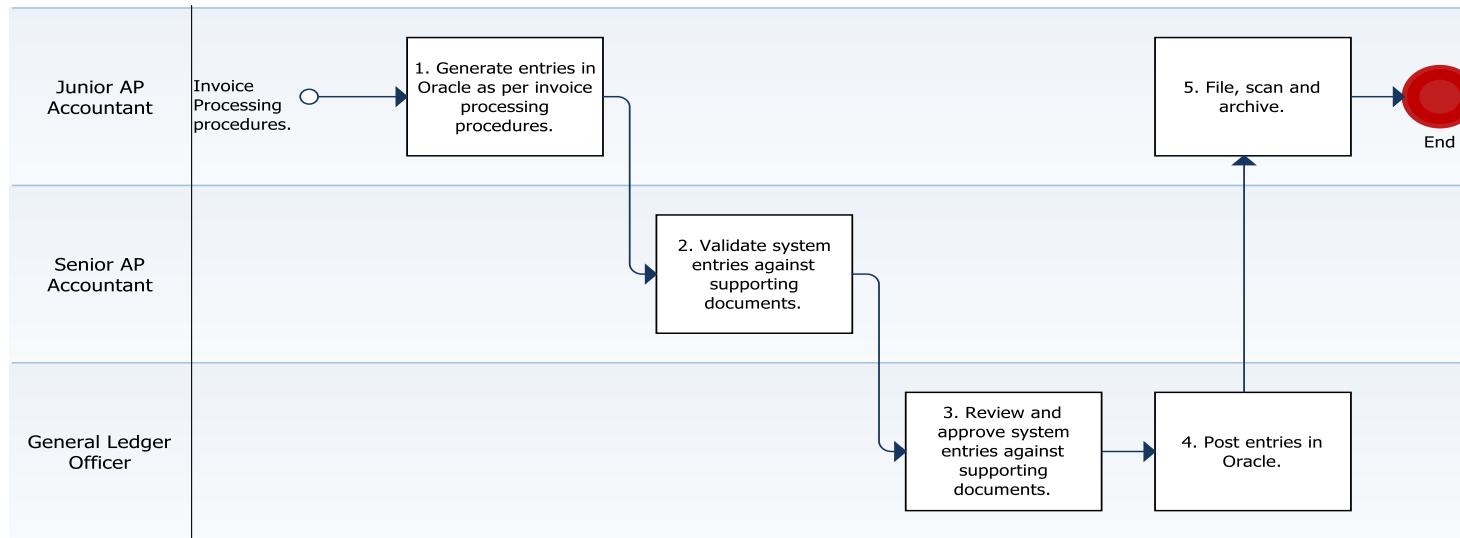
No.	Job Title	Procedure Description	Output/Report/ Control
1.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Generate entries in Oracle by referring to the relevant procedures for Invoice Processing, upon receipt of Vendor/Supplier invoices. 	<i>Entries</i>
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Validate system entries against supporting documents. 	<i>Validated Entries</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and approve system entries against supporting documents. ▪ Post entries in Oracle. 	<i>Reviewed and approved Entries</i> <i>Posted Entries</i>
4.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive supporting documents for record. 	<i>File, scan and archive</i>

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Recognition and Recording of CWIP Costs Flowchart

6.9 Recognition and Recording of CWIP Costs Flowchart



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Reviewing Depreciation Rates Procedures

6.10 Reviewing Depreciation Rates Procedures

The following procedures should be performed for reviewing depreciation rates at NA to account for significant change in the expected pattern of economic benefits from fixed assets:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Periodically review depreciation rates in coordination with User Department based on the following: <ul style="list-style-type: none"> ○ Expected useful life ○ Expected wear and tear by use or passage of time ○ Obsolescence ○ Legal or other limitations ▪ Prepare Asset Revision Memo (ARM) ▪ Ensure that the Memo includes: <ul style="list-style-type: none"> ○ Periodic review of depreciation rates based on expected useful life of assets; expected wear and tear by use or passage of time; obsolescence and legal or other limitations. ○ Revised rates of assets should they require major repairs or alterations. 	<i>Asset Revision Memo</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review the ARM against its supporting documents. ▪ Date and sign the ARM and its supporting documents. 	<i>Reviewed Asset Revision Memo</i> <i>Signed and Dated Asset Revision Memo</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve ARM against supporting documents. ▪ Date and sign ARM as approver along with its supporting documents, and obtain any necessary approvals as per the Consolidated Delegation of Authority Matrix. 	<i>Reviewed and approved Asset Revision Memo</i> <i>Signed and dated Asset Revision Memo</i>
4.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Update Fixed Assets (FA) Register 	<i>Updated Entries</i>

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Reviewing Depreciation Rates Procedures

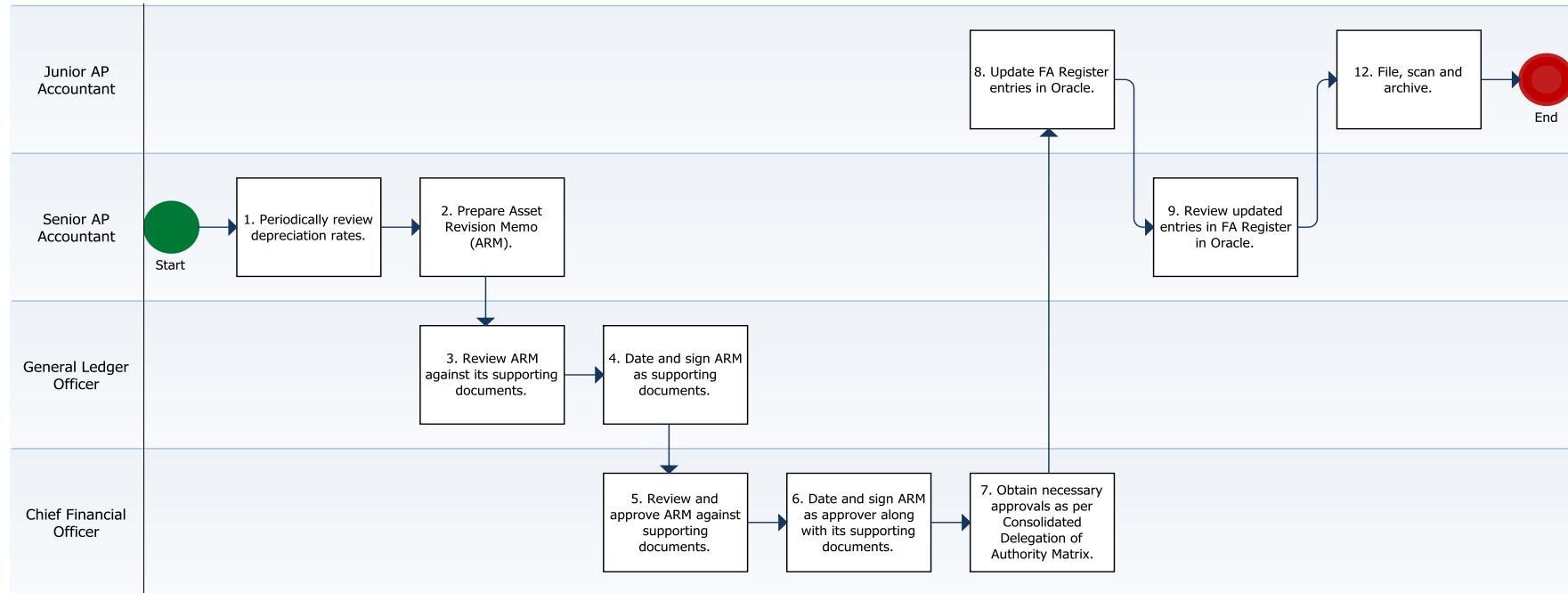
No.	Job Title	Procedure Description	Output/Report/ Control
		entries in Oracle.	
5.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Review updated entries in Fixed Assets Register in Oracle. 	<i>Reviewed Entries</i>
6.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive the approved ARM along with other supporting documents for record. 	<i>File, scan and archive</i>

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Reviewing Depreciation Rates Flowchart

6.11 Reviewing Depreciation Rates Flowchart



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Property, Plant and Equipment

PPE Retirement and Disposal Procedures

6.12 PPE Retirement and Disposal Procedures

The following procedures should be performed for Property, Plant and Equipment at NA in the event of sale or disposal of fixed assets:

No.	Job Title	Procedure Description	Output/Report/Control
1.	User Department	<ul style="list-style-type: none"> ▪ Identify assets that: <ul style="list-style-type: none"> ○ Have passed their useful lives ○ Are not performing efficiently ○ Should be retired due to excessive maintenance costs ▪ Prepare PPE Retirement and Disposal Memo ▪ Ensure the memo includes the following: <ul style="list-style-type: none"> ○ Asset type and description ○ Net book value ○ Location ○ Reasons for disposal ○ Quantity to be disposed ○ Estimated value of disposal etc. ▪ Obtain approval of User Department Head. 	<i>Property, Plant and Equipment Retirement/Disposal Memo</i>
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Review PPE Retirement/Disposal Memo against supporting documents, if available. ▪ Date and sign PPE Retirement/Disposal Memo as the reviewer. 	<i>Reviewed PPE Retirement/Disposal Memo</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and approve PPE Retirement/Disposal Memo. ▪ Date and sign PPE Retirement/Disposal Memo as the approver. 	<i>Reviewed and PPE Retirement/Disposal Memo</i> <i>Signed and dated PPE Retirement/Disposal Memo</i>
4.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Terminate depreciation calculation for retired/disposed asset in Oracle upon transfer of asset to scrap 	<i>Termination of Depreciation</i>

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PPE Retirement and Disposal Procedures

No.	Job Title	Procedure Description	Output/Report/Control
		location by User Department.	
Upon Disposal of Property, Plant and Equipment			
5.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Update the Fixed Asset (FA) register with the following: <ul style="list-style-type: none"> ○ Adjust the cost of asset from the asset account in Oracle. ○ Adjust related accumulated depreciation from the allowance for depreciation account. ○ If the assets under disposal have surplus against revaluation, transfer it to Retained Earnings. ○ Record the amount received against asset disposal, as gain or loss (income or expense) in the related Profit and Loss Account. ▪ Prepare a PPE Retirement/Disposal Schedule comprising detail of calculation of gain/loss on disposal and obtain its printout. ▪ Verify correct entries in GL and PPE Retirement/Disposal Schedule against approved PPE Retirement/Disposal Memo. ▪ Generate entries in Oracle. ▪ Print and sign PPE Retirement/Disposal Schedule. ▪ Attach approved PPE Retirement/Disposal Memo. 	<i>Updated Fixed Assets Register</i> <i>PPE Retirement/Disposal Schedule</i> <i>Verification of PPE Retirement/Disposal Schedule against PPE Retirement/Disposal Memo</i> <i>Entries</i> <i>Printed Retirement/Disposal Schedule</i>
6.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review system entries and PPE Retirement/Disposal Schedule against approved PPE Retirement/Disposal Memo. ▪ Date and sign PPE Retirement/Disposal Schedule. 	<i>Reviewed Entries</i>

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PPE Retirement and Disposal Procedures

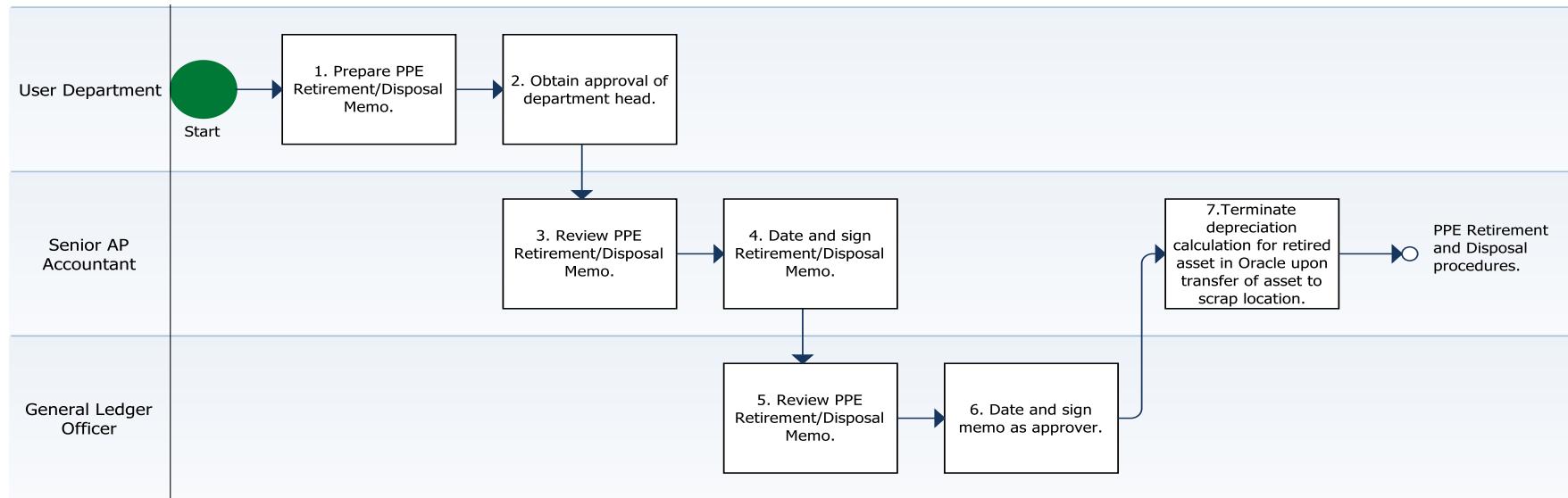
No.	Job Title	Procedure Description	Output/Report/Control
7.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve system entries against PPE Retirement/Disposal Schedule, approved PPE Retirement/Disposal Memo and supporting documents. ▪ Date and sign PPE Retirement/Disposal Schedule and obtain necessary approvals as per the Consolidated Delegation of Authority Matrix. 	<i>Reviewed and approved Entries</i> <i>Signed and dated Retirement/Disposal Schedule</i>
8.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post entries in Oracle. 	<i>Posted Entries</i>
9.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive Retirement/Disposal documents and other supporting documents for record. 	<i>File, scan and archive</i>

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Property, Plant and Equipment

PPE Retirement and Disposal Memo Approval Flowchart

6.13 PPE Retirement and Disposal Memo Approval Flowchart

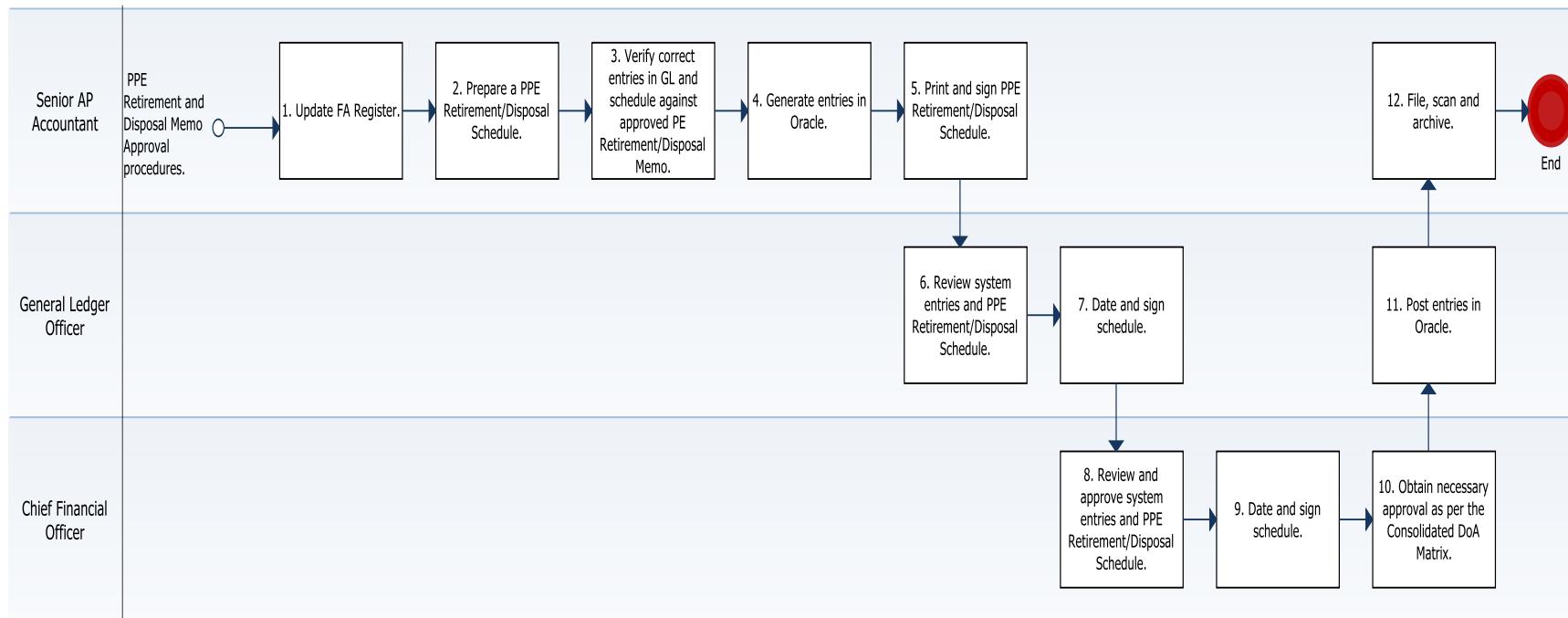


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PPE Retirement and Disposal Flowchart

6.14 PPE Retirement and Disposal Flowchart



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Property, Plant and Equipment

Assets Transfer Procedures

6.15 Assets Transfer Procedures

The following procedures should be performed for transfer of Property, Plant and Equipment at NA from one Section or Department to another:

No.	Job Title	Procedure Description	Output/Report/ Control
1.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Receive approved Assets Transfer Form from the relevant User Department. ▪ Ensure that the Asset Transfer Form is signed by the relevant User Department Head. ▪ Compare details of Assets Transfer Form with the information available on Oracle. ▪ In case of any mismatches, send documents to related User Department for rectification. ▪ Modify asset location, User Department code and transferred quantity in Oracle, in accordance with Assets Transfer Form. ▪ Generate Assets Transfer Report from the Oracle. ▪ Print and sign Assets Transfer Report and attach to Assets Transfer Form. 	<i>Assets Transfer Form</i> <i>Comparison of Assets Transfer Form with Oracle</i> <i>Modification of Oracle Entries</i> <i>Asset Transfer Report</i> <i>Signed Asset Transfer Report</i>
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Verify Assets Transfer Report and information available on Oracle against Asset Transfer Form. ▪ Date and sign Assets Transfer Report and Assets Transfer Form as the reviewer. 	<i>Verification of Asset Transfer Report</i> <i>Signed Asset Transfer Report and Asset Transfer Form</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review system entries and ensure the process of physical transfer of assets from one location to another was carried out accurately. ▪ Date and sign Assets Transfer Report and Assets Transfer 	<i>Reviewed Entries & Report</i> <i>Signed Asset Transfer Report and Asset</i>

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Property, Plant and Equipment

Assets Transfer Procedures

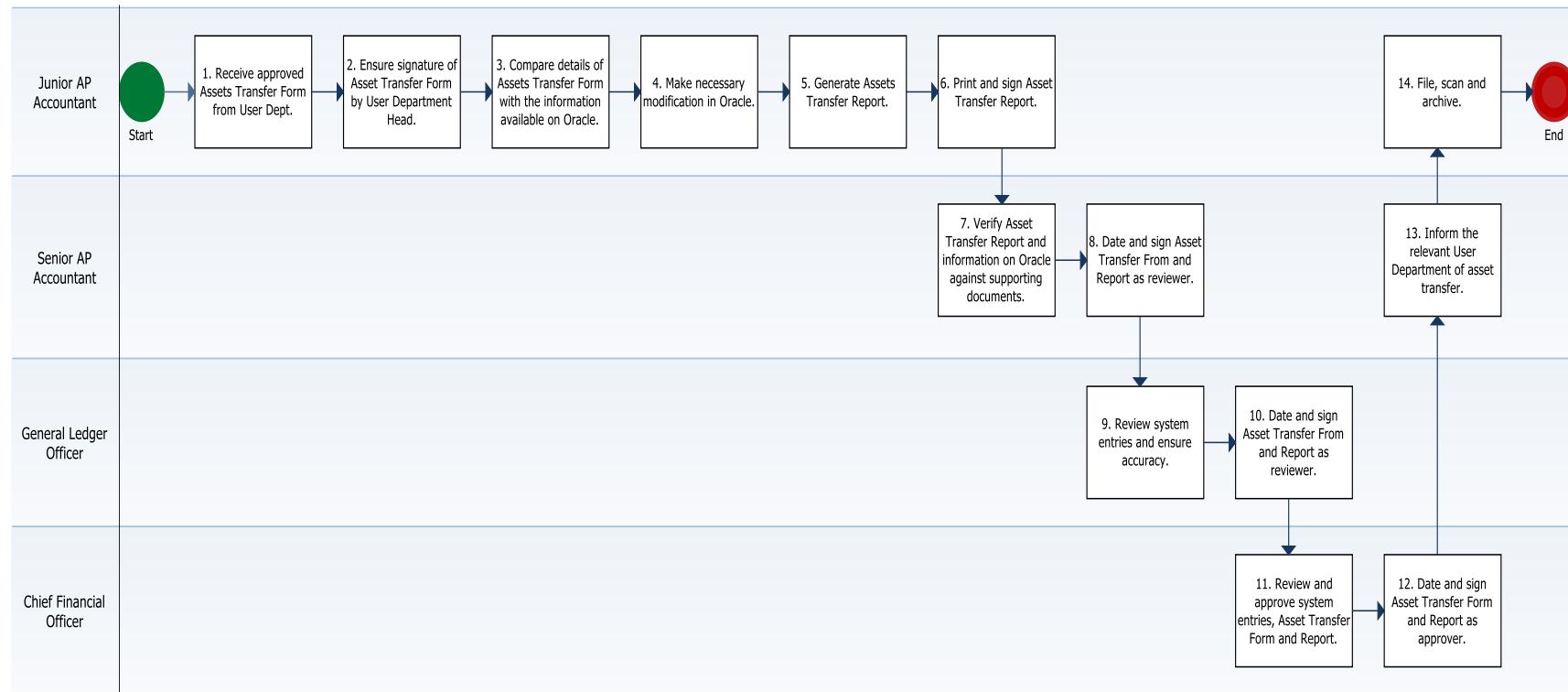
No.	Job Title	Procedure Description	Output/Report/ Control
		Form as the reviewer.	<i>Transfer Form</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve system entries, Assets Transfer Report and Asset Transfer Form. ▪ Date and sign Assets Transfer Report and Assets Transfer Form as the approver. 	<i>Approved Asset Transfer Report & Asset Transfer Form</i>
5.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Inform the relevant User Department of the approval of asset transfer. 	<i>User Department Informed</i>
6.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive Assets Transfer documents and other supporting documents for record. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Property, Plant and Equipment

Assets Transfer Flowchart

6.16 Assets Transfer Flowchart



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Property, Plant and Equipment

Physical Verification Procedures

6.17 Physical Verification Procedures

The following procedures should be performed for physical verification of PPE in order to confirm the physical existence of the fixed assets in question and ensure that they are accounted for properly in terms of maintaining an accurate PPE at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Prepare a Physical Verification Memo along with a Physical Verification Program Sheet comprising the following details: <ul style="list-style-type: none"> ○ Timetable of physical verification with details of locations and time ○ Request to make the concerned personnel available for the physical verification process; ○ Assignment of Physical Verification Team; and ○ Individual responsibilities during the process of physical verification 	<i>Physical Verification Memo & Physical Verification Program Sheet</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review the Physical Verification Memo and Physical Verification Program Sheet. ▪ Date and sign the Physical Verification Memo along with a Physical Verification Program Sheet. 	<i>Reviewed Physical Verification Memo and Program Sheet</i> <i>Signed Physical Verification Memo and Program Sheet</i>
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve the Physical Verification Memo and Physical Verification Program Sheet. ▪ Date and sign Physical Verification Memo and Physical Verification Program Sheet. ▪ Send the signed Physical Verification Memo and Physical Verification Program Sheet to relevant User Department Heads in order to arrange for the physical verification at least a week before the physical verification date. 	<i>Approved Physical Verification Memo & Physical Verification Program Sheet</i> <i>Signed and dated Physical Verification Memo & Physical Verification Program Sheet</i>

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Property, Plant and Equipment

Physical Verification Procedures

No.	Job Title	Procedure Description	Output/Report/Control
4.	Physical Verification Team	<ul style="list-style-type: none"> ▪ Prepare Asset Verification Sheet to record the physical quantity of the assets upon physical count and ensure it includes the following (at minimum): <ul style="list-style-type: none"> ○ Asset code ○ Asset description ○ Location ○ Physical balance ○ Book balance (balance as per Oracle – not to be filled-up prior to physical verification of assets) ○ Differences ○ Remarks (defective items, etc.) ▪ Record physical quantity of assets and sign Asset Verification Sheet. ▪ Compare the actual count figures to the book balance (per Oracle), and prepare an Overages & Shortages Report. ▪ Sign Overages & Shortages Report. <p><i>Overages & shortages report must be signed by all concerned personnel. This Report will contain the discrepancies as per physical verification.</i></p>	<i>Asset Verification Sheet</i> <i>Signed Asset Verification Sheet</i> <i>Overages & Shortages Report</i> <i>Signed Overages & Shortages Report</i>
5.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review Asset Verification Sheet and Overages & Shortages Report. ▪ Date and sign Asset Verification Sheet and Overages & Shortages Report. 	<i>Reviewed Asset Verification Sheets & Overages & Shortages Report</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve Asset Verification Sheet and Overages & Shortages Report after the verification is complete and balances are reconciled. ▪ Date and sign Asset Verification Sheet and Overages & Shortages Report. 	<i>Reviewed Asset Verification Sheets & Overages & Shortages Report</i> <i>Signed and dated Asset Verification Sheets &</i>

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Property, Plant and Equipment

Physical Verification Procedures

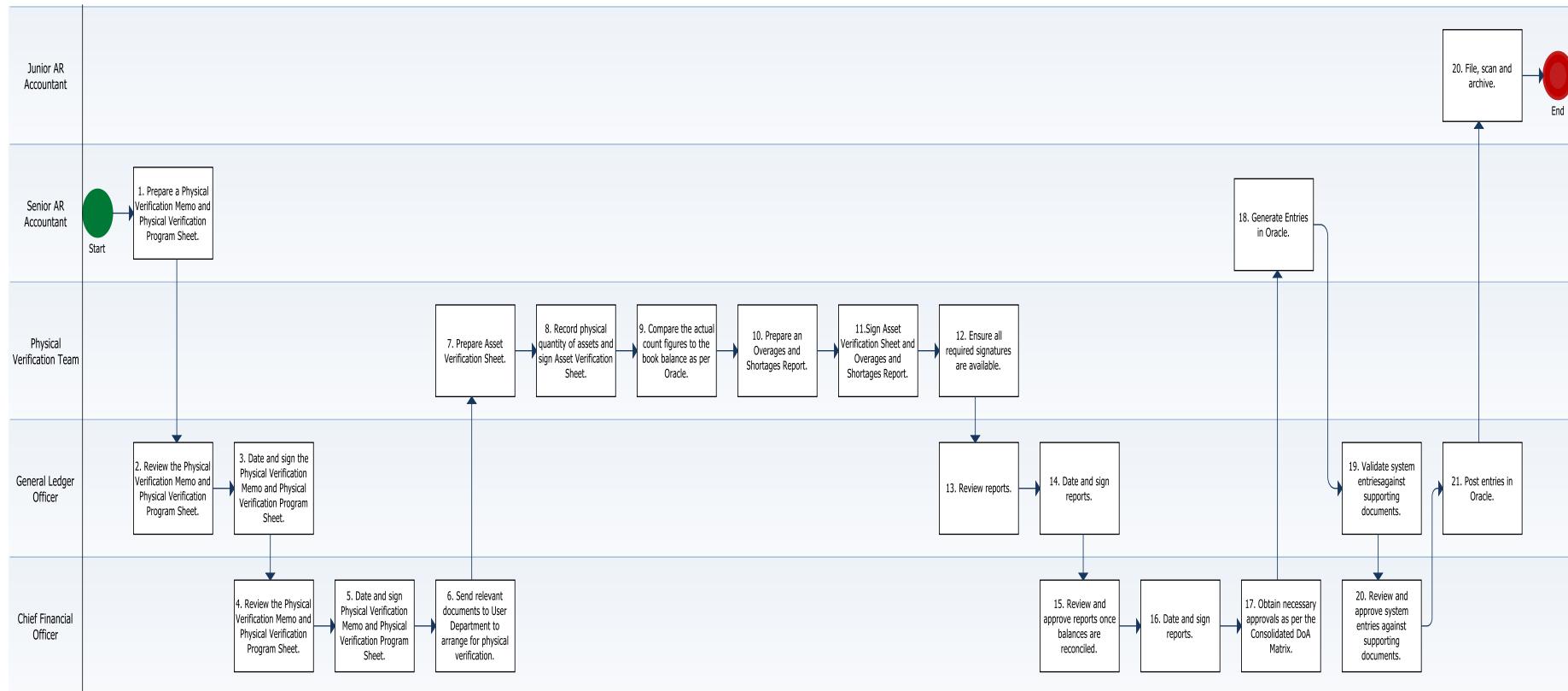
No.	Job Title	Procedure Description	Output/Report/ Control
		Report and obtain necessary approvals as per the Consolidated Delegation of Authority Matrix.	<i>Overages & Shortages Report</i>
7.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Generate Entries in Oracle. 	<i>Entries</i>
8.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Validate system entries against supporting documents. 	<i>Validated Entries</i>
9.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve system entries against supporting documents. 	<i>Reviewed Entries</i>
10.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post entries in Oracle. 	<i>Posted Entries</i>
11.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive Physical Verification documents and other supporting documents for record. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Property, Plant and Equipment

Physical Verification Flowchart

6.18 Physical Verification Flowchart



Finance and Accounting Policies & Procedures Manual

Leases

Introduction

7 Leases

7.1 Introduction

- 7.1.1 The Leases policies establish the responsibility, and provide guidelines, for appropriate and consistent accounting treatment of NA's leasing activities.
- 7.1.2 The purpose of this section is to provide policies in accordance with International Financial Reporting Standards (IFRS) that can be followed for the accounting treatment of Leases at NA, in particular the classification of leases, accounting for leases and the disclosure of leases.
- 7.1.3 The IASB published IFRS 16 Leases in January 2016 with an effective date of 1 January 2019. The new standard requires lessees to recognize nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time and the associated liability for payments. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. The new requirements eliminate nearly all off balance sheet accounting for lessees. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalized' by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.
- 7.1.4 Entities leasing 'big-ticket' assets, including real estate, manufacturing equipment, aircraft, trains, ships, and technology, are expected to be greatly affected. The impact for entities with numerous small leases, such as tablets and personal computers, small items of office furniture and telephones might be less as the IASB offers an exemption for low value assets (assets with a value of USD 5,000 or less when new). Low value assets meeting this exemption do not have to be recognized on the balance sheet.
- 7.1.5 The scope of IFRS 16 is generally similar to IAS 17 and includes all contracts that convey the right to use an asset for a period of time in exchange for consideration, except for licenses of intellectual property granted by a lessor, rights held by a lessee under licensing agreements (such as motion picture films, video recordings, plays, manuscripts, patents and copyrights), leases of biological assets, service concession agreements and leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources. There is an optional scope exemption for lessees of intangible assets other than the licenses mentioned above.
- 7.1.6 However, the definition of a lease is different from the current IFRIC 4 guidance and might result in some contracts being treated differently in the future. IFRS 16 includes detailed guidance to help companies assess whether a contract contains a lease or a service, or both. Under current guidance and practice, there is not a lot of emphasis on the distinction between a service or an operating lease, as this often does not change the accounting treatment. The analysis starts by determining if a contract meets the definition of a lease. This means that the customer has the right to control the use of an identifiable asset for a period of time in exchange for consideration.
- 7.1.7 The distinction between operating and finance leases is eliminated for lessees, and a new lease asset (representing the right to use the leased item for the lease term) and lease liability (representing the obligation to pay rentals) are recognized for all leases, except for the exempted short term leases and low value asset leases.

