

Finch & Hill Manufacturing

Accounting Policies and Procedures Manual - Version A

Effective Date: July 1, 2025

1. Purpose

This document outlines standardized accounting principles and procedures for Finch & Hill Manufacturing to ensure accurate, consistent, and compliant financial reporting.

2. General Principles

- Basis of Accounting: Accrual basis in accordance with U.S. GAAP.
- Fiscal Year: January 1 - December 31.
- Currency: U.S. Dollar (USD)

3. Revenue Recognition

Revenue is recognized when:

- A contract exists with identifiable performance obligations.
- Control of goods or services has transferred.
- The transaction price is measurable and collectible.

4. Expense Recognition

Expenses are recognized in the same period as the related revenue or when incurred.

5. Cash Handling and Banking

- Deposits within 2 business days.
- Petty cash limit: \$500.
- Bank reconciliations by the 10th business day.

6. Fixed Assets and Depreciation

Definition: Tangible items > \$2,000 and useful life > 1 year.

Depreciation Method: Straight-Line.

Example: \$10