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Leases

Introduction

7.1.8 Lessees should initially recognize a right-of-use asset and lease liability based on the discounted payments required under the lease, taking into account the lease term as determined under the new standard. Determining the lease term will require judgment which was often not needed before for an operating lease as this did not change the expense recognition. Initial direct costs and restoration costs are also included.

7.1.9 **The key elements of the new standard and the effect on financial statements are as follows:**

7.1.9.1 A 'right-of-use' model replaces the 'risks and rewards' model. Lessees are required to recognize an asset and liability at the inception of a lease.

7.1.9.2 All lease liabilities are to be measured with reference to an estimate of the lease term, which includes optional lease periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease.

7.1.9.3 Contingent rentals or variable lease payments will need to be included in the measurement of lease assets and liabilities when these depend on an index or a rate or where in substance they are fixed payments. A lessee should reassess variable lease payments that depend on an index or a rate when the lessee remeasures the lease liability for other reasons (for example, because of a reassessment of the lease term) and when there is a change in the cash flows resulting from a change in the reference index or rate (that is, when an adjustment to the lease payments takes effect).

7.1.9.4 Lessees should reassess the lease term only upon the occurrence of a significant event or a significant change in circumstances that are within the control of the lessee.

7.1.10 Determining the lease term

7.1.10.1 IFRS 16 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset, including optional periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease.

7.1.10.2 Entities need to consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option. Lessees are required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

7.1.11 Short-term Leases

7.1.11.1 Under IFRS 16 lessees may elect not to recognize assets and liabilities for leases with a lease term of 12 months or less. In such cases a lessee recognizes the lease payments in profit or loss on a straight-line basis over the lease term. The exemption is required to be applied by class of underlying assets.

7.1.11.2 To be able to apply this exemption, entities need to determine the lease term. The determination of short-term lease is consistent with the definition of a lease term, i.e. the options to extend should be taken into account if an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. Any lease that contains a purchase option is not a short-term lease.

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Leases

Leases Policies

7.1.11.3 Upon implementation, entities also need to find a way to capture and scope out short-term leases and introduce a different process to account for this exception available within the new model which may have process and systems implications aside from the new model itself.

7.1.12 Leases of Low Value Assets

7.1.12.1 Based on feedback provided to the IASB on cost and benefits, the Board included another exemption in the new standard to reduce the costs and complexity of IFRS 16. Lessees are not required to recognize assets or liabilities for leases of low value assets such as tablets and personal computers, small items of office furniture and telephones. The IASB has included in the Basis of Conclusions an indicative amount of less than USD 5,000 when new as the value of assets that would normally qualify for the exemption.

7.1.12.2 Upon implementation, entities also need to find a way to scope out low value assets and introduce a different process to account for this exception to the new model which may have process and systems implications aside from the new model itself.

7.2 Leases Policies

Classification of Leases

- 7.2.1 Under IFRS Leases, leases are no longer classified based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee.
- 7.2.2 A lease is classified as a finance lease if it meets the requirements of IFRS 16 ‘Leases’. Otherwise it is classified as an operating lease and lease payments are expensed as incurred.
- 7.2.3 Documentation should be maintained with the lease that supports the classification of the lease as measured against the above criteria at inception of lease.

Determination of the Discount Rate by the Lessee

- 7.2.4 The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this can be determined. If not, the lessee’s incremental borrowing rate should be used. Any initial direct costs of the lessee are added to the amount recognised as an asset.
- 7.2.5 The possibility of computing the interest rate implicit in the lease should be investigated. The amount to be financed by the lessee is the difference between the fair value of the leased asset at the date of inception and the unguaranteed residual value of the asset at the end of the lease term. The interest rate that when applied to the minimum lease payments causes the aggregate present value at the beginning of the lease term to be equal to the amount to be financed by the lessor, is the interest rate that should be used for accounting purposes.

Leases of Land and Buildings

- 7.2.6 In classifying a lease of land and buildings, the land and buildings elements would normally be considered and classified separately.
- 7.2.7 The minimum lease payments are allocated between the land and buildings elements in proportion to their relative fair values.

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Leases

Leases Policies

7.2.8 When a lease includes land, as well as buildings elements, NA assesses the classification of each element separately as either a finance lease, or an operating lease.

Accounting for Leases – Lessees

7.2.9 The following principles should be applied in the financial statements of NA:

- Leases should be accounted for in accordance with IFRS 16 ‘Leases’ as detailed above.

Accounting for Leases – Lessors

7.2.10 NA shall recognize assets held under a finance lease in their Statement of Financial Position and present them as a receivable at an amount equal to the net investment in the lease.

7.2.11 The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on NA’s net investment in the finance lease.

7.2.12 NA shall present assets subject to operating leases in their Statement of Financial Position according to the nature of the asset.

7.2.13 Lease income from operating leases shall be recognized in the Statement of Comprehensive Income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

7.2.14 Initial direct costs incurred by NA in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

Disclosures:

7.2.15 Lessees shall make the following disclosures for finance leases:

- For each class of asset, the net carrying amount at the end of the reporting period
- Reconciliation between the total of future minimum lease payments at the end of the reporting period, and their present value. In addition, NA shall disclose the total of future minimum lease payments at the end of the reporting period, and their present value, for each of the following periods:
 - i. Not later than one year;
 - ii. Later than one year and not later than five years;
 - iii. Later than five years
- Contingent rents recognized as an expense in the period
- The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period.
- A general description of the lessee's material leasing arrangements including, but not limited to, the following:
 - i. The basis on which contingent rent payable is determined;
 - ii. The existence and terms of renewal or purchase options and escalation clauses; and

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Leases

Leases Policies

iii. Restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing

7.2.16 Lessors shall disclose the following for finance leases:

- Reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, NA shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:
 - i. Not later than one year;
 - ii. Later than one year and not later than five years;
 - iii. Later than five years
- Unearned finance income.
- The unguaranteed residual values accruing to the benefit of the lessor.
- The accumulated allowance for uncollectible minimum lease payments receivable.
- Contingent rents recognized as income in the period.
- A general description of the lessor's material leasing arrangements.

7.2.17 Lessors shall disclose the following for operating leases:

- The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods:
 - i. not later than one year;
 - ii. later than one year and not later than five years;
 - iii. later than five years
- Total contingent rents recognized as income in the period.
- A general description of the lessor's leasing arrangements.

Finance and Accounting Policies & Procedures Manual

Intangible Assets

Introduction

8 Intangible Assets

8.1 Introduction

- 8.1.1 The Intangible Assets policies establish the responsibility, and provide guidelines, for appropriate and consistent accounting treatment of NA's Intangible Assets.
- 8.1.2 The purpose of this section is to provide policies in accordance with International Financial Reporting Standards (IFRS) that can be followed for the accounting treatment of Intangible Assets at NA, in particular:
 - The recognition criteria for Intangible Assets
 - The measurement criteria to determine the cost elements to be included in the value of Intangible Assets
 - The method and rates to be used for amortization of intangible assets
 - The accounting treatment of retirement and disposal of intangible assets
- 8.1.3 In addition, this section also provides necessary references to applicable IFRSs.

Finance and Accounting Policies & Procedures Manual

Intangible Assets

Intangible Assets Policies

8.2 Intangible Assets Policies

Identification of Intangible Assets

8.2.1 An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from NA and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether NA intends to do so; or
- Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from NA or from other rights and obligations.

Criteria for Initial Recognition

8.2.2 In accordance with IAS 38 an intangible asset will be recognized if:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to NA
- The cost of the asset can be measured reliably

8.2.3 NA will assess the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of intangible assets. These assumptions should be formally documented.

Separate Acquisition

8.2.4 Based on IAS 38 a separate acquisition is the price NA pays to acquire separately an intangible asset, which reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to NA.

8.2.5 The cost of a separately acquired intangible asset will comprise of the following:

- Its purchase price, including duties and non-refundable purchase taxes, after deducting trade discounts and rebates
- Transaction costs, for example legal or consultancy fees
- Any directly attributable cost of preparing the asset for its intended use, such as cost of employees directly engaged in the development and implementation of the intangible assets, the cost of testing whether the asset is functioning properly, and professional fees arising directly from bringing the intangible asset to its desired condition

Acquisition as Part of a Business Combination

8.2.6 In accordance with IFRS 3: Business Combinations, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

8.2.7 The fair value of an intangible asset will reflect market expectations about the probability that the future economic benefits embodied in the asset will flow to NA.

Measurement after Recognition

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Intangible Assets

Intangible Assets Policies

- 8.2.8 NA will adopt the cost model as its accounting policy.
- 8.2.9 After initial recognition the carrying amount of an intangible asset is its cost less any accumulated amortization and accumulated impairment losses.
- 8.2.10 Intangible assets with an indefinite useful life will be tested for impairment annually, irrespective of whether there is an impairment trigger that warrants impairment testing.

Useful Life

- 8.2.11 NA will assess whether the useful life of an intangible asset is finite or indefinite. Determination of an intangible asset's useful life is based on accounting estimate and making this estimate in accordance with the principles of IFRS rests with the management of NA.
- 8.2.12 An intangible asset will be regarded by NA as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for NA.
- 8.2.13 Accounting for an intangible asset will be based on its useful life. An intangible asset with a finite useful life will be amortized, and an intangible asset with an indefinite useful life will not be subject to amortization and tested for impairment at least once year.
- 8.2.14 There are many factors which can be considered in determining the useful life of an intangible asset by NA, such as:
 - The expected usage of the asset and whether the asset could be managed efficiently by another management team
 - Typical product life cycles for the asset and public information on estimates of useful lives of similar assets that are used in a similar way
 - Technical, technological, commercial or other types of obsolescence
 - The stability of the industry in which the asset operates and changes in the market demand for the products or services output from the asset.
 - Expected actions by competitors or potential competitors
 - The level of maintenance expenditure required to obtain the expected future economic benefits from the asset and NA's ability and intention to reach such a level
 - The period of control over the asset and legal or similar limits on the use of the asset, such as the expiry dates of related leases
 - Whether the useful life of the asset is dependent on the useful life of other assets of NA
- 8.2.15 The useful life of an intangible asset that arises from contractual or other legal rights will not exceed the period of legal/contractual binding, but may be shorter depending on the period over which NA expects to use the asset.

Amortization Period and Amortization Method

- 8.2.16 In accordance with IFRS, amortization is the systematic allocation of the depreciable amount of an asset over its useful life.

Finance and Accounting Policies & Procedures Manual

Intangible Assets

Intangible Assets Policies

- 8.2.17 The depreciable amount of an intangible asset with a finite useful life will be allocated on a systematic basis over its useful life.
- 8.2.18 Amortization will begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by NA.
- 8.2.19 Amortization will cease at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

Amortization Methods

- 8.2.20 A variety of amortization methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the unit of production method. Unless there is a compelling reason, NA shall use the straight-line amortization method.
- 8.2.21 The amortization method used will reflect the pattern in which the asset's future economic benefits are expected to be consumed by NA. If that pattern cannot be determined reliably, the straight-line method will be used.
- 8.2.22 The amortization method selected will be applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.
- 8.2.23 The amortization charge for each period will be recognized in the Statement of Comprehensive Income unless a policy/standard exists permitting or requiring it to be included in the carrying amount of another asset.

Residual Value

- 8.2.24 The residual value of an intangible asset with a finite useful life will be assumed to be zero unless:
 - There is a commitment by a third party to purchase the asset at the end of its useful life; or
 - There is an active market for the asset;
 - Residual value can be determined by reference to that market; and
 - It is probable that such a market will exist at the end of the asset's useful life

Retirements and Disposals

- 8.2.25 An intangible asset will be derecognized:
 - On disposal; or
 - When no future economic benefits are expected from its use or disposal
- 8.2.26 The gain or loss arising from derecognizing an intangible asset will be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It will be recognized in the Statement of Comprehensive Income when the asset is derecognized (unless IAS 17 Leases requires otherwise on a sale and leaseback). Gains will be classified as other income.

Finance and Accounting Policies & Procedures Manual

Intangible Assets

Intangible Assets Policies

8.2.27 All disposals and write offs have to be approved by the Authorized Personnel as per the Consolidated Delegation of Authority Matrix at NA.

Software

- 8.2.28 All software developed or purchased for internal use will be expensed as incurred unless it meets the criteria of an intangible asset.
- 8.2.29 Software which is capitalized as an intangible capital asset is amortized on a straight-line basis over its anticipated useful life.
- 8.2.30 All the costs incurred i.e., direct costs of materials and services consumed in developing or obtaining the software, payroll and other related costs charged to the project during development, will be capitalized if they can be clearly attributed to the developed software.
- 8.2.31 Upgrades or enhancements, which increase the functionality of the product, will also be capitalized.
- 8.2.32 Costs related to the preliminary project stage, training costs and data conversion costs will be expensed, as incurred.
- 8.2.33 Some intangible assets may be contained in or on a physical substance such as a compact disc, legal documentation or film. To recognize the either tangible or intangible asset, NA uses judgment to assess which element is more significant. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset.

Website Costs

- 8.2.34 Website development costs are capitalized when all of the following conditions are met:
 - It is probable that the website will be successfully developed, NA has adequate technical, financial and other resources to complete the development and has the intention of and ability to complete the site and use or sell it
 - The website will generate future economic benefits
 - NA has the ability to reliably measure the expenditure attributable to the website during its development
- 8.2.35 Website development costs are expensed as incurred or recognized as an intangible asset depending on the phase
 - Initial design costs are expensed as incurred
 - Qualifying development and graphic design costs are recognized as an intangible asset
 - Expenditure incurred after the website has been completed is recorded as an expense, except where it enables the website to generate future additional economic benefits, and if it can be reliably estimated and attributed to the website
- 8.2.36 In accordance with IFRS, NA might not be able to demonstrate that a website developed (e.g. for promoting and advertising its products) will generate probable future economic benefits. Consequently all expenditure on developing such a web site should be recognized as an expense when incurred.

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Other Considerations

- 8.2.37 Acquisition, development, maintenance or enhancement of intangible resources such as scientific or technical knowledge, design and implementation of new processes or systems, licenses, intellectual property, market knowledge and trademarks (including brand names and publishing titles), market share and marketing rights should be expensed when incurred if doesn't meet the criteria for recognition. However, if the item is acquired in a business combination, it forms part of the goodwill recognized at the acquisition date.
- 8.2.38 Also patents, copyrights, brands etc. acquired directly from a third party and meeting the recognition criteria as defined above, can be capitalized.

Goodwill

Criteria for Recognition and Initial Measurement of Goodwill

- 8.2.39 As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. Recognition of identifiable assets acquired and liabilities assumed is subject to the conditions specified below:
- To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements at the acquisition date.
 - The identifiable assets acquired and liabilities assumed must be part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination transaction rather than the result of separate transactions. Refer below.
- 8.2.40 The acquirer shall recognize goodwill as of the acquisition date measured as the excess of (a) over (b) below:
- a) The aggregate of:
 - the consideration transferred measured in accordance with IFRS 3, which generally requires acquisition-date fair value;
 - The amount of any non-controlling interest in the acquiree (minority interest) measured in accordance with IFRS 3; and
 - In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
 - b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3.
- A business combination is a transaction or other event in which NA obtains control of one or more businesses. If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date
 - The most reliable measure of fair value is quoted market prices in an active market. If no active market exists for an intangible asset, its fair value is the amount that NA would have paid for the asset, at the acquisition date in an arm's length transaction between knowledgeable and willing parties, based on the best information available
 - The fair value of an intangible asset at the acquisition date reflects the probability of future economic benefits and can always be measured reliably. Therefore, the

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recognition criteria of "probability" and "reliability" are always satisfied for intangible assets acquired as part of a business combination

- Goodwill arising in a business combination represents future economic benefits arising from assets that are not capable of being identified individually and recognized as separate assets. Goodwill arising in a business combination is measured initially as the excess of the cost of the business combination over the acquirer's interest in the net fair value of the acquired identifiable assets, including intangible assets, liabilities and recognized contingent liabilities. Some of the typical examples of goodwill include workforce, synergies specific to the acquirer, non-contractual customer relationships, geographical expansion, etc.
- In a business combination in which the acquirer and the acquiree (or its former owners) exchange only equity interests, the acquisition-date fair value of the acquiree's equity interests may be more reliably measurable than the acquisition-date fair value of the acquirer's equity interests. If so, the acquirer shall determine the amount of goodwill by using the acquisition-date fair value of the acquiree's equity interests instead of the acquisition-date fair value of the equity interests transferred.
- To determine the amount of goodwill in a business combination in which no consideration is transferred, the acquirer shall use the acquisition-date fair value of the acquirer's interest in the acquiree determined using a valuation technique in place of the acquisition-date fair value of the consideration transferred.

Consideration Transferred

- 8.2.41 The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.
- 8.2.42 The consideration transferred may include assets or liabilities of the acquirer that have carrying amounts that differ from their fair values at the acquisition date (for example, non-monetary assets or a business of the acquirer). If so, the acquirer shall re-measure the transferred assets or liabilities to their fair values as of the acquisition date and recognise the resulting gains or losses, if any, in profit or loss.
- 8.2.43 However, sometimes the transferred assets or liabilities remain within the combined entity after the business combination (for example, because the assets or liabilities were transferred to the acquiree rather than to its former owners), and the acquirer therefore retains control of them. In that situation, the acquirer shall measure those assets and liabilities at their carrying amounts immediately before the acquisition date and shall not recognize a gain or loss in profit or loss on assets or liabilities it controls both before and after the business combination.

Contingent Consideration

- 8.2.44 The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognize the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree.

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8.2.45 The acquirer shall classify an obligation to pay contingent consideration as a liability or as equity on the basis of the definitions of an equity instrument and a financial liability mentioned in *IAS 32: Financial Instruments: Presentation*, or other applicable IFRSs.

Measurement Period

- 8.2.46 If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete.
- 8.2.47 During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.
- 8.2.48 During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable.
- 8.2.49 The measurement period shall not exceed one year from the acquisition date. After the measurement period ends, the acquirer shall revise the accounting for a business combination only to correct an error in accordance with *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*.

Determining What is Part of a Business Combination

- 8.2.50 The acquirer and the acquiree may have a pre-existing relationship or other arrangement before negotiations for the business combination began, or they may enter into an arrangement during the negotiations that is separate from the business combination.
- 8.2.51 In either situation, the acquirer shall identify any amounts that are not part of what the acquirer and the acquiree (or its former owners) exchanged in the business combination, i.e. amounts that are not part of the exchange of an asset.

Acquisition Related Costs

8.2.52 Acquisition-related costs are costs the acquirer incurs to effect a business combination. Those costs include:

- Advisory
- Legal
- Accounting
- Valuation and other professional or consulting fees
- General administrative costs, including the costs of maintaining an internal acquisitions department
- Costs of registering and issuing debt and equity securities

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8.2.53 The acquirer shall account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with the exception of the costs to issue debt or equity securities that shall be recognized in accordance with IAS 32 and IAS 39.

Subsequent Measurement and Accounting

8.2.54 In general, an acquirer shall subsequently measure and account for assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination in accordance with other applicable IFRSs for those items, depending on their nature. However, IFRS 3 provides guidance on subsequently measuring and accounting for the following assets acquired, liabilities assumed or incurred and equity instruments issued in a business combination:

- Reacquired Rights
 - A reacquired right recognized as an intangible asset shall be amortized over the remaining contractual period of the contract in which the right was granted
 - Contingent Liabilities Recognized as of the Acquisition Date
 - After initial recognition and until the liability is settled, cancelled or expires, the acquirer shall measure a contingent liability recognized in a business combination at the higher of the:
 - Amount that would be recognized in accordance with IAS 37; and
 - Amount initially recognized less, if appropriate, cumulative amortization recognized in accordance with IAS 18: Revenue.
 - This requirement does not apply to contracts accounted for in accordance with IAS 39.

Internally Generated Goodwill

8.2.55 Internally generated goodwill shall not be recognized as an asset.

8.2.56 In some cases, expenditure is incurred to generate future economic benefits, but it does not result in the creation of an intangible asset that meets the recognition criteria. Such expenditure is often described as contributing to internally generated goodwill. Internally generated goodwill is not recognized as an asset because it is not an identifiable resource (i.e. it is not separable nor does it arise from contractual or other legal rights) controlled by NA that can be measured reliably at cost.

8.2.57 Differences between the market value of an entity and the carrying amount of its identifiable net assets at any time may capture a range of factors that affect the value of NA. However, such differences do not represent the cost of intangible assets controlled by NA.

Impairment of Intangible Assets

8.2.58 An assessment shall take place at each reporting date, regardless of whether there is any indication that an intangible asset is impaired.

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- 8.2.59 The asset's recoverable amount is estimated at any indication of impairment. If the recoverable amount is below the asset's carrying amount, the asset is written down to its recoverable amount.
- 8.2.60 Goodwill and indefinite lived intangible assets are tested for impairment annually (or more frequently if necessary), whether or not there is any indication of impairment.
- 8.2.61 A change in the estimate of an intangible asset's useful life from indefinite to finite is automatically an indication of impairment and an impairment test is required at that point.
- 8.2.62 Goodwill shall be reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.
- 8.2.63 For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of NA's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of NA are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated shall represent the lowest level within NA at which the goodwill is monitored for internal management purposes.
- 8.2.64 Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized.
- 8.2.65 Management will recognize impairment loss for a cash-generating unit to reduce the carrying amount of the assets of the unit (group of units) in the following order:
- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units)
 - Then, to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units).
- 8.2.66 While allocating the impairment loss to a cash-generating unit, management will not reduce the carrying amount of an asset below the highest of:
- Its fair value less costs to sell (if determinable)
 - Its value in use (if determinable)
 - Zero
 - The remaining amount of the impairment loss that would otherwise have been allocated to the asset will be allocated pro rata to the other assets of the unit (group of units)
- 8.2.67 Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Reversal of Impairment Loss

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8.2.68 Management will not reverse an impairment loss recognized for goodwill in a subsequent period.

8.2.69 A later recovery in value of the cash-generating unit will be allocated to assets other than goodwill.

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Introduction

9 Inventory

9.1 Introduction

- 9.1.1 This section describes the policies and procedures for accounting treatment of inventories in accordance with International Financial Reporting Standards (IFRS) and leading practice.
- 9.1.2 This section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost methods that are used to assign costs to inventories.
- 9.1.3 The inventory policies are applicable to all assets that qualify as inventories, covering the following topics and respective accounting treatment:

- Inventories recognition;
- Recognition of inventories as expense or cost of other asset;
- Inventories measurement and valuation;
- Inventory returns, rejections and disposals;
- Physical verification of inventory

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Inventory Policies

9.2 Inventory Policies

Recognition of Inventories

9.2.1 Inventories are recognized as an asset in the following cases:

- When it is purchased;
- Excess inventories identified as a result of physical inventories count;
- When scrap is recovered.

9.2.2 NA recognizes its purchased inventories once the significant risks and rewards of ownership of the purchased inventories are transferred from the supplier to NA.

9.2.3 Transfer of significant risks and rewards of ownership means that NA is responsible for the inventories and assumes all the risks associated with damage or loss having passed to it.

9.2.4 In most cases, the transfer of the risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession from the supplier to NA. As transfer of the legal title depends on the contractual terms and not the physical location of the inventories, inventories owned by NA may be located at the supplier's port, NA's storage or in transit.

9.2.5 NA's vendor could pass significant risks and rewards to it, but retain title to the inventories until certain conditions are met, e.g. full payment to the vendor is made. Under such circumstances inventories would still be recognized as NA's, even though legal title to it is retained by the vendor/supplier.

Costs of Purchased Inventories

9.2.6 The costs of purchase of inventories comprise the following:

- Purchase price
- Non-recoverable import and custom duties and other taxes, if applicable
- Handling and transportation costs directly attributable to the acquisition of inventories
- Trade discounts, rebates, settlement discounts and other similar items are deducted in determining the costs of purchase. Settlement discount is the discount provided by the supplier for early payment

Recognition of Inventories as Expense or Cost of Other Asset

9.2.7 Inventories are expensed or recognized as cost of other asset(s) under the following circumstances:

- Sale of inventories;
- Use of inventories for maintenance and repair;
- Samples provided to customers;
- Shortage of inventories as a result of the physical inventories count i.e. "shrinkage";
- Scrapping or write-off; or
- Impairment of inventories

Sale of inventories

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- 9.2.8 Inventories are expensed in the period in which the related sale is recognized. Once the sale is recognized, the respective inventory's carrying amount is recognized as cost of goods sold in the period of sale.
- 9.2.9 Costs associated with transportation and handling from NA's storage facility to subsequent locations such as local/overseas ports are not part of the costs of inventories. Such costs are recognized as selling costs.

Purchased Inventories in Transit

- 9.2.10 Inventories purchased from vendors/suppliers should be recognized when the significant risks and rewards of ownership of the purchased inventories are transferred from the vendor/supplier to NA regardless of whether or not NA has physical possession of the inventories at its premises. These inventories will be classified as 'inventories-in-transit'.

Transfer of Inventories

- 9.2.11 In case inventories are transferred between various locations and premises of NA, they will be treated as NA's inventories and are classified as "inventories in transit".

Use of Inventories for Repairs and Maintenance

- 9.2.12 Spare parts, tools and consumables could be used for repairs and maintenance. In such cases, those should either be expensed or capitalized to the cost of the respective item of property, plant and equipment. Those with a useful life of less than one year shall be expensed, while slow moving and obsolete items will be provided for in accordance with the policy mentioned below: Provision for Slow Moving and Obsolete Inventory.
- 9.2.13 In case the item which requires repairs and maintenance is classified as an item of inventory, the costs associated with the repairs and maintenance of this item should be expensed when incurred.

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Inventory Policies

Measurement and Valuation

- 9.2.14 Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- 9.2.15 The valuation method for accounting and reporting of each item of inventory must be applied consistently from one accounting period to another, unless circumstances warrant a change. This must be properly documented.
- 9.2.16 Any other valuation method used for specialized inventory items have to be approved by the Authorized Personnel as per the Consolidated Delegation of Authority Matrix.

Other Costs

- 9.2.17 All other costs incurred will be included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

Costs Excluded from the Cost of Inventories

- 9.2.18 Examples of costs excluded from the cost of inventories and recognized as expenses in the period in which they are incurred are:
 - Storage costs;
 - Administrative overheads that do not contribute to bringing inventories to their present location and condition;
 - Selling costs;
 - Foreign exchange differences arising directly on the recent acquisition of inventories invoiced in a foreign currency; or
 - Interest cost when inventories are purchased with deferred settlement terms

Provision for Slow Moving and Obsolete Inventory

- 9.2.19 When inventories become old or obsolete, an estimate shall be made of their net realizable value.
- 9.2.20 For individually significant amounts, this estimation shall be performed on an individual basis.
- 9.2.21 Amounts which are not individually significant, but which are old or obsolete, shall be assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- 9.2.22 The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs.
- 9.2.23 The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Physical Verification of Inventories

- 9.2.24 Physical count of inventories should be performed with necessary frequency (i.e. monthly/quarterly or annually) for each category and class of inventories to ensure:

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Inventory Policies

- Completeness;
- Accuracy;
- Existence; and
- Valuation

- 9.2.25 A physical verification team shall be constituted to carry out the physical verification of inventories.
- 9.2.26 The physical verification of inventories will be attended by the External Auditors at year-end.
- 9.2.27 All variations between physical count and inventory records shall be investigated and the results shall be reported on a timely basis for proper action such as write-offs or adjustments as per the Consolidated Delegation of Authority at NA.
- 9.2.28 An inventory stock management system should be used to record inventories. This system will enable NA to accurately control the stock of inventories.

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Determination and Recording of Cost of Inventories Procedures

9.3 Determination and Recording of Cost of Inventories Procedures

The following procedures should be performed for the determination and recording of inventories at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Upon delivery of services/goods, receive the purchasing documents from the Procurement Department and compute the cost of the supplies/ materials on a Cost Sheet. ▪ Obtain necessary cost details related to the purchase from the Procurement Department (i.e., customs duties, clearing charges etc.). ▪ If required information is not provided, prepare a Landed Cost Sheet and make necessary computations based on provisional costs which will be updated once the actual cost information is available. When the landed cost is based on estimates, a pass-through (transit) account is used to account for the inventories. This account will be reversed upon finalizing the landed cost sheet with actual costs. 	<i>Determination of Cost of Inventories</i> <i>Landed Cost Sheet</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and sign the Landed Cost Sheet and related supporting documents. 	<i>Reviewed and signed Landed Cost Sheet</i>
3.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Generate required entry/voucher in Oracle. ▪ Print and sign voucher as the preparer. 	<i>Entry/Voucher</i> <i>Signed Voucher</i>
4.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review entry/voucher and related supporting documents. ▪ Review and sign voucher as the approver. ▪ Post entries to the system and stamp “Posted” on vouchers and supporting documents to avoid duplicate recording. 	<i>Reviewed and signed Voucher</i> <i>Posted entries</i>
5.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive vouchers and supporting documents for record. 	<i>File, scan and archive</i>

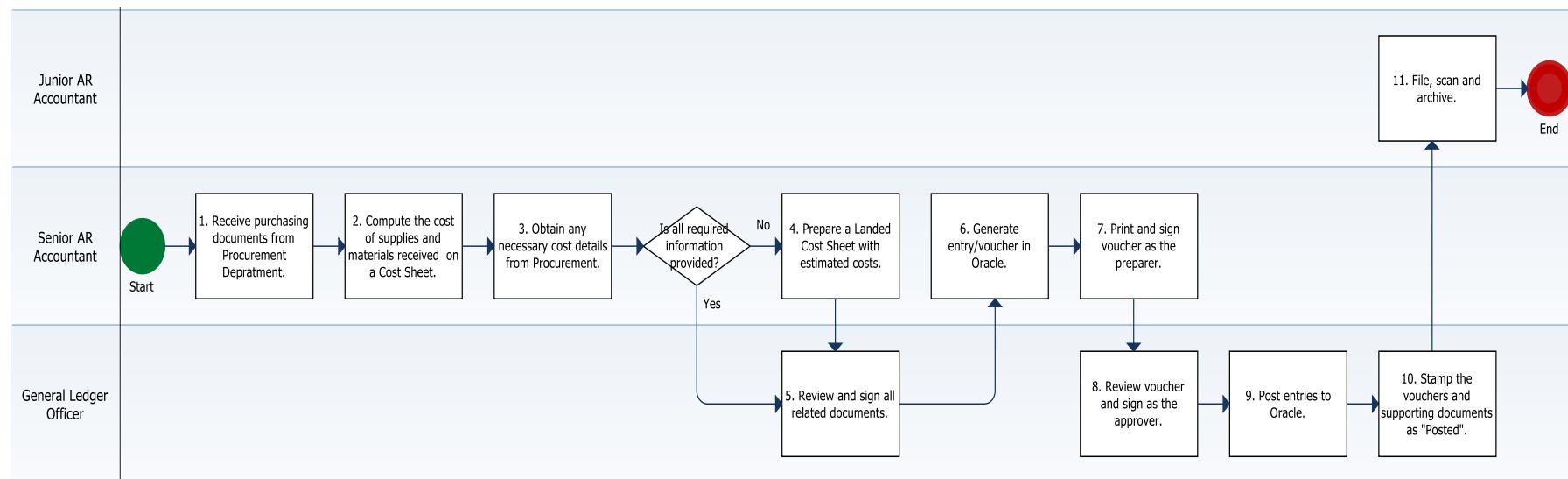


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Determination and Recording of Cost of Inventories Flowchart

9.4 Determination and Recording of Cost of Inventories Flowchart



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Physical Verification of Inventory Procedures

9.5 Physical Verification of Inventory Procedures

The following procedures should be performed for physical verification of inventory at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Prepare a Physical Verification Memo along with a Physical Verification Program Sheet comprising the following details: <ul style="list-style-type: none"> ○ Timetable of physical verification with details of locations and time ○ Request to make the concerned personnel available for the physical verification process; ○ Assignment of Physical Verification Team; and ○ Individual responsibilities during the process of physical verification 	<i>Physical Verification Memo & Physical Verification Program Sheet</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve the Physical Verification Memo and Physical Verification Program Sheet. ▪ Date and sign Physical Verification Memo and Physical Verification Program Sheet. ▪ Send the signed Physical Verification Memo and Physical Verification Program Sheet to relevant User Department Heads in order to arrange for the physical verification at least a week before the physical verification date. 	<i>Approved Physical Verification Memo & Physical Verification Program Sheet</i> <i>Signed and dated Physical Verification Memo & Physical Verification Program Sheet</i>
3.	Physical Verification Team	<ul style="list-style-type: none"> ▪ Prepare Inventory Verification Sheet to record the physical quantity of the inventory upon physical count and ensure it includes the following (at minimum): <ul style="list-style-type: none"> ○ Inventory code ○ Inventory description ○ Location ○ Physical balance ○ Book balance (balance as per Oracle – not to be filled-up prior to physical verification of inventory) 	<i>Inventory Verification Sheet</i>

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Physical Verification of Inventory Procedures

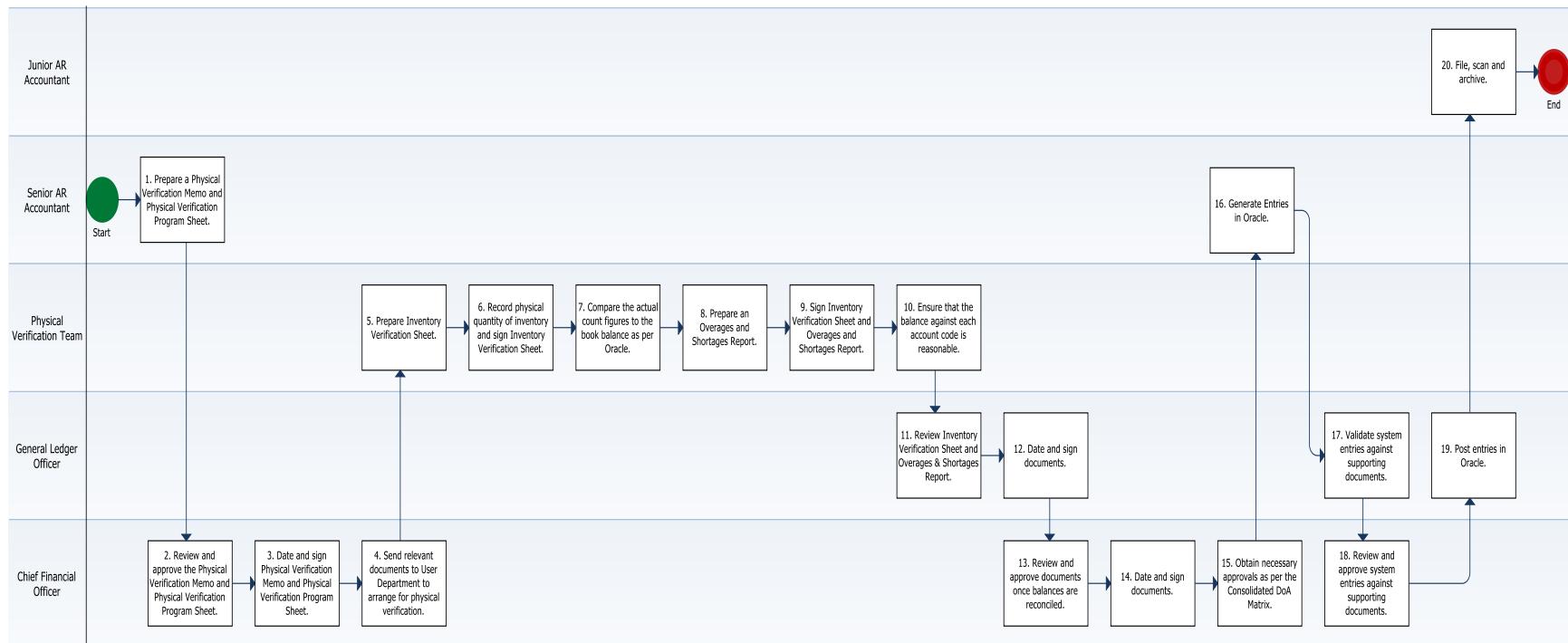
No.	Job Title	Procedure Description	Output/Report/Control
		<ul style="list-style-type: none"> ○ Differences ○ Remarks (defective items, etc.) ▪ Record physical quantity of inventory and sign Inventory Verification Sheet. ▪ Compare the actual count figures to the book balance (per Oracle), and prepare an Overages & Shortages Report. ▪ Sign Overages & Shortages Report. <i>Overages & shortages report must be signed by all concerned personnel. This Report will contain the discrepancies as per physical verification.</i> 	<i>Signed Inventory Verification Sheet</i> <i>Overages & Shortages Report</i> <i>Signed Overages & Shortages Report</i>
4.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review Inventory Verification Sheet and Overages & Shortages Report. ▪ Date and sign Inventory Verification Sheet and Overages & Shortages Report. 	<i>Reviewed Inventory Verification Sheets & Overages & Shortages Report</i>
5.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve Inventory Verification Sheet and Overages & Shortages Report after the verification is complete and balances are reconciled. ▪ Date and sign Inventory Verification Sheet and Overages & Shortages Report and obtain necessary approvals as per the Consolidated Delegation of Authority Matrix. 	<i>Reviewed Inventory Verification Sheets & Overages & Shortages Report</i> <i>Signed and dated Inventory Verification Sheets & Overages & Shortages Report</i>
6.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Generate Entries in Oracle. 	<i>Entries</i>
7.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Validate system entries against supporting documents. 	<i>Validated Entries</i>
8.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve system entries against supporting documents. 	<i>Reviewed Entries</i>
9.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post entries in Oracle. 	<i>Posted Entries</i>
10.	Junior AR Accountant	<ul style="list-style-type: none"> ▪ File, scan and archive Physical Verification documents for record. 	<i>File, scan and archive</i>

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Physical Verification of Inventory Flowchart

9.6 Physical Verification of Inventory Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Introduction

10 Accounts Payable, Accruals, Provisions and Contingent Liabilities

10.1 Introduction

10.1.1 The Accounts Payable (AP) policies and procedures establish the responsibility and the guidelines for an appropriate and consistent accounting treatment of accounts payable transactions at NA.

10.1.2 The objectives of the accounts payable policies & procedures are to:

- Organize the process of accounting for all the related payables transactions from recording, approvals, documentation and release of payments to suppliers
- Capture all payable transactions of which the related invoices are not yet received (on the cut-off)
- Record any contingent liabilities or commitments

10.1.3 This section covers the following:

- General Accounts Payable Policies
- Recognition & Measurement
- Processing & Recording invoices
- General Payment Policies
- Payments to Vendors/Suppliers
- Accrued Expenses
- Vendor Balance Monitoring, Confirmation & Reconciliation
- Provisions and Contingent Liabilities

10.1.4 The consistent implementation of and compliance with these policies and procedures will be the responsibility of the Finance Department at NA.

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Policies

10.2 Accounts Payable Policies

- 10.2.1 Accounts payable should be recorded net of any deductions or discounts where it is possibly and economically justified.
- 10.2.2 Accruals should be measured at a realistic and prudent estimate of the amount to be paid for the goods or services received.
- 10.2.3 The accounts payable of NA should include (but not limited to) amounts pertaining to the following:
 - Goods and other property/asset purchased and received, supported by vendor/supplier invoices and other documentation that acknowledges the receipt of goods
 - Services performed by vendors/suppliers, supported by vendor/supplier invoices and other documentation that acknowledges the receipt of services
 - Amounts owed at the end of each accounting period for which no further performance of services by payee is required
- 10.2.4 Amounts recorded as payables should be supported by valid and appropriate documentation that should clearly show the basis for the amount recorded as a payable and the terms upon which payment is to be made.
- 10.2.5 Debit notes against outstanding amounts should be issued in accordance with Payment Terms and Conditions and based on approval from the Chief Financial Officer and Chief Executive Officer.

Recognition & Measurement

- 10.2.6 The basis for recording accounts payable shall be when the risks and rewards of ownership have been transferred to NA. In this regard, the following shall form the basis of recording payables:
 - Goods and materials received, supported by an evidence of receipt and acceptance of goods (E.g. invoice signed by the User Department)
 - For services received, a service completion certificate signed by the User Department as an evidence of acceptance of a service performed by vendors/contractors. The outstanding payable amounts should reflect the percentage of completion of phased projects
- 10.2.7 Long term liabilities (if any) should be discounted and disclosed at their present value in accordance with IAS 39, Financial Instruments: Recognition and Measurement. Initial recognition value of the respective recognition of the assets or the expenditure should be at the present value.
- 10.2.8 Liabilities at NA will be recognized for amounts to be paid in the future when:
 - It is probable that an outflow of economic resources embodying economic benefits will result from the settlement of a present obligation
 - The amount at which the settlement will take place can be measured reliably
 - Goods, services or assets have been received regardless of the receipt of the bill/invoice.

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Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Policies

Processing & Recording invoices

- 10.2.9 The Finance Department's Accounts Payable Team shall receive all vendor/supplier invoices. The invoices should be duly signed by the Head of User Department for processing and recording. Each transaction shall be supported by the following documents (where applicable):
- Vendor's Invoice
 - Vendor's Quotation/ Proposal
 - Purchase Order
 - Purchase Requisition
 - Copy of vendor/Supplier Contract
 - Completion Certificate
 - Supporting documents and correspondence
 - Receipt Voucher/ Receiving Report (indicating acceptance of items received/services rendered).
 - Other supporting documents as needed.

- 10.2.10 Photocopies of invoices or faxed invoices shall not be acceptable and should not be used as a supporting document for recording or processing accounts payable transactions.
- 10.2.11 Vendor/supplier invoices must be linked to a purchase order, if applicable. The purchase order number must be clearly visible on the invoice.

General Payment Policies

- 10.2.12 All payments shall be in accordance with payment terms agreed on with the supplier as stipulated in the purchase order or contract.
- 10.2.13 The Finance Department shall receive invoices, approved by the User Department, at least 15 working days prior to the invoice payment due date.
- 10.2.14 PO numbers shall be referenced on the payment voucher to facilitate audit trail.
- 10.2.15 All payments (i.e. Cheques and Bank Transfers) shall be signed by the authorized signatories as set out in the Consolidated Delegation of Authority Matrix.
- 10.2.16 All payments shall be supported by Payment Vouchers confirming the receipt of payments or alternative proofs such as Bank Transfer slips.
- 10.2.17 In cases where a discount for early payment is offered, the payment due dates shall be taken into consideration to avail NA to the early settlement discount opportunity.
- 10.2.18 All invoices received within the same month shall be included in the current payment cycle and any invoice received after the 25th day of the current month shall be included in the next month's payment cycle.
- 10.2.19 All communication between NA and vendors/suppliers should be handled by the Procurement Department unless otherwise is required.
- 10.2.20 The Procurement Department at NA is responsible for the creation and maintenance of the vendor master file in Oracle.

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Policies

10.2.21 All payments to vendors/suppliers shall be endorsed and approved based on adequate and authentic documentation showing that goods and services have been received by NA.

Payments to Vendors/Suppliers

10.2.22 Payments to vendors/suppliers shall be processed within 30 to 60 days. Payment should be made in accordance with the terms of contract/purchase order and Procurement policies and procedures.

10.2.23 Mode of payment to vendors/suppliers (Cheques or Bank Transfers) will depend on the terms of the contract, payment arrangements, NA Cash and Banks policies and procedures, and the nature of transactions with local/overseas vendors/suppliers.

10.2.24 All payments to vendors/suppliers must be made through bank transfers or crossed cheques or through Letter of Credit (LC) if purchases are of high value.

10.2.25 A single payment voucher may be prepared for a group of invoices related to a particular vendor/supplier.

10.2.26 No payment will be made without the confirmation (from an authorized executive from the requesting User Department) that the goods or service have been received to NA's full satisfaction.

Advance Payments

10.2.27 All advance payments to vendors/suppliers shall be made as per Terms and Conditions of purchase order or contract.

10.2.28 Advance payments to vendors/suppliers will only be authorized if they are supported by an approved purchase order, contract or written agreement.

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Policies

Accrued Expenses

- 10.2.29 Accrued expenses represent amounts due for services or benefits that NA has received but have not yet been paid, in addition to the expenses which NA expects to pay within a certain period regardless of receipt of vendor invoices.
- 10.2.30 At each period end, accruals shall be recorded so that all expenses related to that month are properly included in the financial statements.
- 10.2.31 In determining what accruals should be accounted for, it shall be considered that expenses are incurred during the period being closed; i.e. goods or services have been received on or before the last day of the month in order to qualify as an expense for that period.

Vendor Balance Monitoring, Confirmation & Reconciliation

Monitoring & Accounts Payable Analysis

- 10.2.32 A monthly Accounts Payable Aging Report shall be produced to identify payments due within the upcoming month and to investigate any long outstanding balances.
- 10.2.33 Accounts payable analysis shall be performed on regular intervals. It is to be determined that NA is making payments against amounts due to its vendors/ suppliers, at the time when such payments become due.
- 10.2.34 All deviations from the above expectations shall be properly addressed and brought to the knowledge of Chief Executive Officer.
- 10.2.35 Accounts payable analysis shall be performed around the following guidelines:
 - Money owed by NA to its vendors/suppliers during the current period
 - Percentage and value of outstanding amount that is past due
 - Frequency of payments to different vendors/suppliers

Vendor Balance Confirmation

- 10.2.36 Vendor balance confirmations shall be obtained at the end of each closing period from vendors/suppliers to confirm that balances are as per books of vendors/suppliers reconcile with the book balances of NA.
- 10.2.37 All discrepancies shall be identified, clarified and reconciled with vendors/suppliers.
- 10.2.38 Vendors/suppliers shall be notified of the individual amounts they are to confirm. To this effect, a confirmation on prescribed format shall be sent to their registered address at the end of each closing period.

Reconciliation between the Accounts Payable Sub-ledger and the General Ledger

- 10.2.39 NA liability for outstanding payables should be reconciled on a timely basis to the underlying unpaid invoices for goods and services that have been received for the related period.

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Policies

10.2.40 The balances as per the general ledger and the Account Payable Sub-ledger shall be reconciled on a monthly basis; differences (if any) should be reconciled and necessary adjustments should be properly approved and fully documented.

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Policies

Provisions and Contingent Liabilities

- 10.2.41 Provisions should be recognized when NA has a present obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.
- 10.2.42 The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation as at the Statement of Financial Position date.
- 10.2.43 The estimates of outcome and financial effect are determined by the judgement of NA's management, supplemented by experience of similar transactions. The provision should be approved by the Chief Executive Officer.
- 10.2.44 NA shall classify provisions as current when it expects the settlement to be done within one year.
- 10.2.45 Contingent Liability is a possible obligation arising from past events, the outcome of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of NA; or a present obligation arising from past events, which is not recognized either because it is not probable that an outflow of resources will be required to settle an obligation or the amount of the obligation cannot be measured with sufficient reliability.
- 10.2.46 Contingent liabilities should be assessed continually to determine whether an outflow of resources embodying economic benefits has become probable.
- 10.2.47 If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognized in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Invoice Processing Procedures

10.3 Invoice Processing Procedures

The following procedures shall be followed for the processing of invoice(s) with existing and approved Payment Order(s)/contracts at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Upon delivery of goods/ rendering of services, receive invoices along with other delivery documents from relevant vendors/suppliers directly at Finance Department. ▪ Ensure invoice is approved by User Department. ▪ Receive the following duly authorized documents: <ul style="list-style-type: none"> ○ For goods/material: Delivery Note from relevant User Department ○ For services: receive service completion certificate from relevant User Department ▪ Stamp invoice and supporting documents as “Received and Date”. ▪ Verify the invoice details against the following: <ul style="list-style-type: none"> ○ Purchase order (PO) ○ Purchase requisition (PR) ○ Copy of vendor/supplier contract, if any. ○ Completion certificate ○ Other supporting documents, if any ▪ Verify that rates, delivery schedules, quantity rebates, price discounts, insurance, freight, etc., are in agreement with those specified in the PO. ▪ Input invoice(s) details in the Oracle (at minimum): <ul style="list-style-type: none"> ○ Invoice number ○ Invoice amount ○ Description of invoice ○ PO number ○ Cost Center 	<p><i>Vendor/Supplier Invoice</i></p> <p><i>Stamped and dated Invoices</i></p> <p><i>Determination of compliance with PO terms</i></p> <p><i>Recording invoice</i></p> <p><i>Stamp Invoice as “Processed”</i></p>

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Invoice Processing Procedures

No.	Job Title	Procedure Description	Output/Report/Control
		<ul style="list-style-type: none"> ▪ Stamp Invoice as “Processed” and date. ▪ Generate and print Invoice Voucher from Oracle and attach supporting documents. ▪ Sign Invoice Voucher as preparer 	<i>Invoice Voucher</i> <i>Supporting documents</i> <i>Signed and dated Invoice Voucher</i>
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Review Invoice Voucher against all supporting documents. ▪ Verify that: <ul style="list-style-type: none"> ○ Invoices recorded in the System are in accordance with supporting documents ○ Nature and quantity of goods/services ordered and the price as per the vendor/supplier invoice is in accordance with PO ○ Calculations of the vendor/supplier invoice, such as totals and extensions of quantities multiplied by unit price are recomputed to ensure accuracy ▪ Check Supplier Statement of accounts to review invoicing and payments history. ▪ Validate Invoice Voucher on Oracle and initiate approval from the General Ledger Officer. ▪ Sign Invoice Voucher. 	<i>Reviewed Invoice Voucher</i> <i>Validated Invoice Voucher</i> <i>Signed and dated Invoice Voucher</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review Invoice Voucher against supporting documents. 	<i>Reviewed Invoice Voucher</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve Invoice Voucher manually and on Oracle. 	<i>Approved Invoice Voucher</i>
5.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Proceed with relevant payment procedure in the Cash and Banks section of the manual: <ul style="list-style-type: none"> ○ Payments via Cheques procedure ○ Payment via Bank Transfers procedure 	<i>Payment</i>

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Invoice Processing Procedures

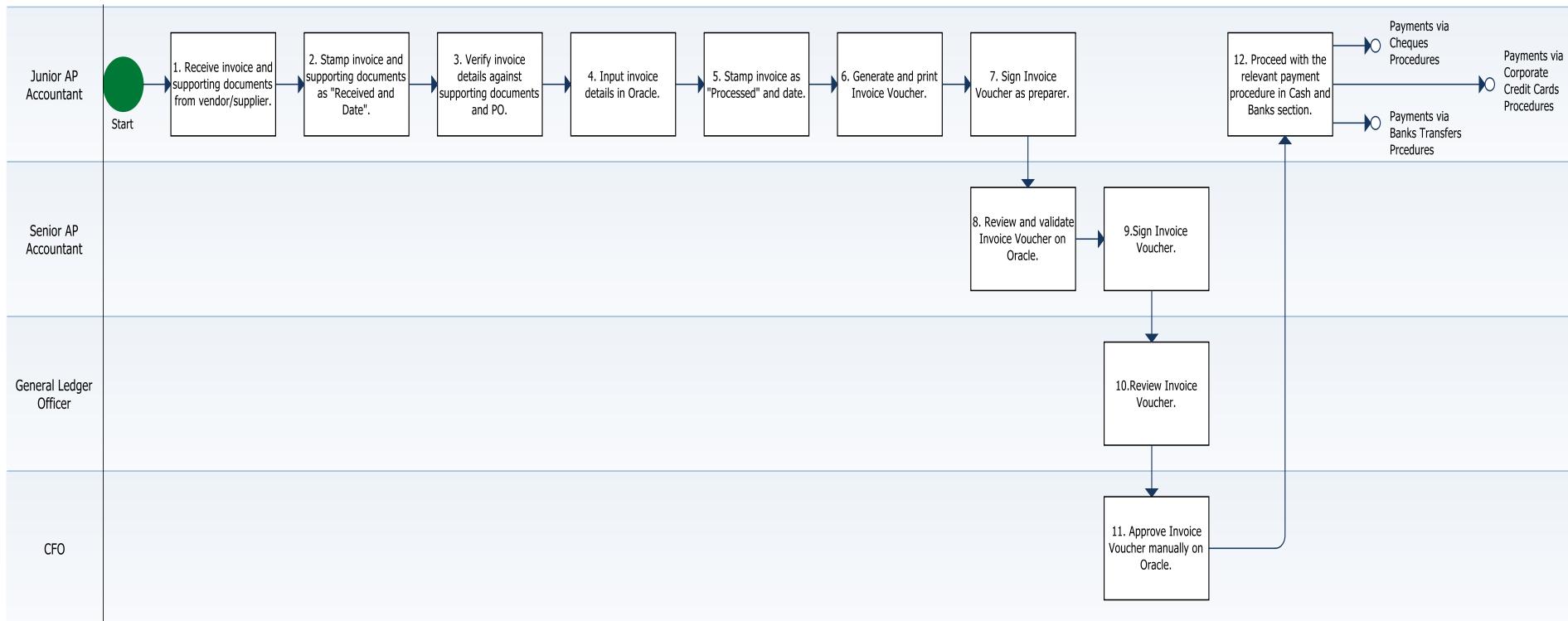
No.	Job Title	Procedure Description	Output/Report/ Control
		<input type="radio"/> Payments via Credit Cards procedure	

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Invoice Processing Flowchart

10.4 Invoice Processing Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Reconciliation Procedures

10.5 Accounts Payable Reconciliation Procedures

The following procedures shall be followed for the reconciliation of Accounts Payable at NA:

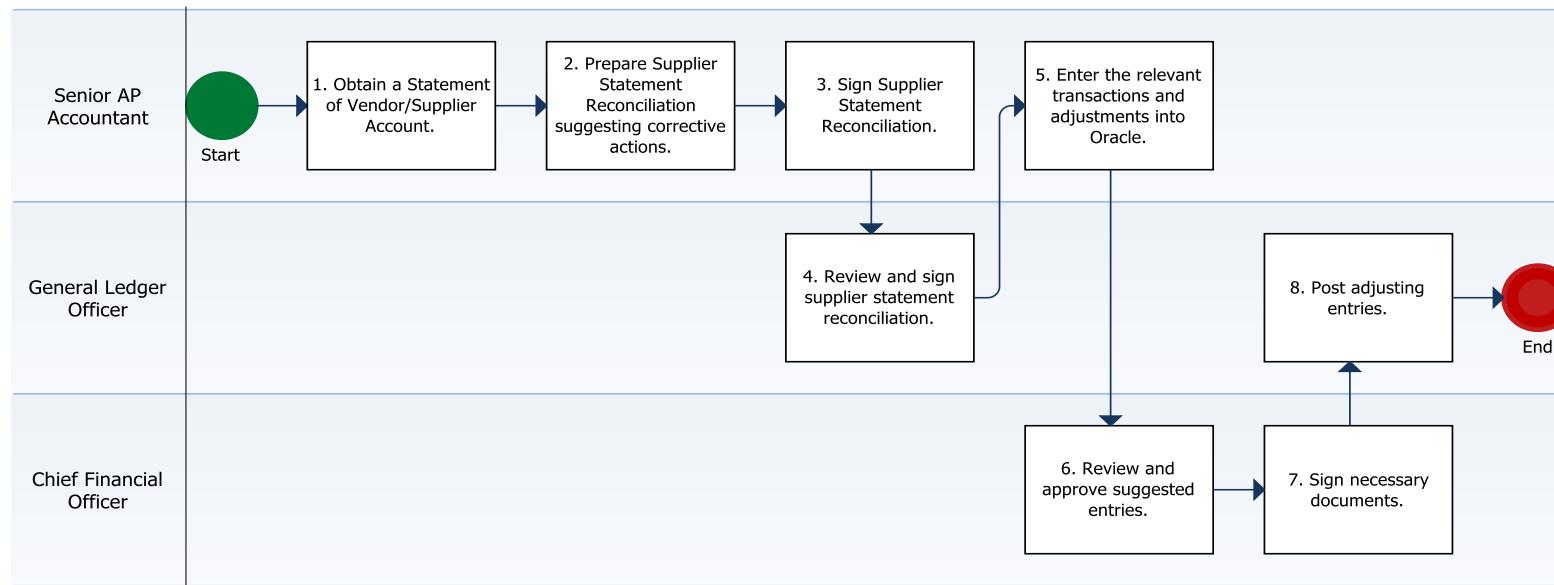
No.	Job Title	Procedure Description	Output/Report/Control
1.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Obtain a Statement of Vendor/Supplier Account ▪ Prepare a Supplier Statement Reconciliation that suggests the necessary corrective actions, if applicable. ▪ Sign the Supplier Statement Reconciliation as the preparer. 	<i>Statement of Vendor/Supplier Account</i> <i>Supplier Statement Reconciliation</i>
2.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review the Supplier Statement Reconciliation and the suggested corrective actions. ▪ Sign the Supplier Statement Reconciliation as the reviewer. 	<i>Reviewed Supplier Statement Reconciliation</i>
3.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Enter the relevant transactions and the necessary adjustments into Oracle. 	<i>Adjusting Entries</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve the suggested entries along with its supporting documents. ▪ Sign the necessary documents as the approver 	<i>Approved entries and signed documents</i>
5.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Post the adjusting entries. 	<i>Posted Entries</i>

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Accounts Payable Reconciliation Flowchart

10.6 Accounts Payable Reconciliation Flowchart



Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Processing Advances To Third Parties Procedures

10.7 Processing Advances To Third Parties Procedures

The following procedures should be followed for processing advances to third parties (including advances for office rent, payments to suppliers, etc.):

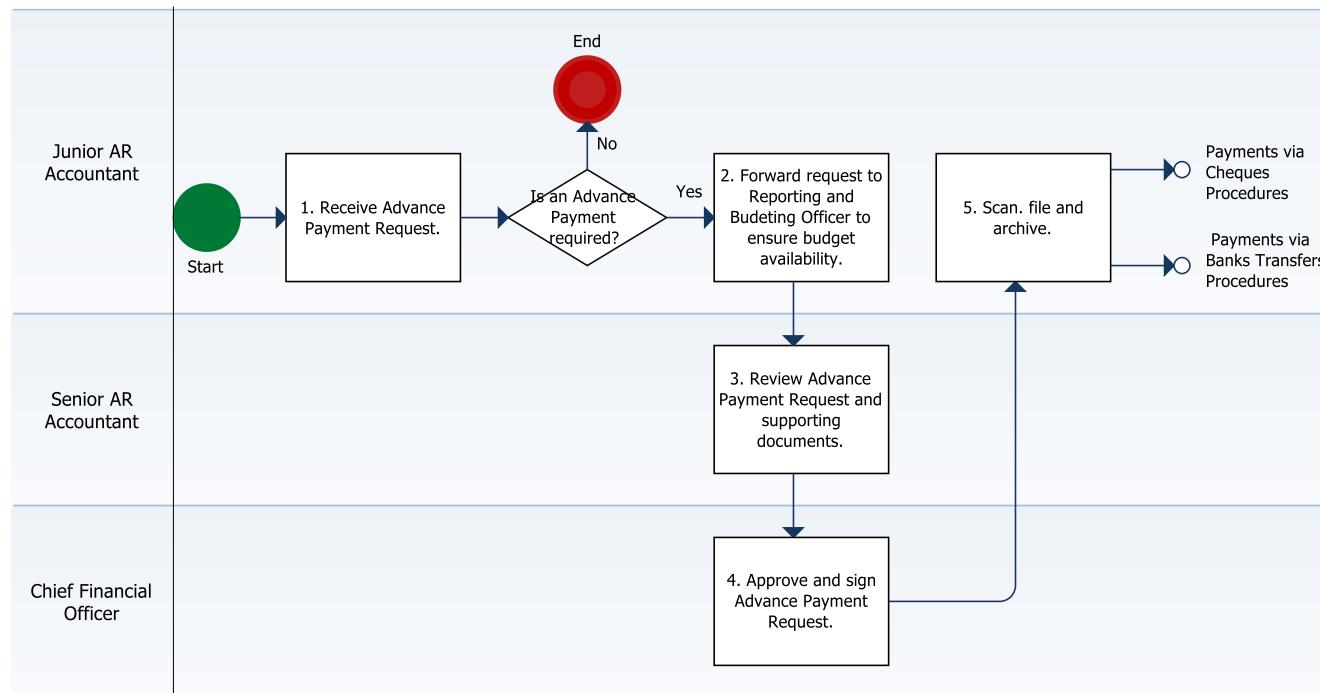
No.	Job Title	Procedure Description	Output/Report/Control
1.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ Receive Advance Payment Request. ▪ Check the terms of the agreement between NA and the third party, to identify a requirement to prepay or advance funds. ▪ Forward to Reporting and Budgeting Officer to check proposed advance payment is within the budget of the respective user department. 	<ul style="list-style-type: none"> ▪ Advance Payment Request ▪ Budget Availability
2.	Senior AP Accountant	<ul style="list-style-type: none"> ▪ Review Advance Payment Request and supporting documents. 	Reviewed documents
3.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve and sign Advance Payment Request. 	Approved Advance Payment Request
4.	Junior AP Accountant	<ul style="list-style-type: none"> ▪ File a copy of the Advance Payment Request along with supporting documents for departmental record. ▪ Proceed to the relevant payment procedure <ul style="list-style-type: none"> ○ Payments via Cheques procedure ○ Payments via Bank Transfers procedure 	File, scan and archive

Finance and Accounting Policies & Procedures Manual

Accounts Payable, Accruals, Provisions and Contingent Liabilities

Processing Advances to Third Parties Flowchart

10.8 Processing Advances to Third Parties Flowchart



Finance and Accounting Policies & Procedures Manual

Revenue

Introduction

11 Revenue

11.1 Introduction

- 11.1.1 This section establishes responsibility, and provides policies and procedures for appropriate and consistent accounting treatment for all revenue related transactions within NA.
- 11.1.2 The purpose of such policies and procedures is to prescribe the appropriate accounting treatment to account for revenue in accordance with International Financial Reporting Standards (IFRS) and leading practices.
- 11.1.3 Revenue of NA is generated from the following main revenue streams:
 - Revenues from the sale of goods
 - Revenues from the rendering of services
- 11.1.4 The scope of revenue policies and procedures includes:
 - Recognition of revenues.
 - Measurement of revenues.

Finance and Accounting Policies & Procedures Manual

Revenue

Revenue Policies

11.2 Revenue Policies

11.2.1 IFRS 15 was introduced in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS.

11.2.2 The Five-Step Model

11.2.2.1 Identify the contract with the customer

11.2.2.2 Identify the performance obligations

11.2.2.3 Determine the transaction price

11.2.2.4 Allocate the transaction price

11.2.2.5 Recognize revenue

The Sale of Goods

11.2.3 Goods include goods purchased for resale, such as medical equipment.

The Rendering of Services

11.2.4 The rendering of services typically involves the performance by the entity of a contractually agreed task over an agreed period of time. The services may be rendered within a single period or over more than one period. Sources of revenue from rendering of services include:

- Revenue from the operation & management of private ambulance services in the UAE
- Revenue from Ambulance Services for Events
- Revenue from Continued Medical Education (CME) programs
- Revenue from Paramedic training and specialized courses

Measurement of Revenue

11.2.5 The amount of revenue arising on a transaction shall be determined by agreement between NA and the buyer of the good or user of the services. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, in case of Events/ Contracts, allowed by NA.

11.2.6 Revenue is recognized once the risks and rewards of ownership of goods have been transferred or over the period the services are provided to customers. Hence revenue pertaining to future periods is recognized as deferred revenue and released to the statement of comprehensive income over the period the goods/services are provided.

Recognizing Revenue from the sale of goods

11.2.7 Revenues from the sale of goods are recognized in accordance with the Five-Step Model detailed above.

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Revenue

Revenue Policies

Recognizing revenue from the rendering of services

11.2.8 In order to make reliable estimates, NA shall have the other parties to the transaction agree to the following:

- Each party's enforceable rights regarding the service to be provided and received by the parties
- The consideration to be exchanged
- The manner and terms of settlement

11.2.9 NA shall review and, if necessary, revise the estimates of revenue as the service is performed. The need for such revisions does not necessarily indicate that the outcome of the transaction cannot be estimated reliably.

11.2.10 NA recognizes revenues from services only when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. However, if NA is uncertain whether amounts that have already been included in revenues are not considered to be collectible, such amounts are recognized as bad debt expense, rather than adjustments to the amount of revenue originally recognized in accordance with NA accounts receivable policies.

11.2.11 NA is generally able to make reliable estimates after the following have been agreed:

- Each party's enforceable rights regarding the service to be provided and received by the parties
- The consideration to be exchanged
- The manner and terms of settlement

11.2.12 The amount of revenue arising on a transaction is usually determined by agreement between NA and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and volume rebates allowed by the entity. In all cases, the consideration is in the form of cash. The amount of revenue is the amount of cash received or receivable.

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Introduction

12 Payroll and Employee End of Service Benefits

12.1 Introduction

- 12.1.1 This chapter establishes responsibility, and provides policies and procedures, for appropriate and consistent accounting treatment of payroll related transactions, employee end of service benefits and post-employment benefits at NA.
- 12.1.2 The chapter covers the following:
- Processing and disbursement of payroll
 - Recording accruals and payments of employees' end of service benefits.
 - Contribution to UAE (Abu Dhabi) pension schemes for local employees

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll and Employee End of Service Benefits Policies

12.2 Payroll and Employee End of Service Benefits Policies

12.2.1 Monthly payroll is calculated from the first day to the last day of the month. All calculations relevant to payroll and End of Service Benefits (EOSB) will be in accordance with Human Resources policies and procedures.

12.2.2 Payroll should be prepared, reviewed, approved and disbursed based on the below timetable:

#	Payroll		
	Activity	Responsibility	Date(s)*
1	Preparation	Human Resources	22nd
2	Audit and Review	Finance Department	25th
3	Approval	Chief Executive Officer	26th /27th
4	Disbursement	Finance Department	27th/28th

*Holidays and weekends to be considered.

12.2.3 Employees' master files shall be maintained by the HR Department and shall include, but not limited to, the following:

- Details of salaries and allowances
- Date of hiring and designation
- Changes and amendments in the basic salary and allowances, increments and promotions
- Employment contracts and work permits
- Any other related information: bonuses, claims, etc.
- Employee's bank information

12.2.4 Personnel and payroll data are strictly confidential information and shall not be shared with unauthorized persons.

Recognition and Measurement of Employee Benefits

Short-term Employee Benefits

12.2.5 Short-term employee benefits include (but are not limited to) the under mentioned items:

- Wages and salaries
- Short-term compensated absences (i.e. paid annual leave and paid sick leave)
- Performance related bonuses and increments
- Non-monetary benefits (such as medical care, housing and life insurance etc.)

12.2.6 Short-term employee benefits are measured on an undiscounted basis. NA recognizes the expected cost of short-term employee benefits when:

- NA has a present legal or constructive obligation to make such payments
- As a result of past events; and
- A reliable estimate of the obligation can be made.

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll and Employee End of Service Benefits Policies

Wages and salaries

12.2.7 A liability and an expense are recognized when an employee has rendered services.

Performance related bonuses

12.2.8 A liability and an expense are recognized when NA has a present legal or constructive obligation to make payments as a result of past events and a reliable estimate can be made of the amount payable.

12.2.9 A bonus is only recognized when a reliable estimate can be made of the amount payable. A reliable estimate can be made when:

- The formal terms of the bonus plan contain a formula for determining the amount payable;
- □ The amount payable is determined before the financial statements are authorized for issue; or
- □ Past practice gives clear evidence of the amount of the obligation.

Short term compensated absences

12.2.10 Short term compensated absences are periods during which an employee does not provide services to the employer, but employee benefits continue to be paid.

12.2.11 Typical examples of compensated absences include:

- □ Annual leave
- □ Sick leave
- □ Maternity leave

12.2.12 Accumulating absences are typically earned by employees as they provide services whereas non-accumulating absences are not related to services. Of the examples listed above, sick leave and maternity leave are usually non-accumulating whereas annual leave entitlements may be accumulating or non-accumulating.

12.2.13 Identifying absences as accumulating or non-accumulating is important as it will determine the timing of recognition as an expense. The expected cost of compensated absences is recognized as follows:

- In the case of accumulating compensated absences, the cost of compensated absences is recognized when the employees render services that increase their entitlement to future compensated absences.
- In the case of non-accumulating compensated absences, the cost of compensated absences is recognized when the absences occur.

Post-employment Benefits

(Defined Contribution Plans) – For UAE and GCC Nationals (Pension)

12.2.14 The post-employment benefits for UAE Nationals at NA will be accounted for in accordance with the provisions of applicable Labor Laws; certain contributions will be made by the employee and NA to the concerned pension authorities for UAE and GCC Nationals.

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll and Employee End of Service Benefits Policies

12.2.15 When an eligible employee has rendered services to NA during a period, NA shall recognize the contribution payable to a defined contribution plan in exchange for that service as follows:

- A liability (accrued expense), after deducting any contribution already paid
- An expense to be reflected in the Statement of Funding and Expenditure

12.2.16 Pension contributions for UAE Nationals are set at 20% of the secured salary or remuneration. The 20% contribution rate is distributed according to the following:

- 5% of the contributory pension salary paid by the employee; and
- 15% of the contributory pension salary paid by NA.
- The entity shall disclose the amount recognized as an expense for defined contribution plans.

12.2.17 The following table depicts the percentage of basic salary deductions and contributions to be made for NA National and GCC employees:

Employee Nationality	NA Contribution	Employee Contribution
Emirati	15%	5%
Bahraini	15%	9%
Saudi	9%	9%
Kuwaiti	11%	6%
Qatari	10%	5%
Omani	15.4%	6.4%

12.2.18 Pension contributions will be deducted from employee's payroll and paid by NA.

12.2.19 Pension contributions shall be stated in the financial statements using the accrual basis of accounting.

End of Service Benefits

12.2.20 NA provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' last salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

12.2.21 A provision for the end of service benefits due to expatriate employees is provided for in accordance with the UAE Labor Law for their periods of service up to the reporting date.

Termination Benefits

12.2.22 NA shall recognize termination benefits as a liability and an expense when, and only when NA is demonstrably committed to either:

- Termination of an employee's employment before the normal retirement date
- Termination benefits provided as a result of an offer made in order to encourage voluntary redundancy

12.2.23 In deciding whether to classify a particular benefit as a termination benefit or a post-employment benefit, the following guideline is used; termination benefits generally have three characteristics:

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll and Employee End of Service Benefits Policies

- The benefits are offered for a clearly defined period;
- There is no legal or constructive obligation on NA to extend the closing date, although extensions might be made, at NA's discretion. Repeated practice of doing this is likely to establish a constructive obligation; and
- There is no link between the amount of benefit received and the number of years spent providing services at NA

Payroll Processing

12.2.24 NA shall operate a centralized HR payroll system for the processing of payroll.

12.2.25 Monthly Payroll Register Report shall be generated by the HR Department.

12.2.26 The Finance Department shall receive the following documents – Including but not limited to - from the HR Department for the processing of the Monthly (Full-time and Part-time) payroll and other employee benefits:

- Payroll Register Report
- Pay Change Report
- Expatriate Allowance Worksheet
- Payroll Changes Summary (Additions/Deductions/Divers)
- Pension Contributions Report
- New Joiners and Termination Report
- End of Service Provision Report
- Business Travel Authorization Form
- Business Travel Expenses Report
- Overtime Claim Form

12.2.27 Master/personnel files for salaries of NA employees will be updated by the HR Department. This update, (not restricted to the under mentioned) should include the following:

- Incorporation of new recruitments in master/personnel files
- Incorporation of amendments in master/personnel files i.e. promotion, termination, personal loans, unpaid leave, other personal documents (leave application, certificates etc.) or transfer

12.2.28 Accruals for employees earned leave balance/air ticket, education etc., shall be accounted for at the reporting date.

12.2.29 The Finance Department shall be responsible for allocating employee expenses on monthly basis into relevant expense accounts and cost centres.

Payroll Disbursement

12.2.30 Payment of salaries of employees shall be made only through electronic salary transfer system i.e. as per the regulatory norms to the NA employee's bank accounts on a monthly basis.

12.2.31 Pay slips shall be distributed to all employees after salaries are processed and deposited in employees' bank accounts.

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll and Employee End of Service Benefits Policies

Employee Advances

- 12.2.32 A payroll advance may be granted to any NA employee in the event that circumstances defined as unforeseen, unplanned and unavoidable require the employee to secure funds on short notice.
- 12.2.33 A payroll advance will not exceed the sum of an employee's accumulated End of Service Benefit and Security Fund "reserve". Such payroll advance will be secured by the End of Service Benefit, to which the employee is expected to agree at the time of applying for the payroll advance.
- 12.2.34 Repayments to NA must be made through payroll deductions.
- 12.2.35 If the employee terminates prior to repayment of the advance, the advance balance due at the time of termination shall be deducted from the employee's final payroll; this shall include using the employee's accrued annual leave, accrued End of Service Benefits and Security Fund if applicable, in order to settle the advance due if necessary.

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll Processing Procedures

12.3 Payroll Processing Procedures

The following procedures shall be followed for monthly Payroll Processing and review for Permanent and Part-Time Staff upon processing of payroll details carried out by NA's Human Resources Department in Oracle:

No.	Job Title	Procedure Description	Output/Report Control
1.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Receive Monthly Payroll Register Report alongside the following supporting documents from HR: <ul style="list-style-type: none"> ○ Pay Change Report ○ Expatriate Allowance Worksheet ○ Payroll Changes Summary (Additions/Deductions/Divers) ○ Pension Contributions Report ○ New Joiners and Termination Report ○ End of Service Provision Report ○ Payroll Additions/Deductions Report ○ Overtime Claim Form ▪ Ensure that the Payroll Register Report and supporting documents are signed by executive personnel in the HR Department. ▪ Review all supporting documents against samples of Payroll Register Report and suggest necessary corrections (if required). ▪ In case of errors, coordinate with the HR Department for rectification. ▪ Verify the following: <ul style="list-style-type: none"> ○ Month to month variance figures in the Payroll Register Report are in line with the appropriate supportive documents and provided justifications ○ Overtime Claim Form hours/total amounts are calculated accurately 	<p><i>Receipt of Payroll Register Report and Supporting Documents</i></p> <p><i>Reviewed Supporting Documents against Payroll Register Report</i></p> <p><i>Verification of support documents</i></p>

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll Processing Procedures

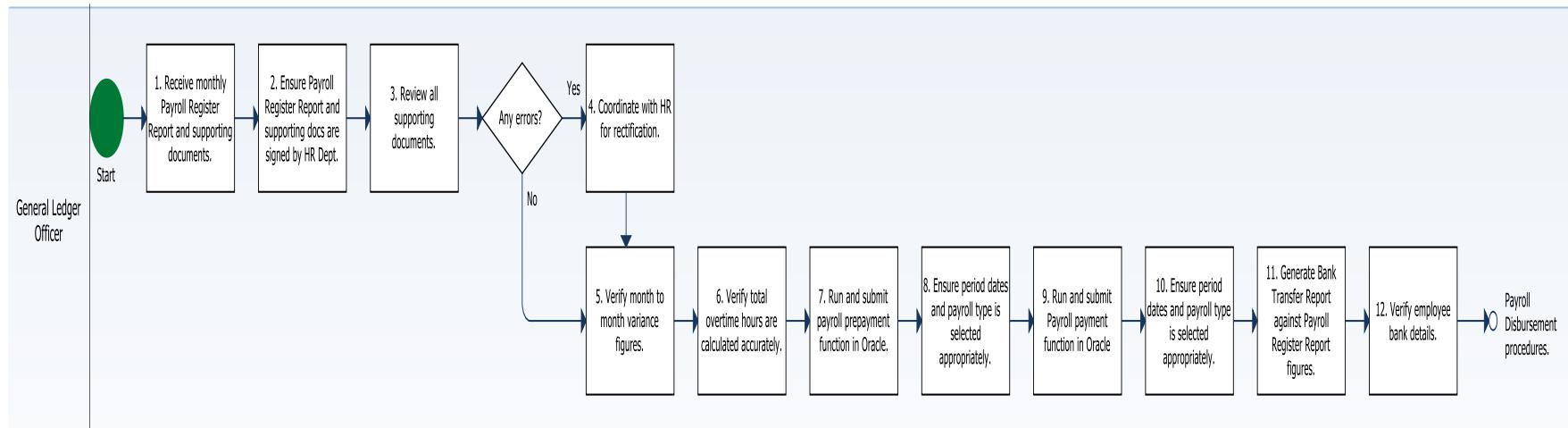
No.	Job Title	Procedure Description	Output/Report/Control
		<p>as per approved hourly wages.</p> <ul style="list-style-type: none"> ▪ Run and submit Payroll Prepayment function in Oracle. ▪ Ensure that the period dates and payroll type is selected appropriately. ▪ Run and submit Payroll Payment function in Oracle. ▪ Ensure that the period dates and payroll type is selected appropriately. ▪ Generate Bank Transfer Report and match against Payroll Register Report figures. ▪ Verify Employee bank details: any changes in Employee Banking details are supported by the appropriate documents i.e. IBAN Reference Letter, etc. ▪ Proceed to <u>Payroll disbursement procedure</u>. 	<i>Payroll Prepayment</i> <i>Payroll Payment function</i> <i>Bank Transfer Report</i>

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll Processing Flowchart

12.4 Payroll Processing Flowchart



Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll Disbursement Procedures

12.5 Payroll Disbursement Procedures

The following procedures shall be followed for the disbursement of monthly payroll payments for both Full-time and Part-time employees at NA:

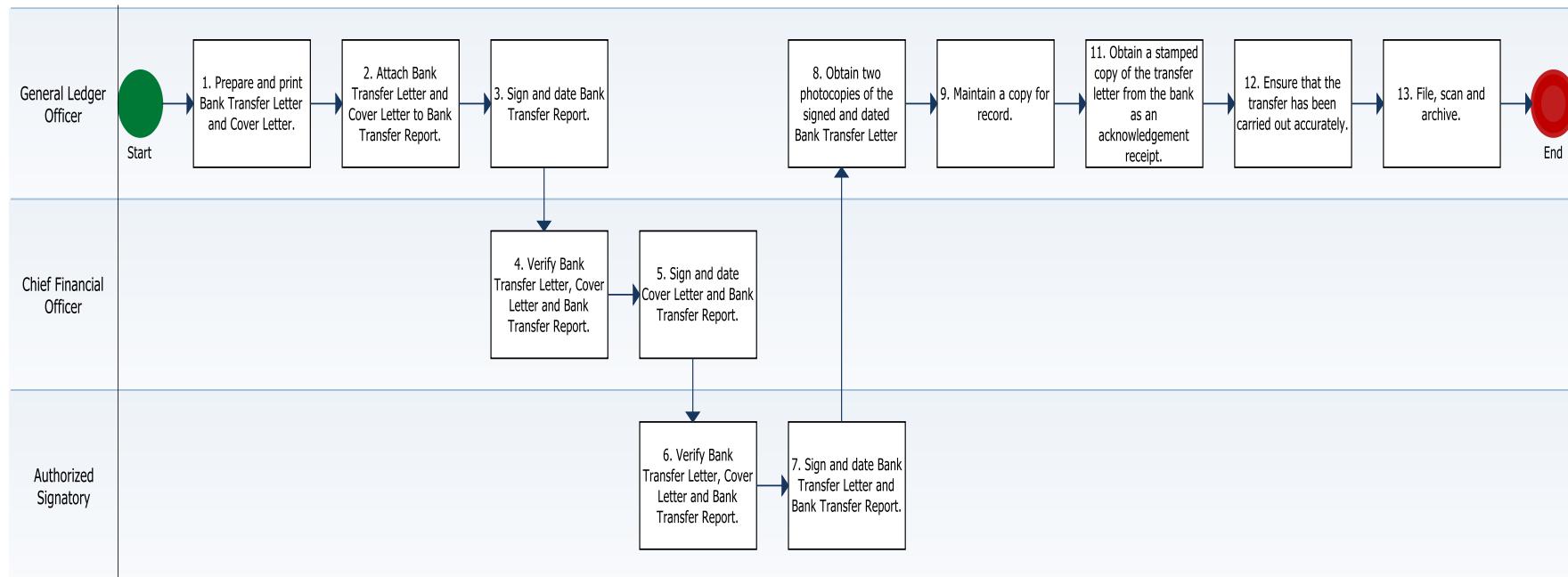
No.	Job Title	Procedure Description	Output/Report/Control
1.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Prepare and print Bank Transfer Letter and Cover Letter. ▪ Attach Bank Transfer Letter and Cover Letter to Bank Transfer Report. ▪ Sign and date Bank Transfer Report. 	<i>Bank Transfer Letter</i> <i>Cover Letter</i> <i>Signed Bank Transfer Report</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Verify Bank Transfer Letter, Cover Letter and Bank Transfer Report. ▪ Sign and date Cover Letter, Bank Transfer Report. 	<i>Verification of documents</i> <i>Signed and dated documents</i>
3.	Authorized Signatories	<ul style="list-style-type: none"> ▪ Review Bank Transfer Letter, Cover Letter, Bank Transfer Report. ▪ Sign and date Bank Transfer Letter, Bank Transfer Report. 	<i>Reviewed documents</i> <i>Signed and dated documents</i>
4.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Obtain two photocopies of the signed and dated Bank Transfer Letter. ▪ Maintain one copy for record and the other to attach to the original, and provide the bank with the Bank Transfer Report. ▪ Obtain an acknowledgment receipt from the bank (Stamped copy of the Bank Transfer Letter). ▪ Ensure that the transfer has been carried out accurately i.e. to the relevant bank accounts and in a timely manner. ▪ File all documents for record. 	<i>Photocopies of Bank Transfer Letter</i> <i>Sent Bank Transfer Letter/Bank Transfer Report</i> <i>Stamped Copy of Bank Transfer Letter</i> <i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Payroll Disbursement Flowchart

12.6 Payroll Disbursement Flowchart



Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Employee End of Service Benefits (EOSB) Procedures

12.7 Employee End of Service Benefits (EOSB) Procedures

The following procedures shall be followed for the processing of End of Service Benefits (EOSB) at NA

No.	Job Title	Procedure Description	Output/Report/Control
1.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Receive the following from the HR Department: <ul style="list-style-type: none"> ○ EOSB Final Settlement Sheet ○ EOSB Clearance Form(s) ○ Resignation Acceptance Letter(s) ▪ Ensure that documents are signed and dated by the Employee, HR Department Head, User Department Head and other Authorized Personnel. ▪ Review Payroll Register Report/ EOSB Final Settlement Sheet and verify that all relevant calculations are accurate. ▪ Match EOSB calculated for employees departing NA to the accrual on balance in the system. ▪ In case of errors, contact HR Department for rectification. ▪ Verify if there is any liability outstanding owed to NA. If yes, proceed to Step 2. If not proceed to step 3. 	<i>Receipt of EOSB Supporting Documents</i> <i>Verification of calculations</i> <i>EOSB Matching</i> <i>Liability Verification</i>
2.	Senior AR Accountant	<ul style="list-style-type: none"> ▪ Collect outstanding liabilities owed by the Employee to NA. 	<i>Collection of liabilities</i>
3.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Ensure the collection of liabilities by checking the system. ▪ Run and submit Payroll Prepayment function in Oracle. ▪ Ensure that the period dates and payroll 	<i>Payroll Prepayment</i>

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Employee End of Service Benefits (EOSB) Procedures

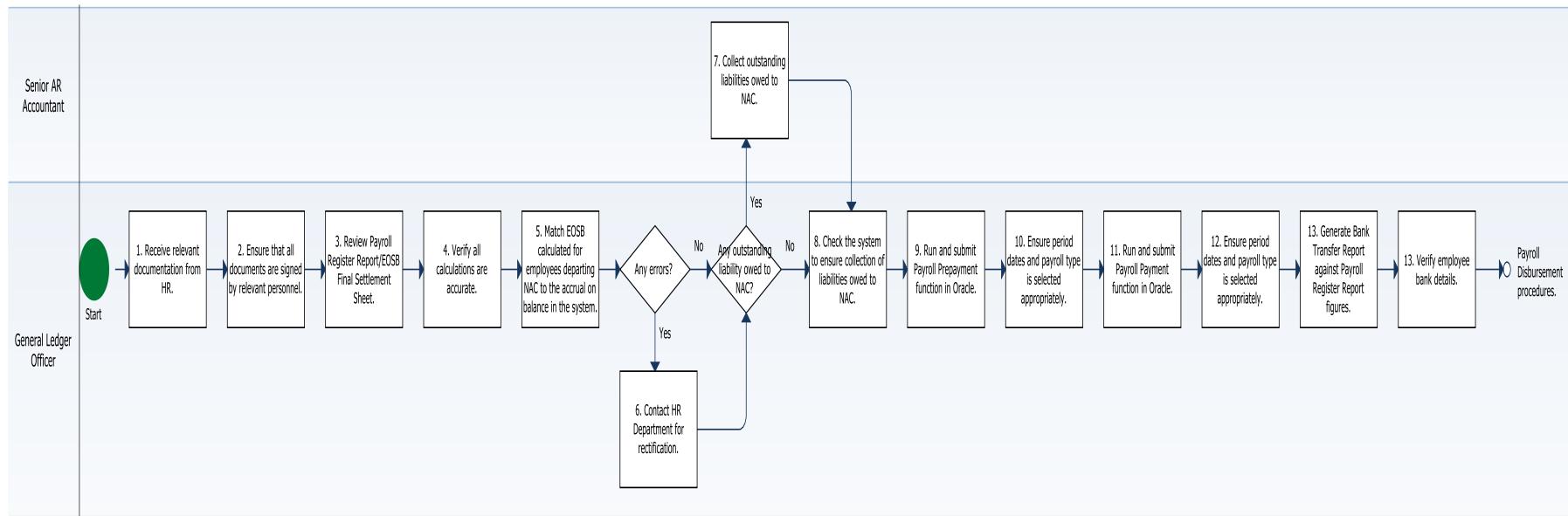
		<p>type is selected appropriately.</p> <ul style="list-style-type: none"> ▪ Run and submit Payroll Payment function in Oracle. ▪ Ensure that the period dates and payroll type is selected appropriately. ▪ Generate Bank Transfer Report and match against Payroll Register Report figures. ▪ Verify Employee bank details; Any changes in Employee Banking details are supported by the appropriate documents i.e. IBAN Reference Letter etc. 	<i>Payroll Payment function</i> <i>Bank Transfer Report</i> <i>Verified Employee bank details</i>
4.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Proceed to <u>Payroll Disbursement procedure</u> 	

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Payroll and Employee End of Service Benefits

Employee End of Service Benefits (EOSB) Flowchart

12.8 Employee End of Service Benefits (EOSB) Flowchart



Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Other Employee Payments Procedures

12.9 Other Employee Payments Procedures

The following procedures shall be followed for the disbursement of Other Employee Payments i.e. Quick Run Payments that include: Loans/Advances, Annual Tickets and Reimbursement Claims at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Receive relevant supporting documents from HR Department and ensure they are signed by the HR Department Head, User Department Head and other Authorized Personnel. ▪ Relevant documentation includes: <ul style="list-style-type: none"> ○ Annual Ticket/Salary Advance <ul style="list-style-type: none"> For UAE Nationals: National Ticket Encashment Form For Expatriates: Leave Application Form Salary advance request will be reviewed in Oracle ○ Reimbursement Claim <ul style="list-style-type: none"> Expenses Claim Form Receipts/Invoices ▪ Review completed forms and supporting documents information. ▪ Run and submit Quick Run Payroll Function. ▪ Run and submit Payroll Payment function in Oracle. ▪ Ensure that the period dates and payroll type is selected appropriately. ▪ Generate Bank Transfer Report and match against Payroll Register Report figures. ▪ Verify Employee bank details; any changes in Employee Banking details are supported by the appropriate 	<i>Receipt of relevant documentation</i> <i>Reviewed Forms</i> <i>Quick Run Payroll Function</i> <i>Payroll Payment function</i> <i>Bank Transfer Report</i>

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Other Employee Payments Procedures

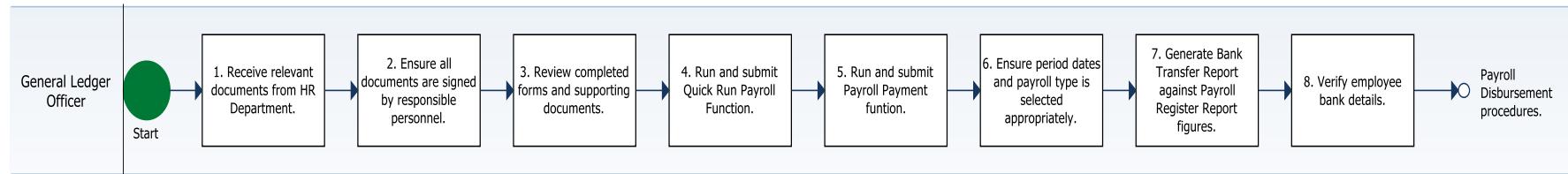
No.	Job Title	Procedure Description	Output/Report/ Control
		<p>documents i.e. IBAN Reference Letter etc.</p> <ul style="list-style-type: none"> ▪ Proceed to <u>Payroll Disbursement procedure.</u> 	<p><i>File, scan and archive</i></p>

Finance and Accounting Policies & Procedures Manual

Payroll and Employee End of Service Benefits

Other Employee Payments Flowchart

12.10 Other Employee Payments Flowchart



Finance and Accounting Policies & Procedures Manual

Related Party Transactions

Related Party Transactions Policies

13 Related Party Transactions

- Applicable Standards:
 - IAS 24: Related Party Disclosures;
 - IAS 28: Investments in Associates.

13.1 Related Party Transactions Policies

Identification of Related Party Transactions

13.1.1 Identification of related parties will be carried out in accordance with IAS 24: Related Party Disclosures; to ensure that NA's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and Statement of Comprehensive Income may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

13.1.2 IAS 24: Related Party Disclosure defines the related party as a party that is:

- Directly, or indirectly related through one or more intermediaries, and it:
 - Controls, or is controlled by, or is under common control with, NA (this includes parents, subsidiaries and fellow subsidiaries);
 - Has an interest in NA that gives it significant influence over it; or
 - Has joint control over NA
 - An associate (as defined in IAS 28: Investments in Associates) of NA. An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.
 - A joint venture in which NA is a venturer;
 - A member of the key management personnel of NA or its parent;
 - Is a close member of the family of any individual referred to above;
 - Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with NA. They may include:
 - The individual's domestic partner and children;
 - Children of the individual's domestic partner; and
 - Dependents of the individual or the individual's domestic partner.
 - Is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above; or

13.1.3 A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Finance and Accounting Policies & Procedures Manual

Related Party Transactions

Related Party Transactions Policies

13.1.4 The following are general examples (not an exhaustive list) of transactions that will be disclosed if they are with a related party:

- Purchases or sales of property and other assets
- Rendering or receiving of services
- Leases
- Transfers of results of research and development
- Transfers under license agreements
- Provision for doubtful debts related to the amount of outstanding balances
- Settlement of liabilities on behalf of NA or by NA on behalf of another party etc.

Disclosures

Relationships between Parents and Subsidiaries

13.1.5 Relationships between parents and subsidiaries should be disclosed irrespective of whether there have been transactions between those related parties.

13.1.6 NA shall disclose the name of the parent and, if different, the ultimate controlling party.

Management Compensation

13.1.7 Disclosure of key management personnel compensation should be made in the financial statements, in total and for each of the following categories:

- Short and long-term employee benefits
- Post-employment benefits
- Other long-term benefits
- Termination benefits
- Share based payments.

13.1.8 Key management personnel shall be those persons having authority and responsibility for planning, directing, and controlling the activities of NA, directly or indirectly.

Related Party Transactions

13.1.9 Disclosure of the transactions between related parties is based on the nature of the related party relationship, as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

13.1.10 These disclosures would be made separately for each category of related parties and would include:

- The amount of the transactions;
- The amount of outstanding balances, including terms and conditions and guarantees;

Finance and Accounting Policies & Procedures Manual

Related Party Transactions

Related Party Transactions Policies

- Provisions for doubtful debts related to the amount of outstanding balances; and
- Expense recognized during the period in respect of doubtful debts due from related parties.

13.1.11 NA will be exempted from the above disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

- A government that has control, joint control or significant influence over the Entity; and
- Another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity

13.1.12 If a reporting entity applies the exemption in the previous paragraph, it shall disclose the following about the transactions and related outstanding balances related to that exemption:

- The nature and amount of each individually significant transaction; and
- For other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent

Aggregation

13.1.13 Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of NA.

13.1.14 The required disclosures shall be made separately for each of the following categories:

- The parent;
- Entities with joint control or significant influence over NA;
- Subsidiaries;
- Associates;
- Joint ventures in which NA is a venture;
- Key management personnel of NA or its parent; and
- Other related parties.

Authorization

13.1.15 Related party transactions are authorized and approved as per NA's approved Consolidated Delegation of Authority Matrix.

Balance Confirmation of Related Parties

13.1.16 At the end of each reporting period, the Authorized Personnel will carry out a confirmation of related party balances.

13.1.17 The verification letter sent to the related party should include the details of any movement in the balance.

13.1.18 Balances between parent and subsidiaries should be reconciled by both the Parent and NA. Any resulting discrepancies shall be resolved by the Finance Department of involved parties.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Introduction

14 Financial Statements Closing Process and Reporting

14.1 Introduction

- 14.1.1 This section establishes policies and procedures to serve as a framework for the financial statements closing process in order to effectively and efficiently prepare financial statements and management reports on a timely basis.
- 14.1.2 Financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS).
- 14.1.3 The purpose of financial statements closing policies and procedures is to establish policies and guiding procedures for the closing process in accordance with leading practice.
- 14.1.4 The Finance Department will be responsible for the preparation of the financial statements and management reports, which will provide financial information of NA's operations, assets, liabilities, revenues and expenditures in accordance with IFRS.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

14.2 Financial Statement Closing Process Policies

Financial Statement Closing Process – Overall Process Description

14.2.1 The financial year of NA is January 1st through December 31st, each year.

14.2.2 The Financial Statement Closing Process (FSCP) of NA comprises the following five stages:

- Closing the general ledger and relevant sub ledgers
- Completing non-routine transactions
- Determining the accounting assumptions/estimates
- Objectives of the Financial statements
- Presentation of the Financial reports

14.2.3 The Finance Department of NA shall be responsible for the issuance of overall accounts closure guidelines and timetable on closing procedures and issuance of Financial Statements. In this regard, guidelines will be issued for the following:

- Physical verification (at year-end)
- Confirmation of balances (at year-end)
- Provisions, accruals and adjustments (at year-end)
- Closure and reconciliation of Accounts Receivable Module (Monthly)
- Closure and reconciliation of Accounts Payable Module (Monthly)
- Closure and reconciliation of Fixed Assets Module (Monthly)
- Closure and reconciliation of Cash and Banks Module (Monthly)
- Reconciliations (monthly)
- Trial balance issuance

14.2.4 Under the direct supervision of the CFO, the Finance team will be responsible for the closing process according to the following:

- Establish and coordinate the monthly/yearly financial closing
- Establish all monthly/yearly closing schedules to determine that the financial statements are completed within stipulated time
- Prepare the monthly financial statements in accordance with IFRS.
- Support senior management in the areas of financial reporting and analysis
- Monitor financial activities through preparation of variance analysis of all financial statement accounts.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

Closing the General Ledger

Monthly/Yearly Financial Closing

- 14.2.5 NA accounts will be closed on a monthly basis for internal reporting purposes and on a yearly basis for internal and external reporting purposes.
- 14.2.6 The general ledger shall be closed at the end of each month.
- 14.2.7 A final trial balance of each month will be extracted and forwarded to the CFO for review.
- 14.2.8 The net of total debit and credit accounts in the preliminary/draft trial balance should be zero; any variances should be immediately investigated and resolved.
- 14.2.9 The total of all sub ledger balances i.e. accounts receivable, accounts payable, inventory, staff balances etc., (and any other sub ledgers that have been established) must be reconciled with respective accounts in the general ledger.
- 14.2.10 The CFO shall be responsible to review and confirm that:
 - The general ledger has been properly closed
 - The next accounting period has been successfully opened and the opening balances have been accurately stated.

Completing Non-routine Transactions

Confirmation of Account Balances

- 14.2.11 Confirmation of key account balances will be performed prior to the closing month of the financial period.
- 14.2.12 At minimum confirmations shall be obtained for each of the following:
 - Bank accounts (annually)
 - Prime vendors/contractors (annually)
 - Related parties (annually)
 - Intercompany transactions
- 14.2.13 Relevant reconciliations must be completed before closure of each month.

Accruals & Provisions

- 14.2.14 Accruals and provisions will be provided for on a periodic/ yearly basis. The following should be accounted for (but not limited to):
 - Goods received not invoiced
 - Services received not invoiced
 - End of service benefits

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

- Annual leave balances
- All outstanding expenses
- Accrued revenue not invoiced
- Slow moving stock/obsolescence provision
- Bad debts allowances
- Depreciation & amortization of all assets
- Other accruals and provisions

Prepayments

14.2.15 Prepayments will be accounted for at the end of each month. The following prepayments will be accounted for:

- Prepaid rent
- Prepaid insurance
- Other prepaid expenses

14.2.16 Prepayments must be supported by an approved schedule, detailing the basis of prepaid expenses allocation.

Depreciation, Amortization and other Non-routine Transactions

14.2.17 The following adjusting entries will be made at end of each the month:

- Depreciation of fixed assets
- Amortization of intangible assets
- Bank charges and other interest etc.

14.2.18 All non-routine transactions adjustments will be supported by approved documentation.

Determining Accounting Assumptions/Estimates

Position Paper Documentation

14.2.19 A position paper shall be prepared for each area of significant accounting judgment, estimates or assumptions. The position paper shall state the following:

- The basis of the assumption judgment or estimate
- The support evidence for the basis of preparation
- The method of calculation
- Any other information which is relevant.

14.2.20 In accordance with the above, the following areas may involve (but not limited to) a significant degree of accounting judgment, estimates and assumptions:

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Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

- Impairment of fixed assets
- Provision expenses of all types, etc.

14.2.21 The position paper for any item which has a significant or material impact on the presentation of the financial statements should also be approved in accordance with the Delegation of Authority Matrix.

Objectives of the Financial Statements

14.2.22 The objectives of general purpose financial reporting for NA is to provide information useful for decision making, and to demonstrate the accountability of NA for the resources entrusted to it by providing information about:

- The sources, allocation and uses of financial resources
- How the entity finances its activities and meets its cash requirements
- Information that is useful in evaluating the entity's ability to finance its activities and to meet its liabilities and commitments
- The financial condition of NA or and changes in its financial conditions
- Information that is useful in evaluating the entity's performance

Presentation of Financial Reports

Monthly Reporting

14.2.23 After the preparation of the monthly closing trial balance, the following financial information (reports) and analysis will be produced for each month:

- A monthly reporting pack including, as a minimum:
 - Actual versus budgeted amounts
 - Updates on the annual profit plan with the achieved results to date
 - Analysis of Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income key items
 - Analysis of key financial and operating ratios
 - Finance department comments on the results of operations and recommendations to improve performance

Annual Financial Reporting

14.2.24 IAS 1: Presentation of Financial Statements, states that a complete set of financial statements comprises the following:

- Statement of Financial Position as at the end of the period;
- A Statement of Profit or Loss and other Comprehensive Income for the period;
- A Statement of Changes in equity for the period;

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Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

- A Statement of Cash Flows for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information.

14.2.25 NA must at least annually present a complete set of financial statements (including comparative information).

Statement of Financial Position

14.2.26 NA should disclose, either on the face of the Statement of Financial Position or in the notes, further sub classifications of the line items presented, classified in a manner appropriate to the Entity's operations.

14.2.27 The detail provided in sub classifications depends on the requirements of IFRS and on the size, nature and function of the amounts involved. The required disclosures shall vary for each item, for example:

- Items of fixed assets are disaggregated into classes in accordance with IAS 16;
- Receivables are disaggregated into amounts receivable from borrowers;
- Receivables from related parties, prepayments and other amounts;
- Provisions are disaggregated into provisions for employee benefits and other items;
- Equity capital and reserves are disaggregated into various classes, such as paid-in capital, share premium and reserves;
- Commitment against vendor/ supplier contracts.

Statement of Profit or Loss and other Comprehensive Income

14.2.28 The profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:

- Revenue;
- Expenses;
- Cost of sales;
- Gains and losses arising from the derecognition of financial assets measured at amortized cost;
- Finance costs;
- Earnings per share;
- Extraordinary items (items that are not expected to happen frequently but have a major (Material) impact on the current years operations)
- If a financial asset is reclassified so that it is measured at fair value, any gain or loss arising from a difference between the previous carrying amount and its fair value at the reclassification date (IFRS 9);
- A single amount for the total of discontinued operations (IFRS 5).

14.2.29 When items of income or expense are material, an entity shall disclose their nature and amount separately in the statement(s) of profit or loss and other comprehensive income.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

- Circumstances that would give rise to the separate disclosure of items of income and expense include:
 - Write-downs of inventories to net realizable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;
 - Restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;
 - Disposals of items of property, plant and equipment;
 - Disposals of investments;
 - Discontinued operations;
 - Litigation settlements; and
 - Other reversals of provisions

14.2.30 The same process used for preparation of the monthly management reporting template will be used for preparation of the year end reporting template.

Statement of Changes in equity for the period

14.2.31 Equity is the residual interest in the assets of NA after deducting all its liabilities.

14.2.32 NA should present, as a separate component of its financial statements, a statement showing:

- Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;
- For each component of equity, the effects of retrospective application or retrospective restatement recognized in accordance with IAS 8;
- For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
 - Profit or loss;
 - Other comprehensive income; and
 - Transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.

14.2.33 In addition to the above, NA should present the following, either within this statement or in the notes:

- An analysis of other comprehensive income by item.
- The amount of dividends recognized as distributions to owners during the period, and the related amount of dividends per share.

Statement of Cash Flows

14.2.34 The cash flow statement provides users of financial statements with a basis to assess NA's ability to generate cash and the needs of NA in utilising those cash flows.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

14.2.35 The cash flow statement reports cash flows during the period classified by operating, investing and financing activities.

Operating Activities

14.2.36 The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of NA are funded from the recipients of goods and services provided.

14.2.37 Cash flows from operating activities are primarily derived from the principal cash generating activities of NA.

Financing Activities

14.2.38 Disclosure of cash flows arising from financing is useful in predicting claims on future cash flows by providers of capital.

Notes to the financial statements

14.2.39 The financial statements of NA should:

- Describe the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events
- Disclose the information in accordance with IFRS that is not presented elsewhere in the financial statements
- Provide additional information which is not presented on the face of the financial statements but that is necessary for a fair presentation

14.2.40 Notes to the financial statements are presented in a systematic manner and significant items on the face of the statement of financial performance, statement of financial position and cash flow statement should be cross referenced to any related information in the notes.

14.2.41 In order to assist users in understanding the financial statements and comparing them with those of other entities, notes are normally presented in the following order:

- Statement of compliance with IFRS
- Statement of the measurement basis (bases) and accounting policies applied
- Supporting information for items presented on the face of each financial statement in the Order in which each line item and each financial statement is presented
- Other disclosures, including contingencies, commitments and other financial disclosures; and Non-financial disclosures.

14.2.42 NA should disclose the following if not disclosed elsewhere within the information published in the financial statements:

- The domicile and legal form of NA
- The jurisdiction within which NA operates
- A description of the nature of NA's operations and principal activities

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

- A reference to the relevant legislation governing NA's operations
- The name of the controlling entity and ultimate controlling entity of the entity itself

Related Parties

14.2.43 Please refer to [Related Parties Transactions section.](#)

Disclosure of remuneration of key management personnel

14.2.44 NA should disclose:

- The aggregate remuneration of key management personnel and the number of individuals, determined on a full time equivalent basis, receiving remuneration within this category, showing separately major classes of key management personnel and including a description of each class
- The total amount of all other remuneration and compensation provided to key management personnel, and close members of the family of key management personnel, by the reporting entity during the reporting period
- Loans which are not widely available to persons who are not key management personnel and loans whose availability is not widely known by members of the public, for each individual member of key management personnel and each close member of the family of key management personnel

General

Financial Statements Approval and Distribution

14.2.45 Approval over the following should be in accordance with NA's Consolidated Delegation of Authority Matrix:

- Monthly financial statements (management reports) will be approved by the CFO and CEO
- Year-end financial statements will be approved by the CFO and CEO and subsequently approved by the BOD.
- Any financial information included in reports to any outside third party, either directly or by reference, must be approved by the CEO, prior to distribution.
- It should be ensured that a copy of the signed financial statements is retained on a file, for record keeping.

14.2.46 Access to accounting and reporting applications should be limited to the appropriate and authorized individuals.

Financial Statements Audit

14.2.47 Year-end financial statements will be audited by independent external auditors.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Financial Statement Closing Process Policies

14.2.48 External auditors will be provided with timely, accurate, and reliable financial information in the form of an un-audited trial balance (as mentioned above) and draft financial statements with full disclosures by year-end, after review and approval of the draft financial statements by NA management.

14.2.49 All adjusting entries proposed by external auditors will be reviewed and approved by the CFO and CEO prior to inclusion in the financial statements.

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Monthly Closing Procedures

14.3 Monthly Closing Procedures

The following procedures shall be followed for monthly closing at NA:

No.	Job Title	Procedure Description	Output/Report/ Control
1.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Under the instructions from the CFO, issue/update guidelines and timetable on monthly closing procedures to all relevant departments coordinating the closing of accounts for the current month ▪ Perform Closure of Financial Modules <ul style="list-style-type: none"> ▪ Close/ Ensure the closure of the following modules in Oracle in coordination with other departments and functions and as per the closing timetable: <ul style="list-style-type: none"> ○ Payroll ○ Accounts receivables ○ Accounts payables ○ Property, plant, and equipment ○ Purchasing ○ Cash management ○ General ledger 	<i>Guidelines for Closing Process</i>
2.	Senior Accountant	<p>Non Routine Transactions</p> <ul style="list-style-type: none"> ▪ Record the following non-routine transactions: <ul style="list-style-type: none"> ○ Depreciation on fixed assets. ○ Amortization of intangible assets (if any). ○ Bank charges and interest expense/income etc. ▪ Identify relevant adjustments and prepare adjusting entries. <p>Prepare Reconciliations</p> <ul style="list-style-type: none"> ▪ Prepare the following reconciliations to reconcile any balance differences between the sub-ledgers and GL: 	<i>Recording non-routine transactions</i> <i>Reconciliation of GL and Sub-ledger balances</i>

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Monthly Closing Procedures

No.	Job Title	Procedure Description	Output/Report/Control
		<ul style="list-style-type: none"> ○ Reconciliation of cash and banks balances ○ Reconciliation of customer receivables ○ Reconciliation of employee receivables and staff accounts ○ Reconciliation of accounts payable ○ Reconciliation of Property, Plant and Equipment balances ○ Reconciliation of related party accounts ○ Reconciliation of foreign currency accounts and adjustment of exchange difference (if any) ▪ Ensure that all system clearing accounts are netted to zero 	
3.	General Ledger Officer	<p>Review reconciliations as per GL</p> <ul style="list-style-type: none"> ▪ Review GL reconciliations and confirm that the following closing balances from GL matches relevant sub-ledgers by reviewing : ○ Petty cash ○ Cash at banks ○ Customers' receivables ○ Vendors/suppliers accounts ○ Property, plant, and equipment <p>Related Parties</p> <ul style="list-style-type: none"> ▪ Extract draft trial balance from Oracle. ▪ Review the draft trial balance to determine that all entries have been passed correctly and balance against each account code is reasonable. ▪ Investigate differences (if any). 	<i>Confirmation of Closing Balances</i> <i>Trial Balance Review</i>
4.	Senior Accountant	▪ Prepare adjusting entries (if any) and generate relevant vouchers in Oracle, as	<i>Generate Journal Vouchers</i>

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Monthly Closing Procedures

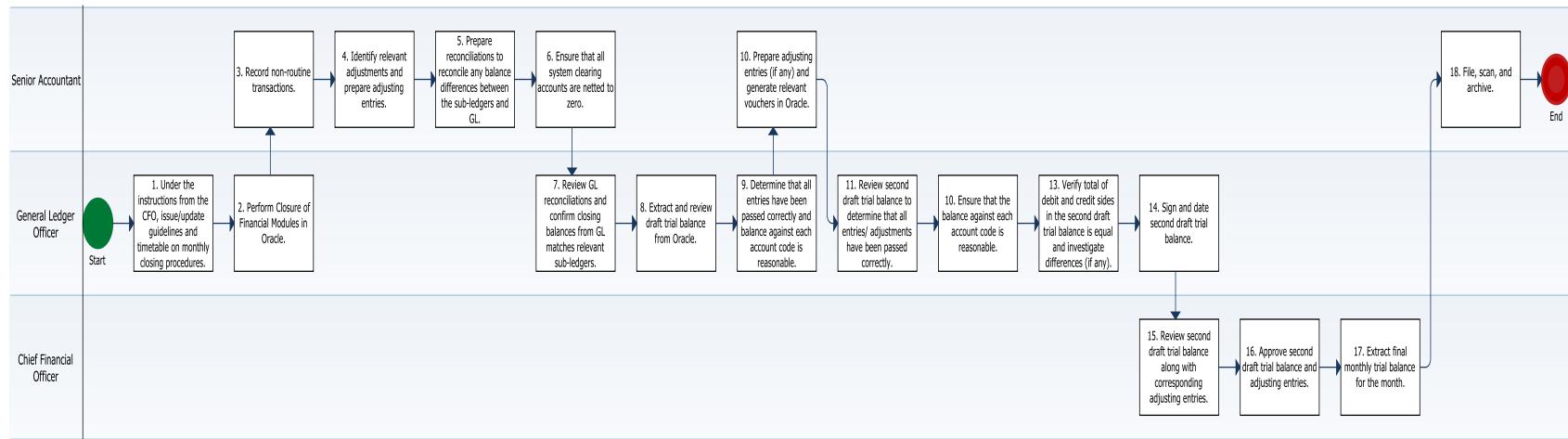
No.	Job Title	Procedure Description	Output/Report/ Control
		advised by the General Ledger Officer.	
5.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Extract second draft trial balance from Oracle ▪ Review second draft trial balance to determine that all entries/ adjustments have been passed correctly and that the balance against each account code is reasonable. ▪ Verify that the total of debit and credit sides in the second draft trial balance is equal and investigate differences (if any). ▪ Sign and date second draft trial balance. 	<i>Reviewed & Signed Draft Trial Balance & Adjustments</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review second draft trial balance along with corresponding adjusting entries. ▪ Approve second draft trial balance and adjusting entries. ▪ Extract final monthly trial balance for the month. 	<i>Reviewed & Approved Draft Trial Balance & Adjustments</i>
7.	Senior Accountant	<ul style="list-style-type: none"> ▪ File and scan draft and final monthly closing trial balances and account reconciliations, statements of accounts and journal vouchers for closing and adjusting entries. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Monthly Closing Flowchart

14.4 Monthly Closing Flowchart



Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Preparation of Monthly Financial Reports Procedures

14.5 Preparation of Monthly Financial Reports Procedures

The following procedures shall be followed for preparing the monthly reporting pack at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Based on the approved final monthly trial balance information, prepare a Monthly Reporting Pack (under the direct supervision of the CFO, including the following financial reports: <ul style="list-style-type: none"> ○ Statement of Financial Position (Oracle) ○ Statement of Profit or Loss and other Comprehensive Income (Oracle) ○ Monthly cash flow report (Manual) ○ Analysis of Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income key items ○ Analysis of key financial and operating ratios ○ Actual versus budgeted amounts 	<i>Draft Monthly Reporting Pack</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review the Monthly Reporting Pack. ▪ Comment on the results of operations and provide recommendations to improve performance. 	<i>Reviewed Monthly Reporting Pack</i>
3.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Update and sign off the monthly reporting pack. 	<i>Updated Monthly Reporting Pack</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review the updates to the Monthly Reporting Pack. ▪ Sign off the Monthly Reporting Pack. 	<i>Reviewed, signed, and updated Monthly Reporting Pack</i>
5.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review and approve the Monthly Reporting Pack. 	<i>Approved Monthly Reporting Pack</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Send Monthly Reporting Pack to relevant users. 	<i>Disseminate Monthly</i>

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Financial Statements Closing Process and Reporting

Preparation of Monthly Financial Reports Procedures

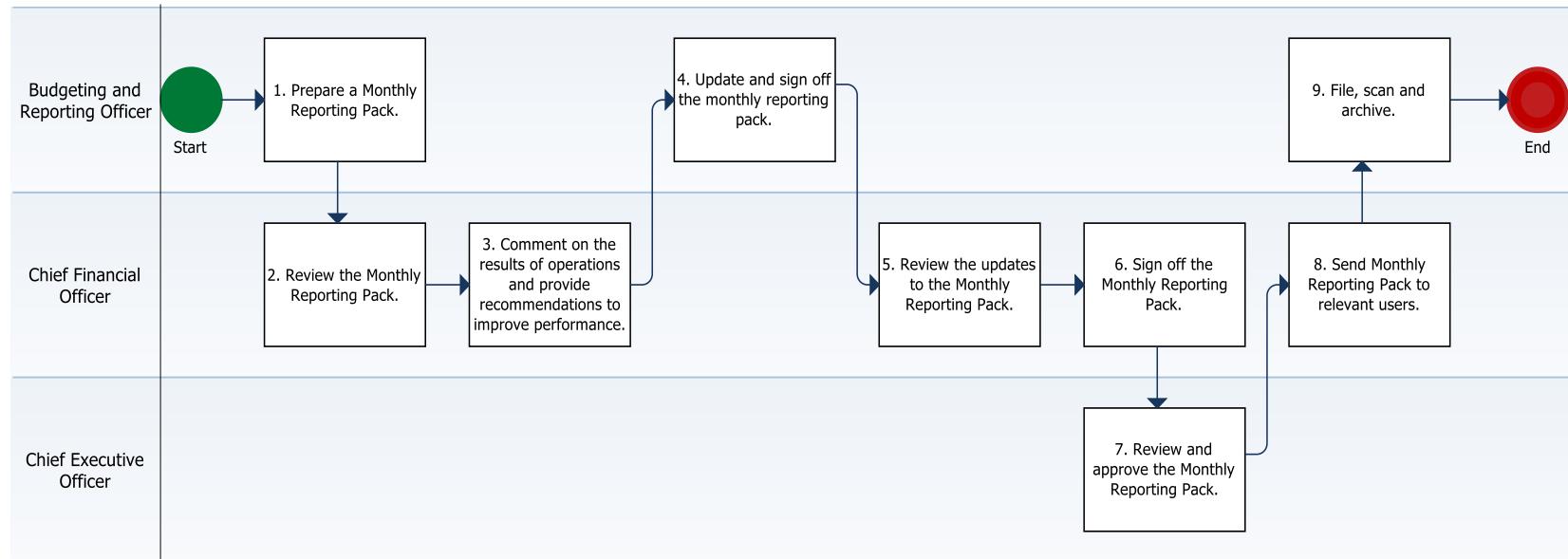
No.	Job Title	Procedure Description	Output/Report/ Control
			<i>Reporting Pack</i>
7.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ File and scan a copy of the approved Monthly Reporting Pack. 	<i>File, scan and archive</i>

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Financial Statements Closing Process and Reporting

Preparation of Monthly Financial Reports Flowchart

14.6 Preparation of Monthly Financial Reports Flowchart



Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Yearly Closing Procedures

14.7 Yearly Closing Procedures

The following procedures will be followed for yearly closing at NA:

No.	Job Title	Procedure Description	Output/Report/ Control
1.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Under the instructions from the CFO, issue/update guidelines and timetable on yearly closing procedures to all relevant departments coordinating the closing of accounts for the current year. <p>Perform Closure Financial Modules</p> <ul style="list-style-type: none"> ▪ Close/ Ensure the closure of the following modules in Oracle in coordination with other departments and as per the closing timetable: <ul style="list-style-type: none"> ○ Payroll ○ Accounts receivables ○ Accounts payables ○ Property, plant, and equipment ○ Purchasing ○ Cash management ○ General ledger 	
2.	Senior Accountant	<p>Calculate Relevant Provisions and Accrued expenses</p> <ul style="list-style-type: none"> ▪ Perform the following: <ul style="list-style-type: none"> ○ Accrue water and electricity, rent, professional fees, consultancy fees, interest on deposits and all other outstanding expenses. ○ Calculate provision for end of service benefits, pension fund, payroll and other liabilities. ○ Calculate bad debt allowances. ○ Record Prepayments ○ Record the relevant prepayments i.e. Insurance, rent, etc. 	<p><i>Recording of provisions and accruals</i></p> <p><i>Recording prepaid expenses</i></p> <p><i>Recording non-routine transactions</i></p>

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Financial Statements Closing Process and Reporting

Yearly Closing Procedures

No.	Job Title	Procedure Description	Output/Report/Control
		<p>Non Routine Transactions</p> <ul style="list-style-type: none"> ▪ Record the following non-routine transactions: <ul style="list-style-type: none"> ○ Depreciation on fixed assets. ○ Amortization of intangible assets (if any). ○ Bank charges and interest expense income etc. ▪ Identify required adjustments and prepare adjusting entries. <p>Prepare Reconciliations</p> <ul style="list-style-type: none"> ▪ Obtain confirmations from vendors and suppliers. <p>Prepare Reconciliations</p> <ul style="list-style-type: none"> ▪ Prepare the following reconciliations to reconcile any balance differences between the sub-ledgers and GL: <ul style="list-style-type: none"> ○ Reconciliation of cash and banks balances ○ Reconciliation of customer receivables ○ Reconciliation of employee receivables and staff accounts ○ Reconciliation of accounts payable ○ Reconciliation of Property, Plant and Equipment balances ○ Reconciliation of related party accounts. ○ Reconciliation of foreign currency accounts and adjustment of exchange difference (if any). ▪ Ensure that all system clearing accounts are netted to zero. 	<p><i>Vendors/ Supplier confirmations</i></p> <p><i>Reconciliation of GL and Sub-ledger balances</i></p> <p><i>Netting of system clearing accounts</i></p>
3.	General Ledger Officer	<p>Review reconciliations as per GL</p> <ul style="list-style-type: none"> ▪ Review GL reconciliations and confirm 	Confirmation of Closing Balances

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Financial Statements Closing Process and Reporting

Yearly Closing Procedures

No.	Job Title	Procedure Description	Output/Report/ Control
		<p>that the following closing balances from GL matches relevant sub-ledgers and statements of accounts by reviewing :</p> <ul style="list-style-type: none"> ○ Petty cash ○ Cash at banks ○ Customers' receivables ○ Vendors/suppliers accounts ○ Property, plant, and equipment ○ Related Parties ▪ Extract draft trial balance from Oracle. ▪ Review the draft trial balance to determine that all entries have been passed correctly and balance against each account code is reasonable. ▪ Investigate differences (if any). 	Trial Balance <i>Review</i>
4.	Senior Accountant	▪ Prepare adjusting entries (if any) and generate relevant <i>vouchers</i> in Oracle, as advised by the General Ledger Officer	Generate Journal <i>Vouchers</i>
5.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Extract second draft trial balance from Oracle ▪ Review second draft trial balance to determine that all entries/ adjustments have been passed correctly and that the balance against each account code is reasonable. ▪ Verify that the total of debit and credit sides in the second draft trial balance is equal and investigate differences (if any). ▪ Sign and date second draft trial balance. 	<i>Reviewed & Signed Draft Trial Balance & Adjustments</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review second draft trial balance along with corresponding adjusting entries. ▪ Approve second draft trial balance and relevant adjusting entries. ▪ Extract final yearly trial balance 	Reviewed & Approved Draft Trial <i>Balance</i> & <i>Adjustments</i>

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Financial Statements Closing Process and Reporting

Yearly Closing Procedures

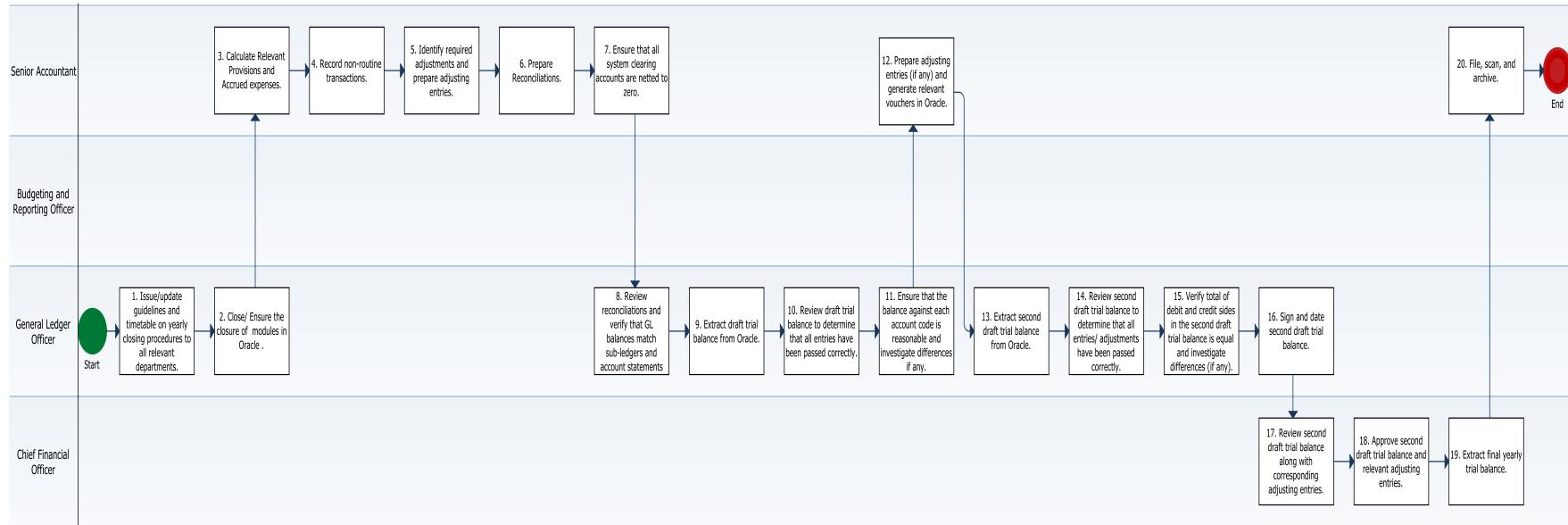
No.	Job Title	Procedure Description	Output/Report/ Control
7.	General Ledger Officer	<ul style="list-style-type: none"> ▪ File and scan draft and final yearly closing trial balances and account reconciliations, statements of accounts and journal vouchers for closing and adjusting entries. 	<i>File, scan and archive</i>

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Yearly Closing Flowchart

14.8 Yearly Closing Flowchart



Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Annual Financial Statements Preparation Procedures

14.9 Annual Financial Statements Preparation Procedures

The following procedures will be followed for annual financial statements preparation at NA:

No.	Job Title	Procedure Description	Output/Report Control
1.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Based on the approved final yearly trial balance information, prepare draft financial statements (under the direct supervision of the CFO), including the following financial reports: <ul style="list-style-type: none"> ○ Statement of Financial Position ○ Statement of Profit or Loss and other Comprehensive Income ○ Statement of Changes in Equity ○ Statement of Cash Flows ○ Notes to the financial statements 	Draft <i>Financial Statements</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and sign the following: <ul style="list-style-type: none"> ○ Statement of financial position as at the end of the period. ○ Statement of Profit or Loss and other Comprehensive Income ○ Statement of Changes in Equity ○ Statement of cash flows for the period. ▪ Notes, comprising a summary of significant accounting policies and other explanatory information. 	Reviewed <i>Draft Financial Statements</i>
3.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Update and sign draft financial statements 	Updated <i>Draft Financial Statements</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review the updates to the Financial Statements. ▪ Sign off the draft Financial Statements. 	Reviewed and signed <i>Draft Financial Statements</i>
5.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review and approve the draft Financial Statements. 	Approved <i>Draft Financial Statements</i>

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Financial Statements Closing Process and Reporting

Annual Financial Statements Preparation Procedures

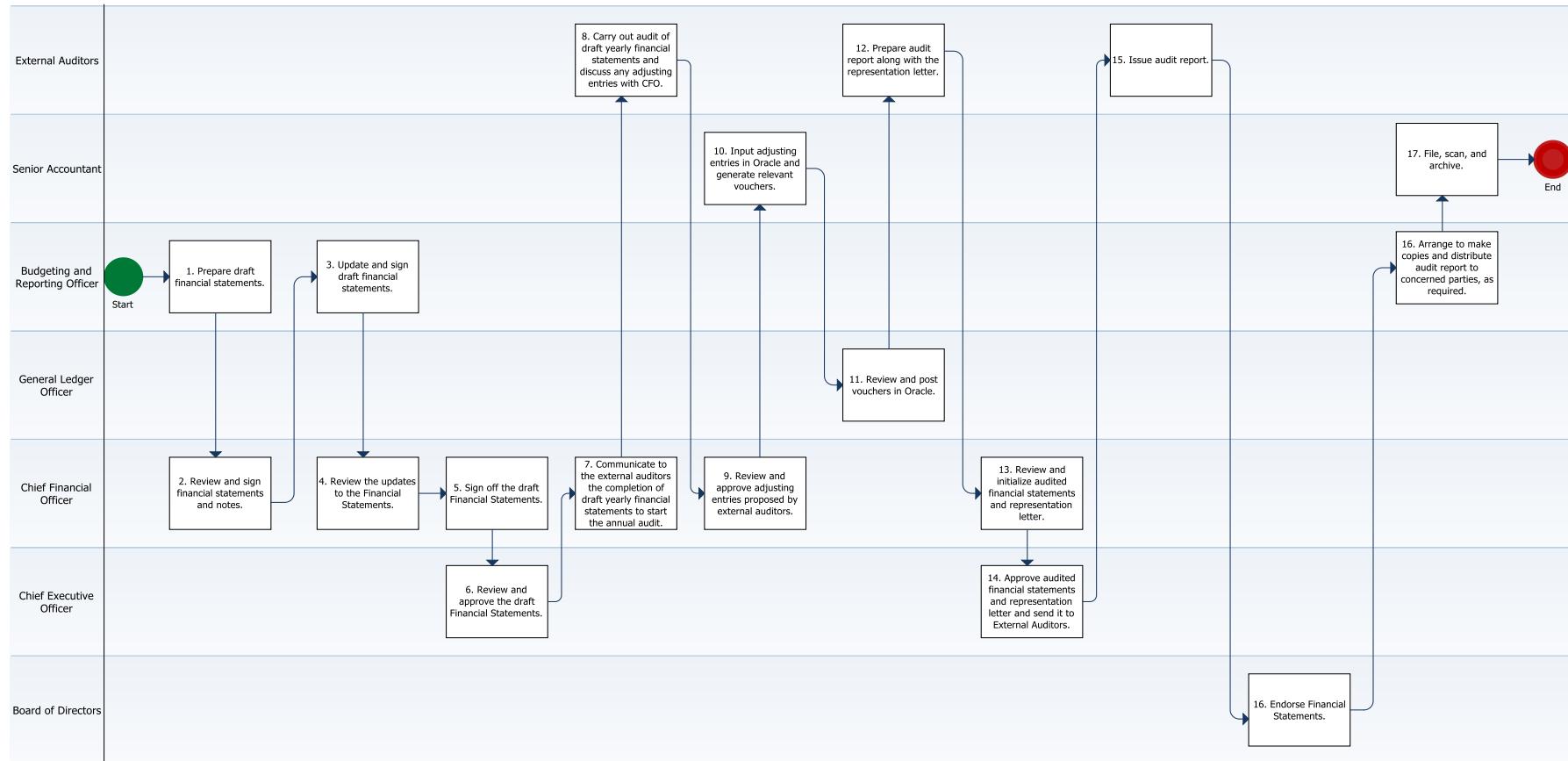
No.	Job Title	Procedure Description	Output/Report/Control
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Communicate to the external auditors the completion of draft yearly financial statements to start the annual audit. 	Annual Audit Request
7.	External Auditors	<ul style="list-style-type: none"> ▪ Carry out audit of draft yearly financial statements. ▪ Propose adjustments (if required). ▪ Discuss proposed adjusting entries (if any) with CFO. 	<i>Audit of Financial Statements</i> <i>Proposed Adjustments</i> <i>Discussed</i>
8.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve adjusting entries proposed by external auditors. 	Reviewed & Approved Adjustments
9.	Senior Accountant	<ul style="list-style-type: none"> ▪ Input adjusting entries in Oracle and generate relevant <i>vouchers</i>. 	Journal Vouchers
10.	General Ledger Officer	<ul style="list-style-type: none"> ▪ Review and post <i>vouchers</i> in Oracle. 	Posted adjusting entries
11.	External Auditors	<ul style="list-style-type: none"> ▪ Prepare audit report along with the representation letter. 	Audit Report & Representation Letter
12.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and initialize audited financial statements and representation letter. 	Reviewed Audited Financial Statements & Representation Letter
13.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Approve audited financial statements and representation letter and send it to External Auditors 	Approve Audited Financial Statements & Representation Letter
14.	External Auditors	<ul style="list-style-type: none"> ▪ Issue audit report. 	Audit Report
15.	Board of Directors	<ul style="list-style-type: none"> ▪ Endorse Financial Statements 	Approved Financial Statements
16.	Budgeting and Reporting Accountant	<ul style="list-style-type: none"> ▪ Arrange to make copies and distribute Audit Report to concerned parties, as required. 	Distributed Audit Report
17.	Senior Accountant	<ul style="list-style-type: none"> ▪ File and scan a copy of the signed financial statements and supporting documents. 	File, scan and archive

Finance and Accounting Policies & Procedures Manual

Financial Statements Closing Process and Reporting

Annual Financial Statements Preparation Flowchart

14.10 Annual Financial Statements Preparation Flowchart



Finance and Accounting Policies & Procedures Manual

Budgeting

Introduction

15 Budgeting

15.1 Introduction

15.1.1 Defining the budgeting policies and procedures is intended to establish formalized and documented budgeting policies and procedures that serve as a single point of reference for various stakeholders of the budgeting process.

15.1.2 The purpose of this chapter is to document the budgeting policies and procedures of NA that will:

- Serve as a means of defining and clarifying responsibilities associated with preparation, review and approval of budgets;
- Serve as a point of reference to determine that budgeting procedures are properly and consistently applied; and
- Enable efficient and timely preparation of budgets.

15.1.3 The basic objectives of a budget are to:

- Formalize and strengthen NA's financial planning and management function
- Serve as a financial plan that is intended to aid and guide the Finance Department at NA to meet and control their set income and expenditure targets
- Assign responsibilities for cost and operational control at NA
- Provide a basis for the evaluation of operational and financial performance in accordance with the strategic plans laid out by NA's management
- Allow comparative analysis of actual to budgeted results

15.1.4 The following processes will be covered:

- Budget Initiation
- Budget Preparation
 - Revenues
 - Manpower
 - Capital Expenditure (CAPEX)
 - Operational Expenditure (OPEX)
 - Project Budget
- Budget Approval
- Budget Transfer
- Budget Validation

Finance and Accounting Policies & Procedures Manual

Budgeting

Budgeting Policies

15.2 Budgeting Policies

- 15.2.1 NA's budget shall serve as its financial plan that is intended to aid and guide it to meet and control its set revenue and expenditure targets.
- 15.2.2 The budget shall include the major assumptions used in the preparation of the budget and an explanation of the sensitivity of budget projections to the changes in these assumptions. For example, the accuracy of the number of potential customers will impact the overall Revenues Budget.
- 15.2.3 The budget shall:
- Communicate the goals of NA and link the goals with its strategy
 - Strengthen NA's financial planning, control and management function
 - Quantify anticipated results of executive decisions, allowing management to address critical issues on an anticipatory rather than reactive basis
 - Assign responsibilities for cost and operational control at NA
 - Provide a benchmark for evaluating NA's actual results against assumptions
- 15.2.4 The budget shall be prepared in a timely manner to effectively plan, execute and control the operation of NA.
- 15.2.5 NA's chart of accounts shall be used as a framework to prepare NA'S master budget, in order to facilitate the consolidation and allow for variance reporting.
- 15.2.6 The Master budget shall comprise the following:
- Revenue Budget
 - Manpower Budget (Human Resources)
 - Operating Expenditure Budget (OPEX)
 - Capital Expenditure Budget (CAPEX)
 - Project Budget

Finance and Accounting Policies & Procedures Manual

Budgeting

Budgeting Policies

15.2.7 Budget Memorandum and Communication

NA's annual budget shall be developed and approved prior to the beginning of the new fiscal year based on the following budget timetable:

No	Item	Task Owner	Deadline
1.	<ul style="list-style-type: none"> ▪ Prepare budget Memorandum, templates and timetable 	<ul style="list-style-type: none"> ▪ Budgeting and Reporting Officer 	30 June each year
2.	<ul style="list-style-type: none"> ▪ Distribution of NA's Budget Memorandum to User Department Heads 	<ul style="list-style-type: none"> ▪ Budgeting and Reporting Officer 	30 June each year
3.	<ul style="list-style-type: none"> ▪ Preparation of Revenue, Manpower, OPEX and CAPEX and Budget proposals by Departments 	<ul style="list-style-type: none"> ▪ User Department Head 	Nine weeks before the third meeting of the Board of Directors in the calendar year , or by 31 July, whichever is earlier
4.	<ul style="list-style-type: none"> ▪ Receipt of the completed preliminary budget proposals and templates from Departments 	<ul style="list-style-type: none"> ▪ Budgeting and Reporting Officer 	Five weeks before the third meeting of the Board of Directors in the calendar year , or by 31 August, whichever is earlier
5.	<ul style="list-style-type: none"> ▪ Revision, presentation, discussion and approval with Department Heads on finalizing the draft budget 	<ul style="list-style-type: none"> ▪ CFO ▪ User Department Heads ▪ Budgeting and Reporting Officer 	Three weeks before the third meeting of the Board of Directors in the calendar year , or by 15 September, whichever is earlier
6.	<ul style="list-style-type: none"> ▪ Revision and approval of the Master budget internally 	<ul style="list-style-type: none"> ▪ CEO ▪ CFO ▪ Budgeting and Reporting Officer 	One week before the third meeting of the Board of Directors in the calendar year , or by 30 September, whichever is earlier
7.	<ul style="list-style-type: none"> ▪ Send Master Budget to Board of Directors 	<ul style="list-style-type: none"> ▪ CEO 	One week before the third meeting of the Board of Directors in the calendar year , or

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Budgeting

Budgeting Policies

No	Item	Task Owner	Deadline
			by 30 September, whichever is earlier
8.	<ul style="list-style-type: none"> ▪ Negotiate NA's Master Budget with Board of Directors 	<ul style="list-style-type: none"> ▪ CEO ▪ CFO ▪ Budgeting and Reporting Officer 	Before, during and after the third meeting of the Board of Directors in the calendar year
9.	<ul style="list-style-type: none"> ▪ Final Approval of the budget from the Board of Directors 	<ul style="list-style-type: none"> ▪ Board of Directors 	Two weeks after the third meeting of the year of the Board of Directors, or by the end of October each year, whichever is earlier.

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Budgeting

Budgeting Policies

- 15.2.8 The annual budget shall be initiated by NA's Finance Department.
- 15.2.9 A budget initiation meeting shall be held by the CEO, CFO, and Budgeting and Reporting Officer with User Department Heads and Budget Task Force Representatives to provide an overview of the budgeting process and discuss the budget guidelines as per NA Policies and Procedures.
- 15.2.10 NA Finance Department shall prepare a budget memorandum to be distributed to all NA's User Departments as a guideline to prepare the budget. The memorandum shall include:
 - Budget guidelines, assumptions and limitations (if any)
 - Link to the relevant documents and templates on the Shared Folder Server
 - Reference to the Budget timetable
 - Budget submission deadline
- 15.2.11 NA Finance Department shall ensure that all User Departments are in compliance with the memorandum guidelines in their preparation of the annual budget.
- 15.2.12 NA Finance Department is responsible for arranging meetings with the relevant User Departments and Budget Task Force Representatives to assist them in the budget preparation.

Budget Preparation

- 15.2.13 The budget will be prepared on the basis of the forecast of future expenditures and revenues as well as actual expenditures and revenues of the preceding year
- 15.2.14 The preparation of annual budgets will be in accordance with the following:
 - NA budget guidelines, assumptions and regulations set forth in the budget initiation meeting
 - Strategic initiatives set forth by NA for the relevant year
 - Profit strategies and tactical goals
 - Forecasted and actual expenditures of the prior year.
- 15.2.15 NA's User Departments' budget proposals shall be received by the Budgeting and Reporting Officer according to the timetable and guidelines stated in the budget memorandum.
- 15.2.16 The Finance Department shall be responsible for consolidating other Departments' initial budgets.
- 15.2.17 The annual budget shall include preparation and consolidation of the following:
 - Revenue Budget
 - Manpower Budget (HR)
 - Operating Expenditure Budget (OPEX)
 - Capital Expenditure Budget (CAPEX)
 - Project Budget
- 15.2.18 Each User Department Head in coordination with the CFO might select a Budget Task Force Representative from their Department whose responsibility is to prepare the budgets for the Department.

Finance and Accounting Policies & Procedures Manual

Budgeting

Budgeting Policies

15.2.19 The Budget Task Force Representatives for the Finance Department shall consist of the CFO and Budgeting and Reporting Officer.

Revenues Budget

15.2.20 The Revenues Budget prepared by the Operations Department includes the expected revenue from different streams:

- Potential Contracts from new or existing clients
- Number of Events that NA will engage in
- Plans for existing and new CME Programs (if any).
- New Paramedic training and specialized courses
- Ambulance rental Services
- Sale of NA medical equipment

15.2.21 Events Budget assumptions must be prepared based on expected market conditions and factors such as seasonal fluctuations and competition.

Manpower Budget

15.2.22 The input for the Manpower Budget should be prepared and sent by the HR Department to the Finance Department based on the following:

- Recruitment Plan (including: positions by section, grade, nationality, etc.)
- Training Plan (in coordination with other departments)

15.2.23 The Finance Department will prepare, based on the Human Resources Department inputs and the projections of the following categories:

- Basic salaries
- Social allowances (UAE nationals)
- Training and development (tuitions fees, per diem, transportation) (in coordination with HR)
- Remuneration (Bonus)
- Supplementary allowances (UAE nationals)
- Supplementary allowances (expats)
- Child allowances
- Telephone allowances
- Staff welfare expenses
- Medical and life insurance
- End of service benefits
- Pension contributions
- Advisory board fees
- Consolidated salaries

Operating Expenditure Budget (OPEX)

15.2.24 The OPEX Budget prepared by each of the Departments may include the operating expenditures included within the General and Administrative expenditure for the next financial year, such as:

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Budgeting

Budgeting Policies

- Duty travel expenses (in coordination with the Human Resources Manual)
- Office supplies
- Office rent
- Professional services
- Ambulance Vehicles Maintenance
- Advertising, communication and public relations
- Other expenses

Capital Expenditure Budget (CAPEX)

15.2.25 The CAPEX Budget prepared by each of the Departments may include the capital requirements of the next budget year according to the following capital categories:

- Furniture, Fixtures and Fittings
- Computer, Accessories and Software
- Office Equipment

15.2.26 Each of the Departments' projected capital projects, acquisitions and disposals for the coming year shall be identified, together with its supporting documents (e.g. contracts, price lists, quotations etc.) and reasons, for such decision.

15.2.27 The CAPEX Budget shall provide details on the description, quantity and values of fixed asset items requirements and disposals.

15.2.28 The CAPEX budget shall be incorporated in the Annual Cash Forecast, which serves to estimate the timing and amounts of cash inflows and outflows over the financial year.

15.2.29 A contingency fund for capital expenditure will be set as per the Delegation of Authority Matrix. The fund will be used for emergency purchases of items that have not been calculated when preparing the budget.

Project Budget

15.2.30 Project budget should reflect Operating expenditures (OPEX) and Capital expenditures (CAPEX) associated with a particular project.

15.2.31 The project budget should be prepared by the Concerned Project Owner or User Department Head in coordination with the Budgeting and Reporting Officer and the CFO.

15.2.32 All project budgets should be approved by the CEO prior to consolidation in the master budget.

15.2.33 The User Department Head should ensure that the proposed project budget serves to satisfy the contract requirements, payment plan and expenses.

Budget Review, Approval and Finalization

15.2.34 The CEO, CFO, and Budgeting and Reporting Officer shall review preliminary department budgets to ensure that budgets are in line with the NA's strategic plan and initiatives, as well as the budget assumptions and guidelines.

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Budgeting

Budgeting Policies

15.2.35 It is the responsibility of Department Heads and the Budgeting and Reporting Officer to ensure that all changes to the preliminary budgets are incorporated prior to completing the budget consolidation.

15.2.36 Upon the endorsement of the CFO, the CEO will review the consolidated budget in the presence of User Department Heads to finalize and sign off the NA consolidated budget.

15.2.37 The CEO will send the final consolidated budget to the Board of Directors for approval.

15.2.38 The CEO will discuss the budget with Board of Directors representatives.

15.2.39 Upon the approval of Board of Directors, the approved budget shall be distributed to the User Department Heads after signing the acknowledgement sheet.

Budget Monitoring and Control

15.2.40 The objectives of Budget Monitoring are to:

- Identify adherence level to the budget and accuracy of estimated figures;
- Identify success of departments in achieving their objectives;
- Identify the success of NA in achieving its budget objectives; and
- Identify the deviation of actual against budgeted amounts

15.2.41 Regular monthly monitoring of budgetary performance shall be conducted to provide an early warning of potential variations and provide decision makers ample time to consider appropriate rectification actions.

15.2.42 The Finance Department will ensure that all expenditure requests are in line with the approved department budget.

15.2.43 User Department Heads shall be responsible for controlling the use of their authorized budget.

15.2.44 Existence of efficient budget monitoring tools, i.e. variance spreadsheets and relevant budget monitoring schedules, shall be determined by the Budgeting and Reporting Officer at NA, resulting in an essential input in demonstrating accountability.

15.2.45 The Budgeting and Reporting Officer must conduct a monthly variance analysis and follow up with different User Department Heads of NA to discuss any unusual budget deviations, and obtain the necessary justifications and direct the initiation of any corrective action during a particular interim financial period.

15.2.46 All monthly consolidated budget monitoring and variance reports must be reviewed and approved by the CFO.

Budget Transfers

15.2.47 The transfer of funds shall be limited to activities within the same budget line item account and in accordance with Top Management guidelines.

15.2.48 Transfers should be conducted after obtaining the approvals as per the Consolidated Delegation of Authority Matrix.

15.2.49 A transfer must be requested if funds need to be reallocated from one budget item to another.

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15.2.50 Transfer requests must indicate the source of funds, the destination of the fund transfer and a thorough discussion of the reasons for such requests.

15.2.51 The transfer request will be processed by the Finance team within three working days from the request being received.

15.2.52 In the case of a budget revision request, the following controls shall be maintained by the Finance Department:

- Department records are maintained to substantiate the entries made on the Budget Revision Memo
- Request for Budget Revision Memos are forwarded to the appropriate Department to secure signatures for all parties affected by the transaction
- It is verified that transactions are correctly entered into the budget, in accordance with internal control requirements
- Budget Revision Memo is reviewed for accuracy and completeness

Budget Revisions

15.2.53 In the case of a budget revision request, the following controls shall be maintained by the Finance Department:

- Department records are maintained to substantiate the entries made on the Budget Revision Memo
- Request for Budget Revision Memos are forwarded to the appropriate Department to secure signatures for all parties affected by the transaction
- It is verified that transactions are correctly entered into the budget, in accordance with internal control requirements
- Budget Revision Memo is reviewed for accuracy and completeness

Year End Budget Follow up

15.2.54 The deferral and transfer of budget funds from one financial year to the next will be allowed only if NA has a binding commitment supported by one or more of the following documents;

- Duly signed Contracts.
- Duly signed Local Purchase Order (LPO)
- Approved Purchase Order (PR)

15.2.55 The Finance Department shall investigate and follow-up on the approval of all outstanding contracts, agreements, purchase orders and purchase requests that are not approved to ensure the approvals before the financial year closing date

15.2.56 The Finance Department shall alert all User Department Heads to obtain the required approvals of their pending PRs

15.2.57 The Finance Department will send an official notification with a list of incomplete PRs to User Department Heads informing them that the non-approved PRs funds will not be transferred to the next year as a result of not granting the final approval.

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Budgeting

Budget Memorandum and Communication Procedures

15.3 Budget Memorandum and Communication Procedures

This section contains procedures that should be followed for completion of budget memorandum at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Prepare budget memorandum to be sent to User Department Heads, explaining the budget process. The budget memorandum should take into consideration the following: <ul style="list-style-type: none"> ○ General guidance and assumptions ○ Budget limitations (if any) ○ Extra factors such as inflation, rent caps, etc. ○ Budget templates and forms reference ○ Budget timetable reference 	Draft Budget Memorandum
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review Budget Memorandum based on NA guidelines and requirements. ▪ Confirm assumptions used in the preparation of the budget are in line with NA requirements. ▪ Circulate approved Budget Memorandum to all Department Heads. 	Circulated Budget Memorandum
3.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Perform budget awareness through workshops and presentations to explain the budget processes, guidance, and templates to the Department Heads and the chosen Budget Task Force Representatives of each Department. ▪ Await feedback from Departments, and addresses questions raised, if any. ▪ Closely coordinate and monitor the progress and the collection of information from the Budget Task Force Representatives. ▪ Scan and file Budget Memorandum and all relevant documents for archiving. 	<p>Budget Awareness Workshops</p> <p>Feedback from Budget Awareness Workshops</p> <p>File, scan and archive</p>

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Budgeting

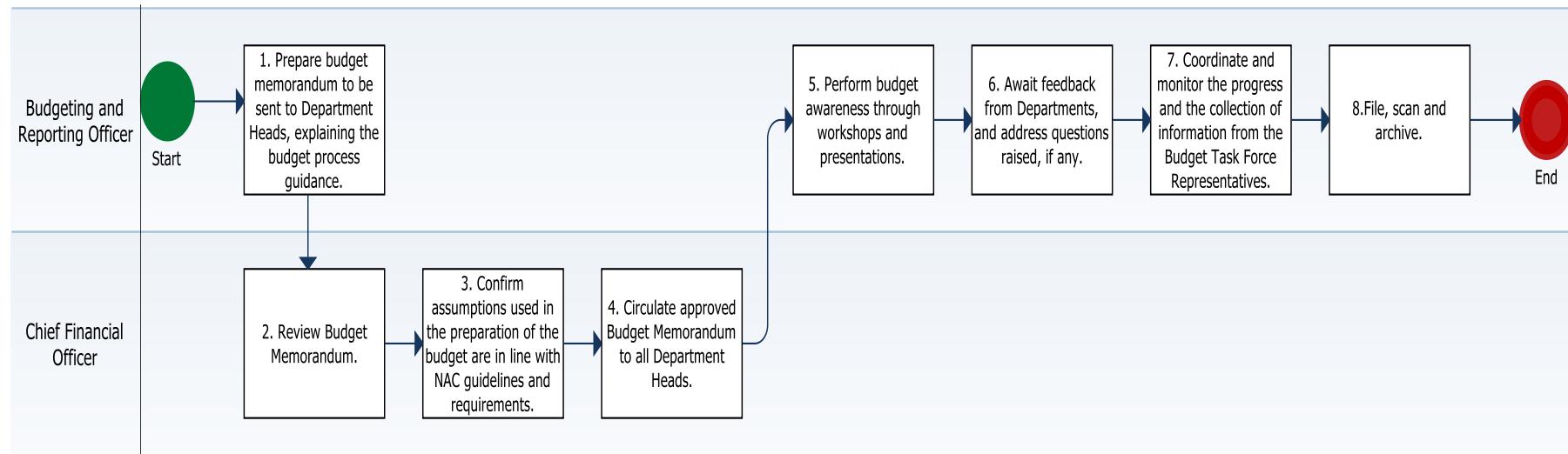
Budget Memorandum and Communication Procedures

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Budgeting

Budget Memorandum and Communication Flowchart

15.4 Budget Memorandum and Communication Flowchart



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Budgeting

Revenue Budget Preparation Procedures

15.5 Revenue Budget Preparation Procedures

This section contains procedures that should be followed for the preparation and approval of the Revenue Budget for each Department at NA:

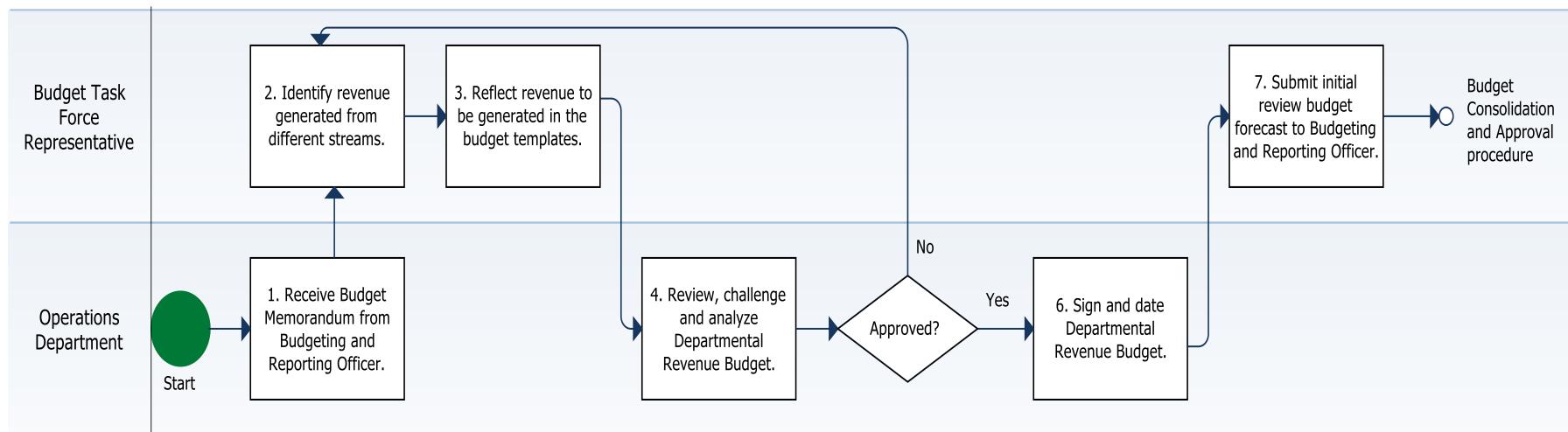
No.	Job Title	Procedure Description	Output/Report/Control
1.	Operations Department	<ul style="list-style-type: none"> ▪ Receive Budget Memorandum from Budgeting and Reporting Officer. 	<i>Budget Memorandum</i>
2.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Identify revenue generated from different streams. ▪ Reflect revenue to be generated in the budget templates and forward them to the User Department Head for discussion and approval. 	<i>Department revenue identification</i> <i>Budget templates</i>
3.	Operations Department	<ul style="list-style-type: none"> ▪ Review, challenge and analyze Revenue Budget. ▪ Approve Departmental Revenue Budget. ▪ Sign and date Departmental Revenue Budget. 	<i>Reviewed Departmental Revenue Budget</i> <i>Approved and signed Departmental Revenue Budget</i>
4.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Submit initial review budget forecast to Budgeting and Reporting Officer. 	<i>Revenue Budget</i>
5.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Proceed to <u>Budget Consolidation and Approval Procedure</u>. 	<i>Budget Approval Process</i>

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Budgeting

Revenue Budget Preparation Flowchart

15.6 Revenue Budget Preparation Flowchart



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Budgeting

Manpower Budget Preparation Procedures

15.7 Manpower Budget Preparation Procedures

This section contains procedures that should be followed for preparation of Manpower budget at NA:

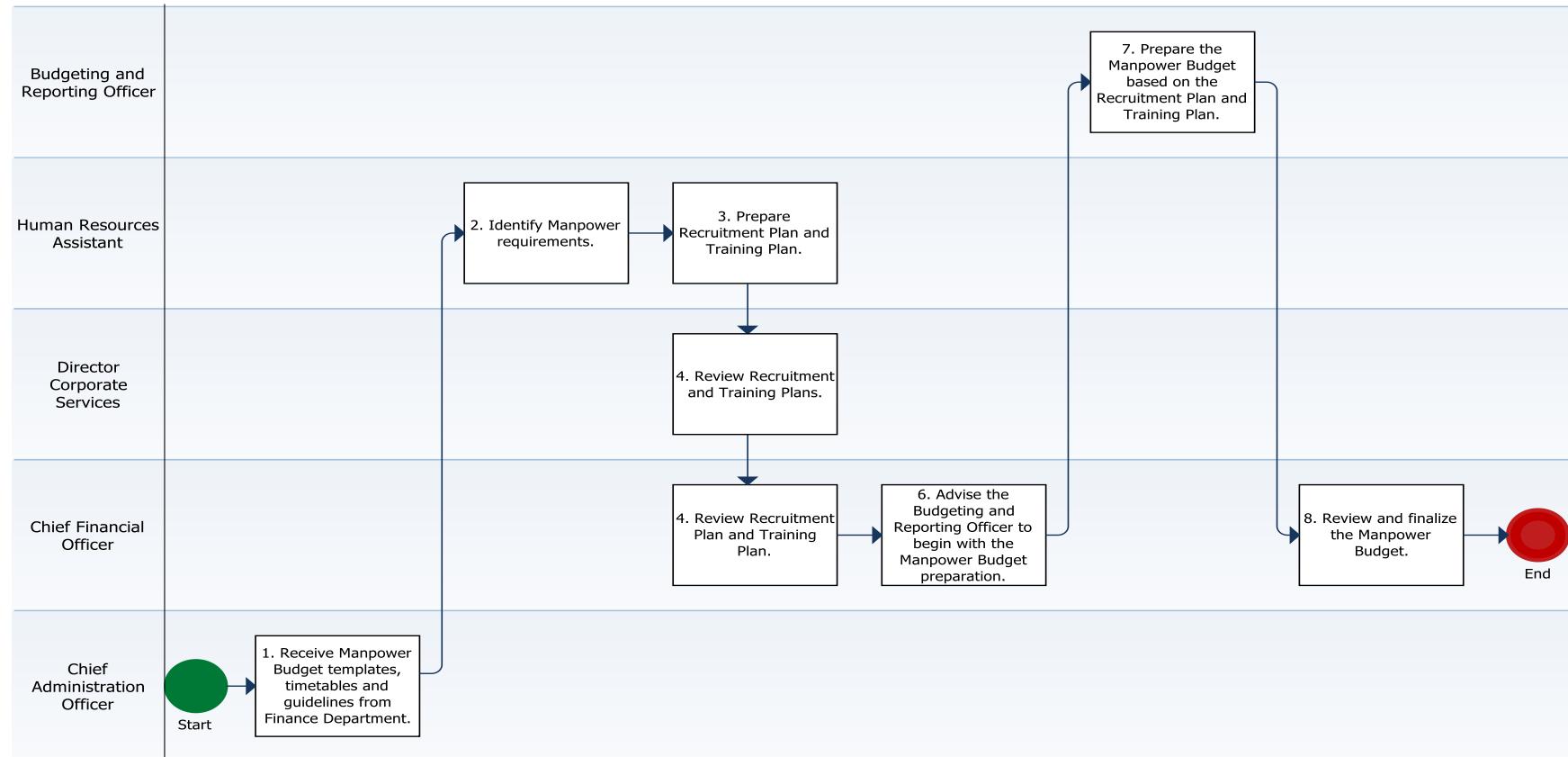
No.	Job Title	Procedure Description	Output/Report/Control
1.	Chief Administration Officer	<ul style="list-style-type: none"> ▪ Receive Manpower Budget templates, timetables and guidelines from Finance Department. 	<i>Manpower Budget templates, timetables and guidelines</i>
2.	Human Resources Assistant	<ul style="list-style-type: none"> ▪ Identify the need for: <ul style="list-style-type: none"> ○ New jobs ○ Employee transfers required to take place during the year ○ History of employee departure ○ Other Manpower requirements ▪ Prepare the following: <ul style="list-style-type: none"> ○ Recruitment Plan (including positions by section, grade, nationality, etc.) ○ Training Plan 	<i>Recruitment Plan</i> <i>Training Plan</i>
3.	Director Corporate Services	<ul style="list-style-type: none"> ▪ Review Recruitment and Training Plans. ▪ Approve and forward the Recruitment and Training Plans to CFO for review. 	<i>Reviewed Training and Recruitment Plans</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review the forwarded plans. ▪ Advise the Budgeting and Reporting Officer to begin with the Manpower Budget preparation. 	<i>Reviewed Training and Recruitment Plans</i>
5.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Prepare Manpower Budget based on the Recruitment and Training Plans. 	<i>Manpower Budget</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and finalize the Manpower Budget. 	<i>Final Manpower Budget</i>

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Budgeting

Manpower Budget Preparation Flowchart

15.8 Manpower Budget Preparation Flowchart



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Budgeting

CAPEX and OPEX Expenditure Budget Preparation Procedures

15.9 CAPEX and OPEX Expenditure Budget Preparation Procedures

This section contains procedures that should be followed for preparation of CAPEX and OPEX Expenditure Budget at NA:

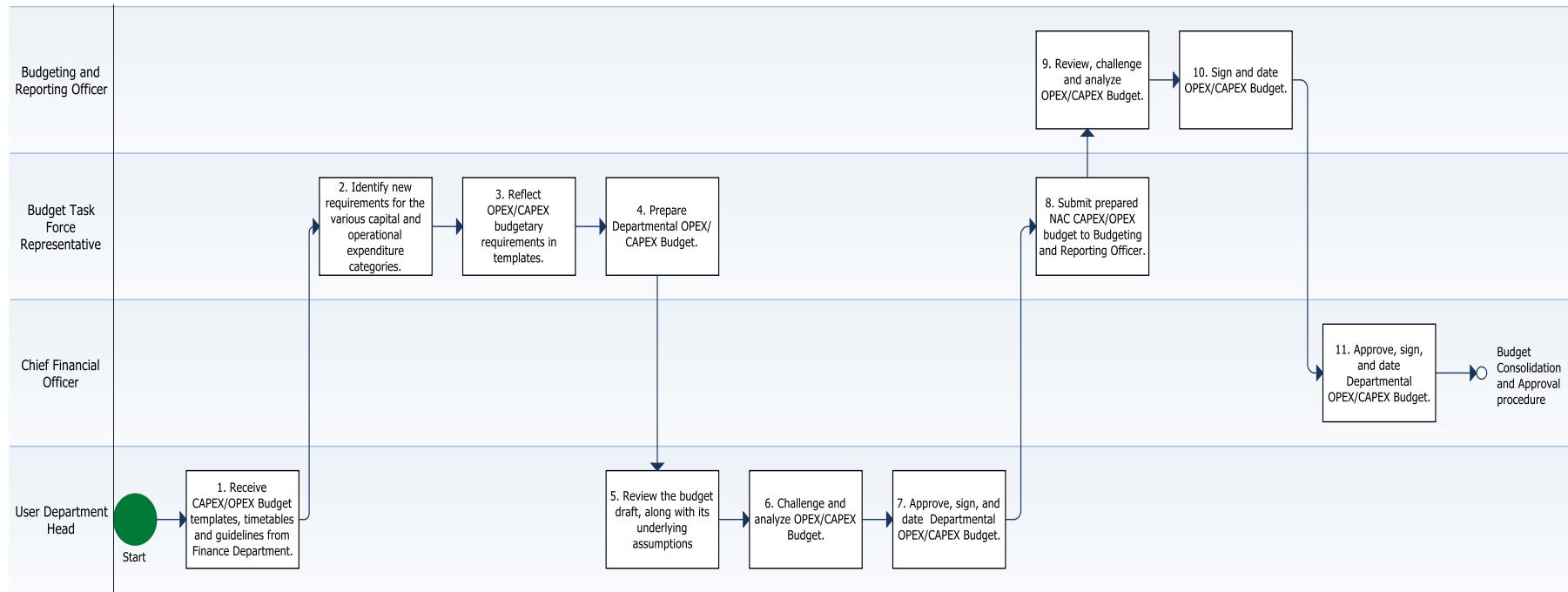
No.	Job Title	Procedure Description	Output/Report/Control
1.	User Department Head	<ul style="list-style-type: none"> ▪ Receive CAPEX/OPEX Budget templates, timetables and guidelines from Finance Department. 	<i>CAPEX/OPEX Budget templates, timelines and guidelines</i>
2.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Identify new requirements for the various capital and operational expenditure categories as per historical analysis and new plans and requirements set out by the CEO. ▪ Reflect OPEX/CAPEX budgetary requirements in templates and prepare Departmental OPEX/CAPEX Budget. 	<i>Identification of OPEX/CAPEX requirements</i>
3.	User Department Head	<ul style="list-style-type: none"> ▪ Review the budget draft, along with its underlying assumptions, for consistency and reasonableness. ▪ Challenge and analyze OPEX/CAPEX Budget. ▪ Approve Departmental OPEX/CAPEX Budget. ▪ Sign and date OPEX/CAPEX Budget. 	<i>Reviewed and Approved Proposed CAPEX/OPEX Budget</i>
4.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Submit prepared NA CAPEX/OPEX budget to Budgeting and Reporting Officer. 	
5.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Review, challenge and analyze OPEX/CAPEX Budget. ▪ Ensure that Budget has been prepared accurately. ▪ Sign and date OPEX/CAPEX Budget. 	<i>Reviewed OPEX/CAPEX Budget</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Approve Departmental OPEX/CAPEX Budget. ▪ Sign and date OPEX/CAPEX Budget. ▪ <u>Proceed to Budget Approval Procedure.</u> 	<i>Approved OPEX/CAPEX Budget</i>

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Budgeting

CAPEX and OPEX Expenditure Budget Preparation Flowchart

15.10 CAPEX and OPEX Expenditure Budget Preparation Flowchart



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Budgeting

Project Budget Preparation Procedures

15.11 Project Budget Preparation Procedures

This section contains procedures that should be followed for preparation of Project Budget at NA:

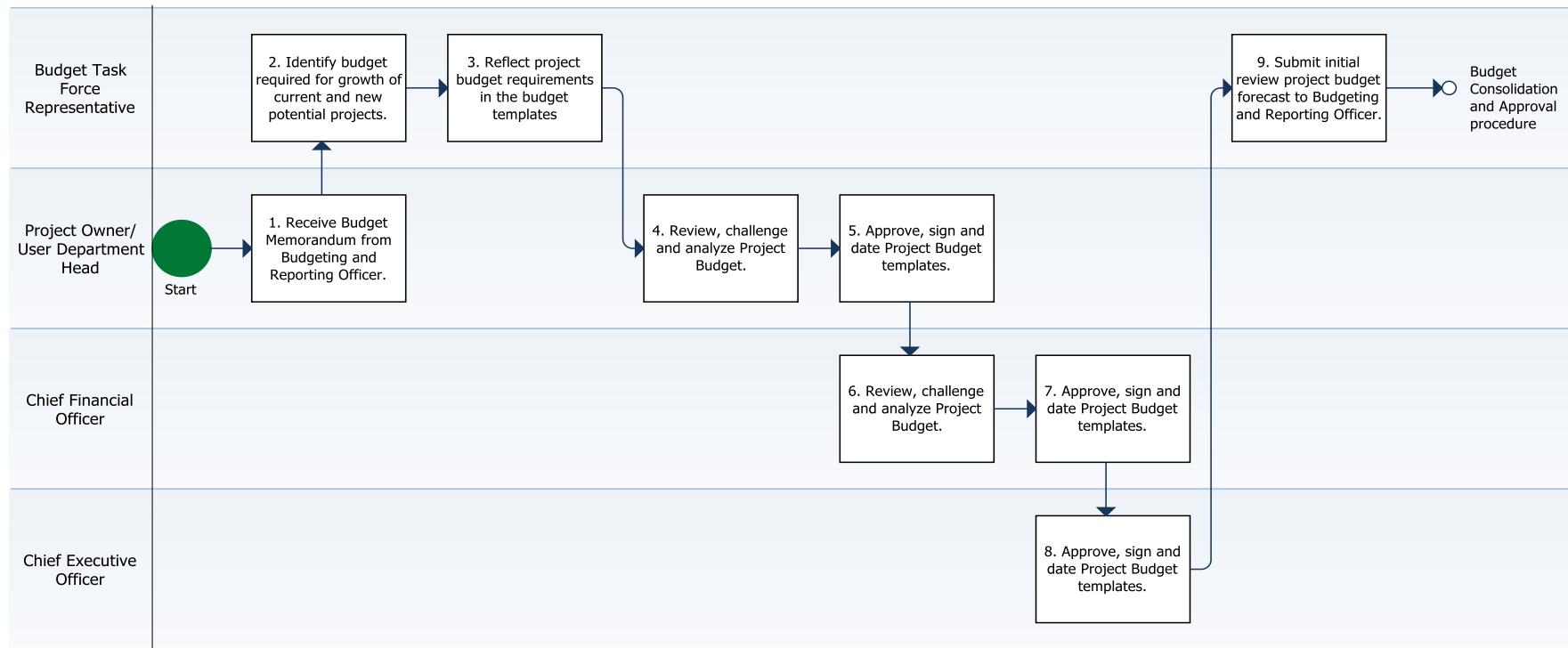
No.	Job Title	Procedure Description	Output/Report/Control
1.	Project Owner / User Department Head	<ul style="list-style-type: none"> ▪ Receive Budget Memorandum from Budgeting and Reporting Officer. 	<i>Budget Memorandum</i>
2.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Identify budget required for growth of current and new potential projects. ▪ Reflect project budget requirements in the budget templates and forward them to the Project Owner/ User Department Head for discussion and approval. 	<i>Identification of project budget requirements</i> <i>Budget Templates</i>
3.	Project Owner / User Department Head	<ul style="list-style-type: none"> ▪ Review, challenge and analyze Project Budget. ▪ Approve, sign and date Project Budget templates. 	<i>Reviewed Project Budget</i> <i>Approved and signed Project Budget</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review, challenge and analyze Project Budget. ▪ Approve, sign and date Project Budget templates. 	<i>Reviewed Project Budget</i> <i>Approved and signed Project Budget</i>
5.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Approve, sign and date Project Budget templates. 	<i>Approved and signed Project Budget</i>
6.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Submit initial review project budget forecast to Budgeting and Reporting Officer. 	<i>Project Budget</i>
7.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Proceed to Budget Approval Procedure. 	<i>Budget Approval Procedure</i>

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Project Budget Preparation Flowchart

15.12 Project Budget Preparation Flowchart



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Budgeting

Budget Consolidation and Approval Procedures

15.13 Budget Consolidation and Approval Procedures

The following procedures shall be followed for the consolidation of all Departmental Budgets (i.e. Revenue, Manpower, OPEX/CAPEX, and Project) at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Consolidate the Departmental Revenue, Manpower, OPEX/CAPEX, and Project Budgets. 	<i>Consolidated Budget</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review Consolidated Budget to ensure that it is in line with the guidelines, templates, and regulations of NA. 	<i>Reviewed Consolidated Budget</i>
3.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review and discuss Consolidated Budget with the CFO, User Department Heads, and Budgeting and Reporting Officer. ▪ Approve and sign off NA's consolidated budget. ▪ Sign and date Budget Approval Form. ▪ The Budget Approval Form should be signed off as per the Consolidated Delegation of Authority Matrix. ▪ Send the consolidated budget to Board of Directors for approval. ▪ The CEO, CFO, and Budgeting and Reporting Officer will negotiate the budget with Board of Directors. 	<i>Signed Budget</i> <i>Final consolidated budget Approval Form</i>
4.	Board of Directors	<ul style="list-style-type: none"> ▪ If the budget is rejected by the Board of Directors, please proceed to step 5 of the procedure. ▪ If the budget is approved by the Board of Directors, please proceed to step 8 of this procedure. 	<i>Board of Directors approved/ rejected budget</i>
5.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Apply the necessary changes of the rejected budget as per Board of Directors comments and requirements. 	<i>Amendments</i>
6.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review the amended budget and ensure all issues have been dealt with appropriately. 	<i>Reviewed amended budget</i>
7.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review the amended budget and ensure 	<i>Final amended</i>

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Budgeting

Budget Consolidation and Approval Procedures

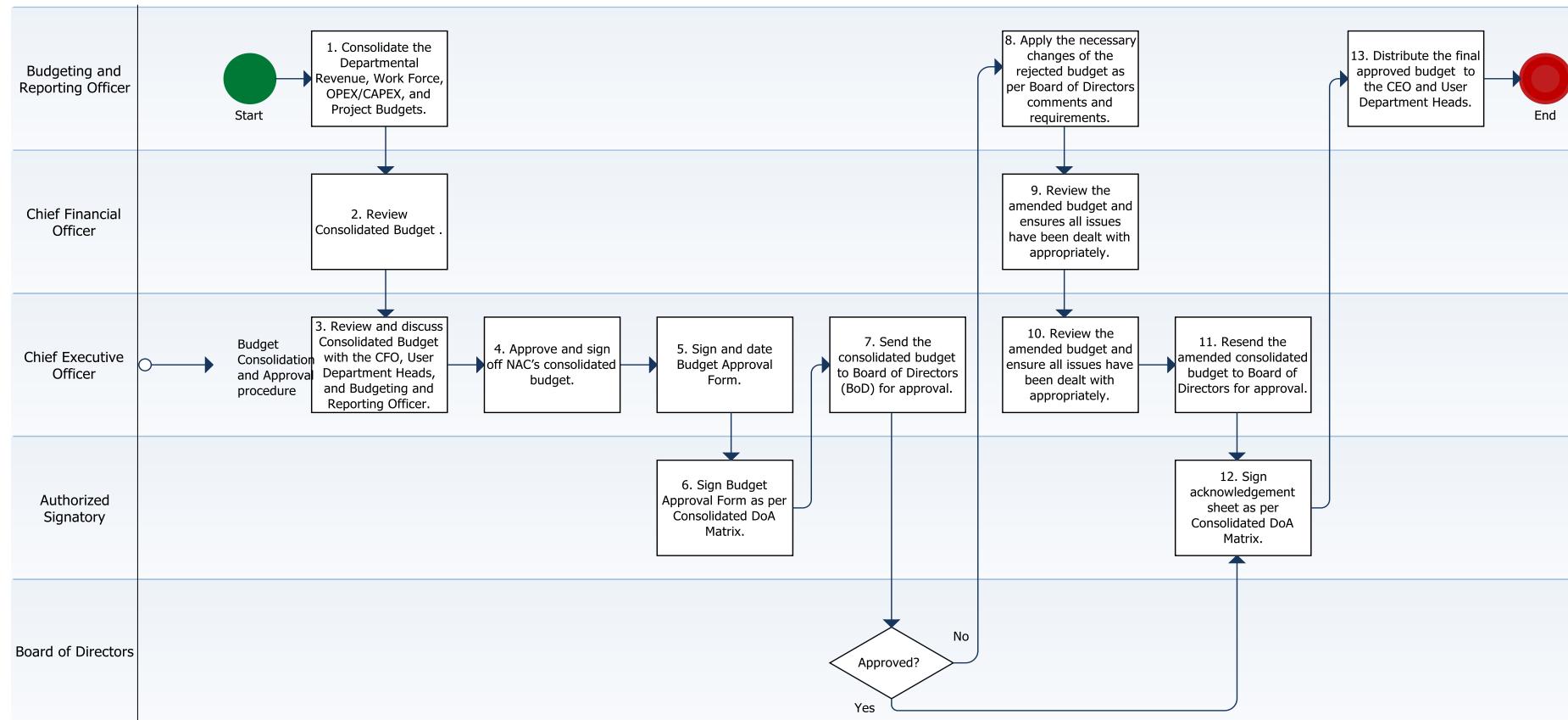
No.	Job Title	Procedure Description	Output/Report/ Control
		<p>all issues have been dealt with appropriately.</p> <ul style="list-style-type: none"> ▪ Resend the amended consolidated budget to Board of Directors for approval. 	<i>budget</i>
8.	Authorized Signatory	<ul style="list-style-type: none"> ▪ Sign the acknowledgement sheet as per the Consolidated Delegation of Authority Matrix. 	<i>Signed acknowledgement sheet</i>
9.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Distribute the final budget approved by Board of Directors to the CEO and User Department Heads. 	<i>Distributed final budget</i>

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Budget Consolidation and Approval Flowchart

15.14 Budget Consolidation and Approval Flowchart



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Budgeting

Budget Revision Procedures

15.15 Budget Revision Procedures

This section contains procedures that should be followed for a Budget revision at NA:

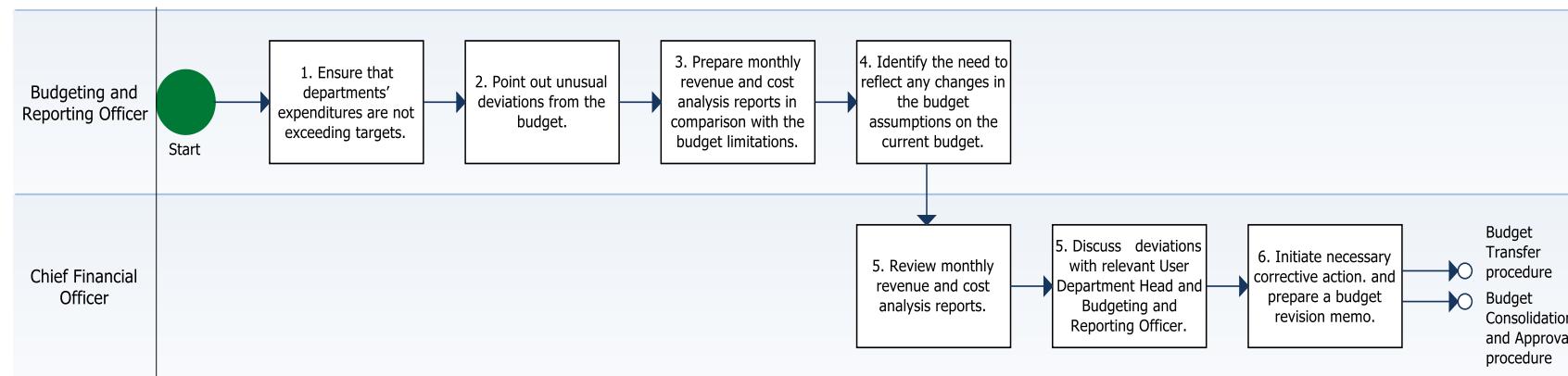
No.	Job Title	Procedure Description	Output/Report/Control
1.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Perform the following procedures with regards to a revision of the budget: <ul style="list-style-type: none"> ○ Ensure that departments' expenditures are not exceeding targets and constraints in achieving proposed results. ○ Point out unusual deviations from the budget. ○ Prepare monthly revenue and cost analysis reports in comparison with the budget limitations. ○ Forward monthly revenue and cost analysis reports to CFO and User Department Heads. ○ Identify the need to reflect any changes in the budget assumptions on the current budget. 	<i>Monthly revenue and cost analysis reports</i>
2.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review monthly revenue and cost analysis reports. ▪ Discuss any noted deviations with relevant User Department Head in the presence of Budgeting and Reporting Officer. ▪ Initiate necessary corrective action, e.g.: budget transfer and prepare a Budget Revision Memo 	<i>Corrective actions</i>
3.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Proceed to Budget Transfer Procedure if necessary. ▪ Proceed to Budget Consolidation and Approval Procedure. 	Budget Transfer Procedure

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Budget Revision Flowchart

15.16 Budget Revision Flowchart



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Budgeting

Budget Transfer Procedure

15.17 Budget Transfer Procedure

This section contains procedures that should be followed for Budget Transfer at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Identify the need for additional funds for a particular account item. ▪ Prepare Budget Transfer Request Form stating the reason for the transfer, the amount required and the budget line items affected by the transfer. 	
2.	User Department Head	<ul style="list-style-type: none"> ▪ Review and send the Budget Transfer Request Form to the Finance Department. 	<i>Budget Transfer Request Form</i>
3.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Assess the Transfer request. ▪ Study the reason for transfer request and ensure that budget transfer is the most suitable solution. ▪ Suggest other corrective actions, if any. 	<i>Reviewed Budget Transfer Request</i>
4.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Review and approve the Budget Transfer Request against justification provided. ▪ If the request is rejected, the Budgeting and Reporting Officer informs the User Department Head of the rejection. ▪ If the request is approved, sign and date Budget Transfer Form. 	<i>Approved/rejected Budget Transfer Request</i>
5.	Chief Executive Officer	<ul style="list-style-type: none"> ▪ Review and approve the Budget Transfer Request and discuss it with User Department Head. ▪ If the request is rejected, the Budgeting and Reporting Officer will inform the User Department Head of the rejection. ▪ If the request is approved, sign and date Budget Transfer Form and obtain approvals as per the Consolidated Delegation of Authority Matrix. 	<i>Approved/Rejected Budget Transfer Request</i>
6.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Update the allocation of the account item (budget Item) based on the CEO's approval. ▪ Inform all parties concerned with the fund transfer. 	<i>Oracle update based on Request Approval</i>

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Budgeting

Budget Transfer Procedure

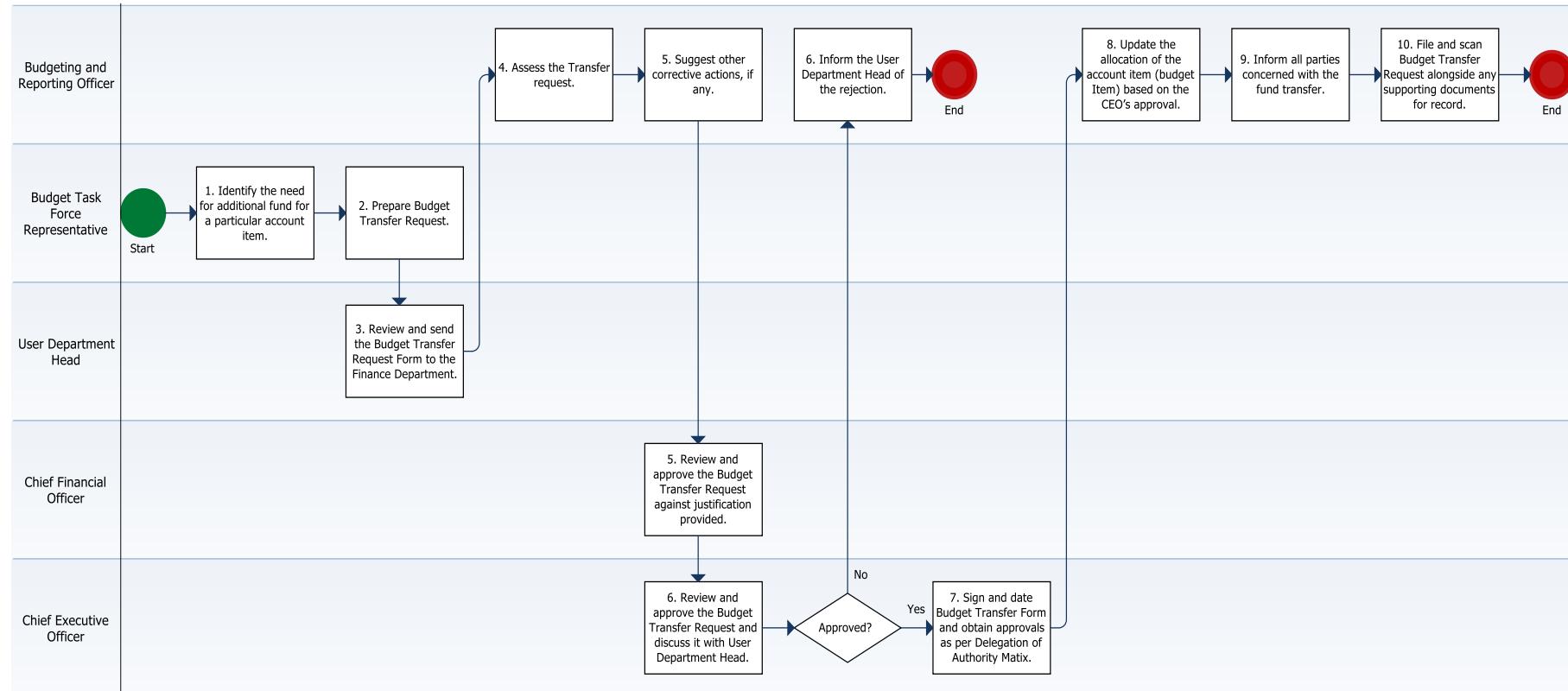
No.	Job Title	Procedure Description	Output/Report/ Control
		<ul style="list-style-type: none">▪ File, scan and archive Budget Transfer Request alongside any supporting documents for record.	Scan file, and archive

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Budgeting

Budget Transfer Flowchart

15.18 Budget Transfer Flowchart



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Budgeting

Budget Validation for Purchase Requisitions and Purchase Orders Procedures

15.19 Budget Validation for Purchase Requisitions and Purchase Orders Procedures

This section contains procedures that should be followed for Budget Validation for Purchase Requisitions and Purchase Orders prior to carrying out any purchases at NA:

No.	Job Title	Procedure Description	Output/Report/Control
1.	Budget Task Force Representative	<ul style="list-style-type: none"> ▪ Prepare all necessary documents that require budget validation, i.e. Purchase Requisition, Quotation, Approval Letter or Request Forms etc. and ensure the availability of all information. 	<i>Preparation of necessary documents</i>
2.	User Department Head	<ul style="list-style-type: none"> ▪ Review and approve necessary documents that require budget validation. 	<i>Reviewed and approved documents</i>
3.	Budgeting and Reporting Officer	<ul style="list-style-type: none"> ▪ Review necessary documents that require budget validation and check for budget availability. ▪ In the case of no budget availability, reject the documents and send back to User Department Head requesting the necessary information and a new Budget Transfer Form to be filled. ▪ In the case of budget availability, record the following data in the Oracle: <ul style="list-style-type: none"> ○ Account code ○ Budget amount ○ Required amount (Purchase amount) ○ Outstanding balance ▪ Inform the requesting Department of the budget validation approval. 	<i>Reviewed necessary documents</i> <i>Budget Check</i>

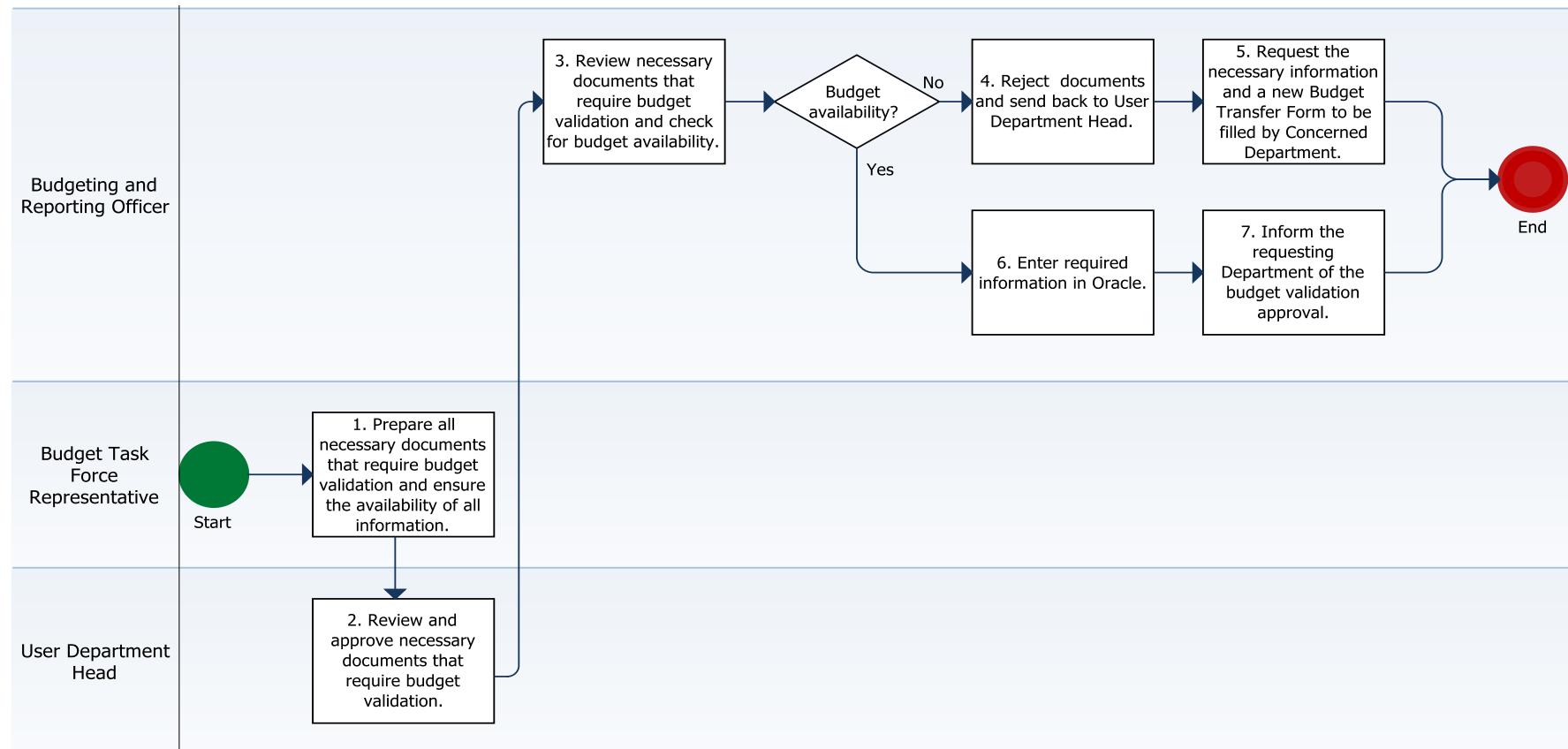
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Budgeting

Budget Validation for Purchase Requisitions and Purchase Orders Flowchart

15.20 Budget Validation for Purchase Requisitions and Purchase Orders Flowchart



Finance and Accounting Policies & Procedures Manual

The Insurance Claims Process

Introduction

16 The Insurance Claims Process

16.1 Introduction

- 16.1.1 The aim of this section is to address the claims process arising from the initiation, preparation, submission, follow-up and settlement of insurance claims arising from the transport of Motor Vehicle Accident ('MVA') patients as well as medical claims arising from the treatment of patients
- 16.1.2 Defining the MVA and Medical Insurance Claims Process is intended to establish formalized and documented Insurance Claiming policies and procedures that serve as a single point of reference for various stakeholders of the Insurance Claims Process.
- 16.1.3 The purpose of this chapter is to document the Insurance Claims Process and Procedures of NA, which will:
- Serve as a means of defining and clarifying responsibilities associated with preparation, review, submission and follow-up of insurance claims,
 - Reporting related to the MVA and medical insurance claims,
 - Serve as a point of reference to ensure that the Insurance Claims Process is properly and consistently applied, and
 - Enable efficient and timely preparation of insurance claims.
- 16.1.4 The basic objectives of the Insurance Claims Process are to:
- Enhance revenue by means of submitting insurance claims for the services provided by NA, specifically related to the transport of Motor Vehicle Accident patients to hospital, and the treatment of medical cases,
 - Assign responsibilities for the various tasks associated with the Insurance Claims Process at NA,
 - Provide a basis for the evaluation of operational and financial performance in accordance with the strategic plans laid out by NA's management as it relates to insurance recovery,
 - Allow comparative analysis of actual to budgeted results as they relate to the recovery of insurance revenue.
- 16.1.5 The following processes will be covered:
- Insurance Claim Information Gathering
 - Insurance Claim Preparation
 - Insurance Claim Submission
 - Insurance Claim Follow-up
 - Insurance Claim Settlement
 - MVA and Medical Claims Status Reporting
 - Allocation of Responsibility for MVA and Medical Insurance Revenue Collection

Finance and Accounting Policies & Procedures Manual

The Insurance Claims Process

Insurance Claim Information Gathering: MVA Claims

16.2 Insurance Claim Information Gathering: MVA Claims

- 16.2.1 The Insurance Claims Process (the ‘**Process**’) starts with the automatic upload of all cases identified as an MVA that arise in the CAD system. The automatic upload of the MVA cases from the CAD system, to the MVA Reporting Tool, takes place on a daily basis at 3AM.
- 16.2.2 The NA Supply Chain Department, part of the Administration Department, is responsible for the collection of the Patient Care Records (‘**PCRs**’) from the NA bases in the Northern Emirates. The PCRs are collected in the Northern Emirates and returned to Operations / Clinical Services. Clinical Services uses the PCRs for Clinical Audit, while Finance uses the PCRs for purposes of identifying MVA cases.
- 16.2.3 All paper PCRs are scanned to the NA N:/ drive and renamed in a specific format so that they are accessible by the MVA Reporting Tool.
- 16.2.4 The Electronic Patient Care Records (‘**ePCR**’) links to the MVA Reporting Tool such that the information captured by the ePCR is accessible through the MVA Reporting Tool. The MVA Insurance Team accesses the information required for invoice generation by linking, as required, to the ePCR data captured by the MVA Reporting Tool.
- 16.2.5 In addition to the claims imported into the MVA Reporting Tool via the automatic daily upload from CAD, there is a routine (generally every eight days) upload of the information captured by the teams in the Northern Emirates, by means of an Excel file in a designated format. This upload is undertaken by the NA IT Team.
- 16.2.6 Once the daily upload has taken place, the MVA Insurance Team identifies the duplicate MVA cases that have been uploaded automatically into the MVA Reporting Tool (for example, due to there being multiple calls to the Ambulance Communications Center related to the same accident).
- 16.2.7 Once the MVA Insurance Team is satisfied that all duplicate cases have been eliminated in the MVA Reporting Tool a file is generated for submission to SAAED, the ‘**SAAED File**’.
- 16.2.8 The SAAED File is e-mailed to SAAED in a specific format, in Excel, to allow them to verify against their system the MVA cases that they attended.
- 16.2.9 Upon the receipt of a completed SAAED File, i.e. by return e-mail from SAAED, the MVA Insurance Team uploads the file into the MVA Reporting Tool, including the SAAED Reference Number and number plate information provided by SAAED.
- 16.2.10 On a weekly basis, the Insurance Representative visits the Police Departments in the Northern Emirates to collect the police reports arising from the accidents in the Northern Emirates. These police reports are returned to the MVA Insurance Team.

16.3 Insurance Claim Information Gathering: Medical Claims

- 16.3.1 The Medical Insurance Claims Process starts with a review of all the PCRs collected for all cases treated in the Northern Emirates.
- 16.3.2 The medical information, i.e. insurance company name, medical card number, and nature of the medical treatment provided by NA, is extracted from PCRs.

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The Insurance Claims Process

Insurance Claim Preparation: MVA Claims

16.4 Insurance Claim Preparation: MVA Claims

- 16.4.1 Following the receipt of the police reports from the Northern Emirates Police Departments, the MVA Insurance Team matches the police reports to the NA CAD system and the NA PCRs to ensure that NA did in fact transport the MVA patient.
- 16.4.2 Using the MVA Reporting Tool the MVA Insurance Team prepares the invoice for submission to the insurance companies, based on the information contained in the police reports.

16.5 Insurance Claim Preparation: Medical Claims

- 16.5.1 Following the review of the medical information captured in the PCRs, an Excel file is prepared for upload into the NA E-Claims system.
- 16.5.2 The data contained in the Excel is uploaded to the E-Claims system. The data is reviewed by the Insurance Team to ensure that the medical claims have been coded correctly for submission to the insurance companies.

16.6 Insurance Claim Submission: MVA Claims

- 16.6.1 Following the successful matching of the police reports to the NA CAD / Patient Care Records, and the generation of the invoices, the invoices, including the attached police reports and medical reports (for non-SAAED cases), are sent by courier to the respective insurance companies as identified by the police reports, i.e. based on the allocation of responsibility for the Motor Vehicle Accident.
- 16.6.2 The invoices, police reports and medical reports are scanned to the server (N:/ drive) as a record in case follow-up is required.
- 16.6.3 The MVA Reporting Tool is updated with a status denoting that the invoice has been sent to the insurance companies and that payment is awaited.

16.7 Insurance Claim Submission: Medical Claims

- 16.7.1 The claims is submitted, using the NA E-Claims system, to the ‘HAAD Post-Box’ which performs a validation check on the claims submitted.
- 16.7.2 Following the successful completion of the validation checks, the claims are sent to the specific insurance companies for which the claim is intended.

16.8 Insurance Claim Follow-up: MVA Claims

- 16.8.1 Once the invoices, along with the police and medical reports, if applicable, have been delivered to the insurance companies, follow-up of payment can commence. Payments are followed-up within a period of 30 calendar days from submission of the invoices to the insurance companies.
- 16.8.2 The follow-up process involves dispute resolution as well. Should the insurance company not settle the invoices within a period of 30 calendar days from invoice submission, the MVA

Finance and Accounting Policies & Procedures Manual

The Insurance Claims Process

Insurance Claim Follow-up: Medical Claims

Insurance Team sends a reminder e-mail with an electronic version of the Statement of Account, highlighting the full list of overdue MVA claims.

- 16.8.3 Any claims disputed by the insurance companies are followed up to determine the reason for the dispute and non-payment by the insurance company. Depending on the reason for the non-payment, and whether or not NA agrees with the non-payment, the MVA Insurance Team updates the MVA Reporting Tool to track the status on each of the claims.

16.9 Insurance Claim Follow-up: Medical Claims

- 16.9.1 Once the claims have been submitted to the insurance companies, follow-up of payment can commence. Payments are followed-up within a period of 30 calendar days from submission of the claims to the insurance companies.

16.10 Insurance Claim Settlement: MVA Claims

- 16.10.1 The insurance companies have been requested to settle the invoices by direct deposit to the NA bank account. A separate bank account has been opened for purposes of the receipt of MVA insurance proceeds, the '**MVA Bank Account**'.
- 16.10.2 Payments are received into the bank account either directly from the insurance companies or by means of a cheque being issued to NA for deposit into the MVA Bank Account.
- 16.10.3 The MVA Insurance Team works with the Accounts Payable Manager to identify those payments received into the MVA Bank Account.
- 16.10.4 Once claims have been settled by the insurance companies, the MVA Reporting Tool is updated with each case being closed in the system as "CLOSED: Paid by Insurance company".

16.11 Insurance Claim Settlement: Medical Claims

- 16.11.1 The insurance companies settle the medical claims directly into the main bank account of NA. The Insurance Claims Team works with the Accounts Payable Manager to identify the claims that have been paid by the insurance companies so that the claims may be marked as completed in the E-Claims system.

16.12 MVA and Medical Claims Status Reporting

- 16.12.1 The MVA Reporting Tool was designed to allow the status on each and every MVA case to be tracked through the system, right from the time it is recorded in CAD as an MVA case, up until the time that the insurance claim has been settled by the insurance company.
- 16.12.2 During the course of the Preparation, Submission, Follow-up and Settlement of the MVA claims, the MVA Reporting Tool is updated with the status on each and every MVA case transported to hospital by NA.
- 16.12.3 The Accounts Payable Manager updates the 'Daily Bank Movements' file to record the payments received from the insurance companies, analyzing the payments received by month and the name of the insurance company from which the payment was received.

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Allocation of Responsibility for MVA and Medical Claims Insurance Revenue Collection

16.12.4 The CFO is able to generate a report from the MVA Reporting Tool that shows, for a chosen timeframe, the status on each and every MVA case included within the timeframe selected by the user. This allows follow-up by the CFO to identify where further action is required or identify where specific attention needs to be focused.

16.12.5 At the end of each month, as part of the Financial Statements Closing Process and preparation of the CFO Report, details of the MVA and medical claims paid by the insurance companies are extracted from the Daily Bank Movements file maintained by the Accounts Payable Manager. A graph of MVA claims against budget is included in the monthly CFO Report. A graph of cash receipts for the medical claims is also included in the monthly CFO Report.

16.13 Allocation of Responsibility for MVA and Medical Claims Insurance Revenue Collection

This section contains procedures that should be followed related to the Insurance Claims Process at NA:

No.	Job Title	Procedure Description	Output / Report / Control
1.	Insurance Representative (Driver)	<ul style="list-style-type: none"> ▪ Visit the Police Departments in the Northern Emirates to collect the police reports / medical reports that support the MVA Insurance Claim ▪ Liaise with the Northern Emirates Police Departments on matters where incomplete police reports are received ▪ Collect cheques from various insurance companies, i.e. those who do not pay the claim directly into the MVA Bank Account 	<i>Police Reports and Medical Reports handed to the MVA Insurance Team</i> <i>Cheques collected from the insurance companies</i>
2.	NA Fleet Department	<ul style="list-style-type: none"> ▪ Collection of the Patient Care Records from the Northern Emirates bases from which National Ambulance operates. 	<i>Paper PCRs handed to Clinical Services / Operations</i>
3.	NA IT Department	<ul style="list-style-type: none"> ▪ Upload of the Excel files received from SAAED ▪ Upload of the Excel reports received from the Northern Emirates 	<i>Files upload to the MVA Reporting Tool</i>
4.	Insurance Claims Officer / Insurance Claims Assistant	<ul style="list-style-type: none"> ▪ Review the police reports and medical reports received from the Northern Emirates Police Departments ▪ Match the police reports to the NA CAD data and Patient Care Records by making use of the information contained in the police reports 	<i>Police report matched with the NA CAD and Patient Care Records</i> <i>Invoice submitted to the insurance companies</i>

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The Insurance Claims Process

Allocation of Responsibility for MVA and Medical Claims Insurance Revenue Collection

No.	Job Title	Procedure Description	Output / Report / Control
		<ul style="list-style-type: none"> ▪ Insurance Claim preparation ▪ Insurance Claim submission ▪ Insurance Claim follow-up ▪ Insurance Claim settlement ▪ Updating of the MVA Reporting Tool to track the status on each case as it moves through the system 	<p><i>Follow-up of the insurance claims submitted</i></p> <p><i>Banking of the cash received</i></p> <p><i>Updated system with claim system</i></p>
5.	Accounts Payable Manager	<ul style="list-style-type: none"> ▪ The Accounts Payable Manager updates the 'Daily Bank Movements' file to record the payments received from the insurance companies, analyzing the payments received by month and the name of the insurance company from which the payment was received. 	<p><i>Daily Bank Movements file is updated for review by the CFO.</i></p>
6.	Insurance Manager	<ul style="list-style-type: none"> ▪ Full supervision of the MVA Insurance Team ▪ Monitoring the above-mentioned tasks to ensure compliance with policies and procedures ▪ Working with the CFO to identify any bottle-necks in the system and where improvements may be made 	<p><i>Reports to the CFO on a monthly basis detailing the status of each MVA case coming through CAD</i></p>
7.	Chief Financial Officer	<ul style="list-style-type: none"> ▪ Overall control of the MVA Insurance Team ▪ Reports to the CEO and Board of Directors relate to the MVA Insurance Function 	<p><i>Reports to the CEO and Board of Directors</i></p>

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Glossary of Terms

Allocation of Responsibility for MVA and Medical Claims Insurance Revenue Collection

17 Glossary of Terms

Term	Definition
Accounts Payable	<ul style="list-style-type: none"> ▪ A contractual obligation in the form of a financial liability which will be settled by delivering cash or other financial asset to counter party ▪ Accounts payable represent the amounts due from NA resulting from the purchase of goods or services directly related to the main operational activities (for example, but not limited to): <ul style="list-style-type: none"> ○ Purchase of goods or other office materials ○ Purchase of software ○ Legal and professional services ○ Utility payments ○ Accrued expenses ○ Approved travel reimbursement etc.
Accounts Receivable	<ul style="list-style-type: none"> ▪ The money due from clients for goods or services delivered on credit. ▪ The total figure of accounts receivable is shown on the balance sheet as an asset.
Aging of Accounts Receivable	<ul style="list-style-type: none"> ▪ Aging of Accounts Receivable bases the estimate for uncollectible accounts on accounts receivable balance and the computation that the longer an account is outstanding, the higher the likelihood that it will not be collected.
Allowance for Doubtful Accounts	<ul style="list-style-type: none"> ▪ It is a contra account on the balance sheet that reduces Accounts Receivable to its net realizable value by subtracting the amount estimated to be uncollectible.
Asset	<ul style="list-style-type: none"> ▪ An asset is a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity.
Bad Debt Expense	<ul style="list-style-type: none"> ▪ A category on the income statement used to expense the estimate for uncollectible accounts receivable.
Bank Deposit	<ul style="list-style-type: none"> ▪ Money deposited in a bank account.
Bank Receipt	<ul style="list-style-type: none"> ▪ Receipt of the money deposited in the bank account.
Bank Reconciliation	<ul style="list-style-type: none"> ▪ Analysis that accounts for the difference between the balance shown on the bank statement and the balance shown in the accounting records on a given date.
Bargain Purchase Option	<ul style="list-style-type: none"> ▪ This is a provision allowing the lessee at his option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
Carrying Amount	<ul style="list-style-type: none"> ▪ Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated impairment losses.
Cash and Cash Equivalents	<ul style="list-style-type: none"> ▪ Cash at NA includes cash in hand and cash at banks.

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Allocation of Responsibility for MVA and Medical Claims Insurance Revenue Collection

	<ul style="list-style-type: none"> ▪ Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and that are subject to an insignificant risk of change in value.
Consumables	<ul style="list-style-type: none"> ▪ Inventories used to support operations, plant repair and maintenance. Consumables are usually considered to be used after issue from stores and are recognized in the Statement of Comprehensive Income as consumed, e.g. cleaning materials, lubricants, etc.
Contingent Rent	<ul style="list-style-type: none"> ▪ The portion of the lease payments that is not fixed in amount but is based on the future amount of a factor (other than with the passage of time) that changes (e.g. percentage of future sales, amount of future use, future price indices, and future market rates of interest).
Cost	<ul style="list-style-type: none"> ▪ Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other IFRSs, e.g., <i>IFRS 2: Share-based Payment</i>.
Costs of Disposal	<ul style="list-style-type: none"> ▪ Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.
Credit Note	<ul style="list-style-type: none"> ▪ It is a document that reduces Accounts Receivable due from a customer to NA. ▪ It is also a commercial document issued by a seller to a buyer. It can be used in complaints processing to request a credit for a customer i.e. in case of usage of wrong scale prices or omission of sales discount etc. ▪ It generally means that the Company is owed money.
Custodian	<ul style="list-style-type: none"> ▪ The individual to whom the petty cash fund is issued.
Delivery Documents	<ul style="list-style-type: none"> ▪ List of documents that accompany the delivery of goods or services
Depreciation	<ul style="list-style-type: none"> ▪ Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. ▪ Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.
Directly Attributable Costs	<ul style="list-style-type: none"> ▪ Directly attributable costs are costs that are directly attributable to bringing the asset to a location and a condition, where it will serve its intended purpose. Examples include: <ul style="list-style-type: none"> ○ The cost of site preparation. ○ Initial delivery and handling costs. ○ Installation costs. ○ Professional fees such as architect and engineer fees. ○ The estimated cost of dismantling and removing the asset and restoring the site.

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Employee Benefits	<ul style="list-style-type: none"> ▪ Employee benefits are all forms of consideration given by NA to its employees, in exchange for service rendered by employees.
Fair Value	<ul style="list-style-type: none"> ▪ Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. ▪ Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Financial Lease	<ul style="list-style-type: none"> ▪ A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
Foreign Currency Translation	<ul style="list-style-type: none"> ▪ Transaction that is denominated or requires settlement in a foreign currency.
Impairment	<p>A downward revaluation of Assets.</p> <ul style="list-style-type: none"> ▪ Assets that are likely to be written down are the company's goodwill, accounts receivable and long-term assets etc.
Inception of the Lease	<ul style="list-style-type: none"> ▪ The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As at this date: <ul style="list-style-type: none"> ○ A lease is classified as either an operating or a finance lease; and ○ In the case of a finance lease, the amounts to be recognized at the commencement of the lease term are determined.
Initial Direct Costs	<ul style="list-style-type: none"> ▪ Initial direct costs are incremental costs that are directly attributable to negotiating and arranging a lease.
Intangible Asset	<ul style="list-style-type: none"> ▪ Intangible asset include an identifiable non-monetary asset (such as goodwill, copyright, patent etc.) without physical substance held for use in the production or supply of goods or services, for rental, for administrative purposes or for other purposes.
Inventories	<ul style="list-style-type: none"> ▪ Assets that are: <ul style="list-style-type: none"> ○ in the form of materials or supplies to be consumed or distributed in the rendering of services; ○ held for sale or distribution in the ordinary course of operations
Invoice	<ul style="list-style-type: none"> ▪ Bill for payments
Lease	<ul style="list-style-type: none"> ▪ A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. ▪ Arrangements, comprising a transaction or a series of related transactions, that do not take the legal form of a lease (e.g. service transactions) but convey a right to use an asset in return for a payment or series of payments may contain a lease. ▪ An arrangement contains a lease if both of the following criteria are met:

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Allocation of Responsibility for MVA and Medical Claims Insurance Revenue Collection

	<p>○ Fulfillment of the arrangement is dependent on the use of a specific asset or assets. An asset is explicitly identified when the seller (lessor) is contractually obliged to use a specific asset to provide the goods or services requested by the purchaser (lessee). If an arrangement does not explicitly specify an asset that must be used, it has to be determined whether an asset has been implicitly identified. An asset has been implicitly specified if, for example, the supplier owns or leases only one asset with which to fulfill the obligation and it is not economically feasible or practicable for the supplier to perform its obligation through the use of alternative assets. Even if the asset is explicitly specified, an arrangement does not contain a lease if fulfillment of the arrangement is not dependent on the use of this asset.</p> <p>○ The arrangement conveys a right to use the asset. An arrangement conveys the right to use the asset if the arrangement conveys to the purchaser (lessee) the right to control the use of the underlying asset. The right to control the use of the underlying asset is conveyed if any one of the following conditions is met:</p> <ul style="list-style-type: none">▶ The purchaser has the ability or right to operate the asset or direct others to operate the asset in a manner it determines while obtaining or controlling more than an insignificant amount of the output or other utility of the asset▶ The purchaser has the ability or right to control physical access to the underlying asset while obtaining or controlling more than an insignificant amount of the output or other utility of the asset▶ Facts and circumstances indicate that it is a remote possibility that one or more parties other than the purchaser will take more than an insignificant amount of the output or other utility that will be produced or generated by the asset during the term of the arrangement, and the price that the purchaser will pay for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output. <p>▪ A reassessment of whether the arrangement contains a lease after the inception of the arrangement should be made only if any one of the following conditions is met:</p> <ul style="list-style-type: none">○ There is a change in the contractual terms of the arrangement, unless the change only renews or extends the arrangement○ A renewal option is exercised or an extension is agreed to by the parties to the arrangement, unless the term of the renewal or extension had been included in the original lease term○ There is a change in the determination of whether fulfillment is dependent on a specified asset○ There is a substantial change to the asset.
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	<ul style="list-style-type: none"> ▪ Changes in estimate (for example, the estimated amount of output to be delivered to the purchaser or other potential purchasers) would not trigger a reassessment. ▪ The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option. ▪ It includes: <ul style="list-style-type: none"> ○ The fixed non-cancellable term of the lease. ○ All periods, if any, covered by bargain renewal options. ○ All periods, if any, for which failure to renew the lease imposes a penalty on the lessee in such amount that a renewal appears, at the inception of the lease, to be reasonably assured. ○ All periods, if any, covered by ordinary renewal options during which a guarantee by the lessee of the lessor's debt directly or indirectly related to the leased asset is expected to be outstanding. ○ All periods, if any, covered by ordinary renewal options preceding the date as of which a bargain purchase option is exercisable. ○ All periods, if any, representing renewals or extensions of the lease at the lessor's option. ▪ However, in no case should the lease term be assumed to extend beyond the date a bargain purchase option becomes exercisable.
Minimum Lease Payments	<ul style="list-style-type: none"> ▪ The payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with the guaranteed residual value. If the lease contains a bargain purchase option, only the minimum lease payments over the lease term and the payment called for by the bargain purchase option should be included in the minimum lease payments.
Net realizable value	<ul style="list-style-type: none"> ▪ The estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale
Operating Lease	<ul style="list-style-type: none"> ▪ An operating lease is a lease other than a finance lease.
Petty Cash	<ul style="list-style-type: none"> ▪ A small working cash fund maintained for use in purchasing incidental supplies of an unpredictable nature and for expenditures where it is not practical to make the disbursement by cheque while maintaining proper control.
Post –Employee Benefits	<ul style="list-style-type: none"> ▪ Post-employment benefits are employee benefits (other than termination benefits), which are payable after the completion of employment.

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Prepayments	<ul style="list-style-type: none"> ▪ Prepayments are expenditures for goods or services before the goods are used or services received. ▪ They include items such as prepaid insurance, interest and rent etc.
Property, Plant and Equipment	<ul style="list-style-type: none"> ▪ PPE are tangible items that are: <ul style="list-style-type: none"> ○ Held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. ○ Expected to be used during more than one accounting period.
Residual Value	<ul style="list-style-type: none"> ▪ Residual value is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. ▪ The amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.
Revenue	<ul style="list-style-type: none"> ▪ Revenue is the gross inflow of economic benefits, arising in the course of the ordinary activities of an entity, when those inflows result in increases in equity, other than increases relating to contributions from equity participants.
Spare Parts	<ul style="list-style-type: none"> ▪ Spare parts can be inventories used to support operations, plant repairs and maintenance. ▪ Spare parts can also be items used to operate machinery and equipment or required for replacement of parts of machinery and equipment.
Straight-line Method	<ul style="list-style-type: none"> ▪ Straight-line method is a method of depreciation where the original cost of an asset less residual value is depreciated over its useful life in equal amounts in each accounting period.
Subsequent Expenditure	<ul style="list-style-type: none"> ▪ Subsequent expenditure is expenditure incurred on existing items of property, plant and equipment, which is not repairs and maintenance or which significantly, prolongs the life of an asset.
The Guaranteed Residual Value	<ul style="list-style-type: none"> ▪ For a lessee, that part of the residual value guaranteed by the lessee or by a party related to the lessee, or ▪ For a lessor, that part of the residual value that is guaranteed to the lessor by: <ul style="list-style-type: none"> ○ The lessee, ○ A party related to the lessee, or ○ A third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.
The Lessee's Incremental Borrowing Rate	<ul style="list-style-type: none"> ▪ The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.

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The Unguaranteed Residual Value	<ul style="list-style-type: none"> ▪ The portion of the residual value of the leased asset, the realization of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.
Useful Life	<ul style="list-style-type: none"> ▪ Useful life is the: <ul style="list-style-type: none"> ○ Period over which an asset is expected to be available for use by an entity; or ○ Number of production or similar units expected to be obtained from the asset by an entity. ▪ The useful life is defined as either one of the following: <ul style="list-style-type: none"> ○ The period over which an asset is expected to be available for use by NA ○ The number of production or similar units expected to be obtained from the asset by NA.
Value in Use	<ul style="list-style-type: none"> ▪ Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.
Vendor/supplier	<ul style="list-style-type: none"> ▪ Individuals or companies from whom NA purchases goods and services.

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Forms and Templates

Manual Distribution Control Record

18 Forms and Templates

18.1 Manual Distribution Control Record



Date of Issue	Custodian			Date of return	Signature of Controller
	Position	Name	Signature		

NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.

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Forms and Templates

Manual Revision Proposal

18.2 Manual Revision Proposal



Originated by:	Position:
Matters proposed to be revised (attach photocopies if required):	
Number:	Description:
Chapter:	
Section:	
Paragraph no. :	Page no. :
Proposed Revisions (use additional sheets if required):	
Reasons for Proposed Revisions:	
Comments of User Department Head:	
Comments of Chief Financial Officer:	
<p style="color: red; border: 2px solid red; padding: 5px;">NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.</p>	
Chief Financial Officer sign-off: _____	
Authorized Personnel sign-off: _____	
Approved <input type="checkbox"/>	Effective date: _____
Not approved <input type="checkbox"/>	

Finance and Accounting Policies & Procedures Manual

Forms and Templates

Manual Revision Control Sheet

18.3 Manual Revision Control Sheet



Version Number	Release Date	Covering Letter Reference	MRP Serial No.	Remarks

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Forms and Templates

Petty Cash Establishment/Replenishment Form

18.4 Petty Cash Establishment/Replenishment Form



National Ambulance
PETTY CASH ESTABLISHMENT/REPLENISHMENT FORM

Department:

AED:

Details of Petty Cash Imprest

Initial Petty Cash imprest: _____

Purpose of Petty Cash request: _____

In case of requesting an increase in Petty Cash Fund

Increase Petty Cash by: _____

Explanation for increase in imprest: _____

Total New Petty Cash Fund: _____

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Petty Cash Custodian Information

Name: _____ Position: _____
(As per passport)

Requester

Requester Name: _____

Signature: _____

Date: _____

Approvals

Name- User Department Head: _____

Signature: _____ Date: _____

Chief Financial Officer:

Signature:

Date:

Chief Executive Officer:

Signature:

Date:

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Forms and Templates

Petty Cash Reimbursement Form

18.5 Petty Cash Reimbursement Form



National Ambulance
PETTY CASH REIMBURSEMENT FORM

Requester Name:				Department:		
Requester Signature:				Date:		
Date	Invoice #	Purpose	Expense Type	Amount in Foreign Currency	Exchange Rate	Amount in AED
Total Reimbursement Expenses:						

I Certify That Expenses Claimed:

- Were Solely For Business Purposes
 - Were Due To Me As Part Of Employment Condition
 - Were In Accordance With The Travel & Representation Policy

Approvals

User Department Head:	Chief Financial Officer:
Signature:	Signature:
Date:	Date:

Finance and Accounting Policies & Procedures Manual
Forms and Templates
Petty Cash Expense Report

18.6 Petty Cash Expense Report



Custodian Name:					Petty Cash Fund:					
#.	PC Voucher Date	PC Voucher #	Amount	Cost Center	Expense Description	Other Expenses		Finance Department		Account Code
						Description	Budget	Yes	No	
1.										
2.										
3.										
4.										
5.										
Total expense to be reimbursed:										

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Custodian:	
User Department Head:	
Junior Cash and Banks Accountant:	

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Forms and Templates

Cheque Payment Order

18.7 Cheque Payment Order



From BANK account number AE-XX-XXX-XXXXXXXXXXXXXXX, please authorize the following payment:

Account name:

Cheque Number:

Cheque Amount:

Cheque Date:

Recipient:

Bill Payment

Employee Advances

Down

Advance Payment

Final & Full Settlement

Petty Cash

Other

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Checked & Approved By

Authorized By

Chief Financial Officer

Date:

NA Executive

Date:

Board Member

Date:

Prepared By

Senior Accounts Payable

Accountant

Date:

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Forms and Templates

Bank Transfer Form

18.8 Bank Transfer Form



**National Ambulance
BANK TRANSFER FORM**

Details of NA Bank Account	NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.	Beneficiary Bank Account Name and Account Number:
Bank Name:		

Details of Beneficiary Bank Account

Kindly arrange to transfer the amount of AED xxxx (UAE Dirham: xxxx and xxx Fils Only) to the bank account as per the under mentioned details:

Beneficiary:	Beneficiary Address / Branch:	Bank Account Name and Account Number (IBAN):
--------------	-------------------------------	--

Approvals	Chief Financial Officer: Signature: Date:	Name of Authorized Signatory: Signature: Date:
-----------	---	--

Yours Sincerely,

National Ambulance Company

Finance and Accounting Policies & Procedures Manual

Forms and Templates

Asset Retirement/Disposal Form

18.9 Asset Retirement/Disposal Form



Department:	Date:		
Asset Information			
Asset:	Manufacturer:		
Description:	Asset ID:		
Condition:	Excellent/Good <input type="checkbox"/>		
	Fair <input type="checkbox"/>		
	Poor/Beyond Repair <input type="checkbox"/>		
Recommendation			
Redeployment <input type="checkbox"/>	Trade In <input type="checkbox"/>	Sale <input type="checkbox"/>	Used for Parts <input type="checkbox"/>
Scrap <input type="checkbox"/>	Donation <input type="checkbox"/>	Storage <input type="checkbox"/>	Unknown <input type="checkbox"/>
Suggested trade in/donor recipient:			
Contact Name:	Organization:		
Address:		Telephone:	
Payment Details			
Payment Method:	Cash <input type="checkbox"/>		
	Credit Card <input type="checkbox"/>		
	Cheque <input type="checkbox"/>		
	Bank Transfer <input type="checkbox"/>		
Approval			
User Department Head:	Signature:		Date:
Senior Accounts Payable Accountant:	Signature:		Date:
General Ledger Officer:	Signature:		Date:

NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.

Finance and Accounting Policies & Procedures Manual

Forms and Templates

Asset Transfer Form

18.10 Asset Transfer Form

 National Ambulance ASSET TRANSFER FORM	
Fixed Asset ID:	
Make:	Model:
Serial Number:	Description:
Reason for Transfer:	
Transfer Form:	Transfer To:
Department:	Department:
User Department Head (Transferred from): (Print Name)	
Signature:	
Date:	
Senior Accounts Payable Accountant: (Print Name)	
Signature:	
Date:	
General Ledger Officer: (Print Name)	
Signature:	
Date:	
Chief Financial Officer: (Print Name)	
Signature:	
Date:	

NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.

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Expense Claim Form

18.11 Expense Claim Form



National Ambulance **EXPENSE CLAIM FORM**

IBAN ACCOUNT										Period	From:		
Staff Name		Department:							To				
SR #	Date	Description	Receipt Attached	Main Cost Code	Sub Cost Code	Expense Item	Additional Details	Currency	Forgine Currency Amount	Exchange Rate	Convert to AED	Amount in AED	Total
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
			Ch								0		C
		Total									-	-	-

I certify that expenses claimed:

- Were solely for business purposes
 - Were due to me as part of employment conditions
 - Were in accordance with the travel & representation policy

Net Claims: AED

Please remember to note participant's details on back of the receipt.

Claimant's Signature	Authorized Signatory	Chief Financial Officer
Date:	Date:	Date:

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I.O.U. Form

18.12 I.O.U. Form



Date: _____

No. _____

Amount (AED)	
Description	
Charged to	

Payee Name:

Signature:

Date:

Chief Financial Officer:

Signature:

Date:

Notes / Attached supporting documents

NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.

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Cash Advance Request Memo

18.13 Cash Advance Request Memo



Date:	
Requestor:	
Department:	
Amount (AED):	
Amount (In Words):	
Purpose:	
Budget Details:	

NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.

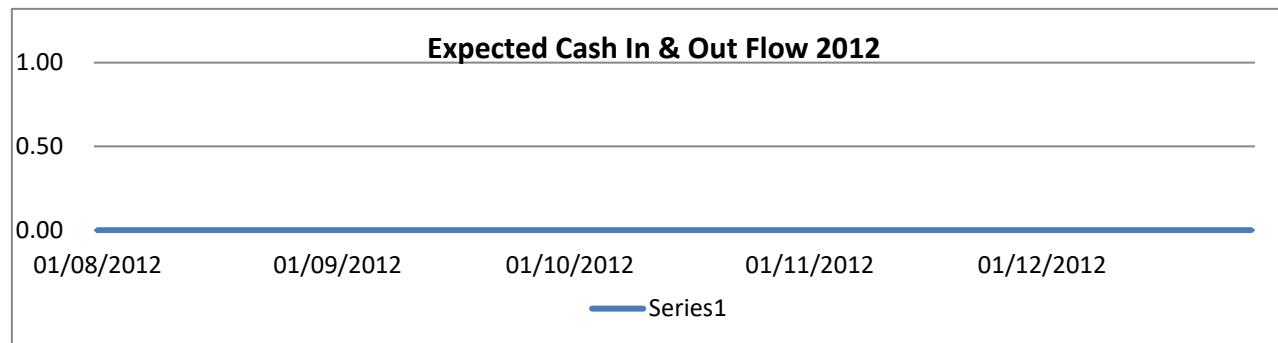
Requestor:	Name & Signature:	Date:
Approval: User Department Head	Name & Signature:	Date:

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Cash Inflow and Outflow Report

18.14 Cash Inflow and Outflow Report



Date	Description	Inflow	Outflow	Balance	Column1
01/08/2013	Balance Brought forward				Check
14/08/2013					Check
15/08/2013					Check
15/08/2013					Check
16/08/2013					Check
17/08/2013				0.00	Check
26/08/2013				0.00	Check
27/08/2013				0.00	Check
29/08/2013				0.00	Check



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Budget Transfer Form

18.15 Budget Transfer Form



National Ambulance BUDGET TRANSFER FORM

From			From (DESCRIPTION)					To			From (DESCRIPTION)				
Dept.	Project	Account	AMT.	Dept.	Project	Account	Cost Type	Dept.	Project	Account	AMT.	Dept.	Project	Account	Cost Type

NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.

Justification:

Requester Name:	Requester Signature:	Date:
-----------------	----------------------	-------

For Finance Department Use Only:

Recommendations:

<input type="checkbox"/> Approved	<input type="checkbox"/> Rejected
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Chief Financial Officer: Signature: Date:	Chief Executive Officer: Signature: Date:	Processed by: Signature: Date:
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Budget Approval Form

18.16 Budget Approval Form



Date	NOTE related to Update Version 5 of this document: These forms are the original versions of the forms. The latest versions, if applicable, are retained as part of the Document Reference Library with QHSE.			Form #	
Budget Year					
Department Head				Signature	
Department Head		Date		Signature	
Department					
Department Head		Date		Signature	
Department					
Department Head		Date		Signature	
Department					
Department Head		Date		Signature	
Approvals					
Prepared By: Budget Task Force Representative	Checked By: Budgeting and Reporting Officer	Initial Approval By: Chief Financial Officer		Final Approval By: Chief Executive Officer	
Date:	Date:	Date:		Date:	

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Petty Cash Summary Report

18.17 Petty Cash Summary Report



National Ambulance LLC Petty Cash Summary Report For the quarter-ended XX XX 20XX		
Petty Cash Float Holder		
Petty Cash Float Holder	Amount of Float (AED)	Balance Outstanding
Name 1	1,234.00	234.00
Name 2	1,234.00	234.00
Name 3	1,234.00	234.00
Name 4	1,234.00	234.00
Name 5	1,234.00	234.00
Name 6	1,234.00	234.00
Name 7	1,234.00	234.00
Name 8	1,234.00	234.00
Name 9	1,234.00	234.00
Name 10	1,234.00	234.00
Name 11	1,234.00	234.00
Name 12	1,234.00	234.00
Name 13	1,234.00	234.00
Name 14	1,234.00	234.00
		17,276.00
		3,276.00
Name Signed		
Prepared By: Accounts Payable Manager		
Checked By: Chief Financial Officer		
Approved By: Chief Executive Officer		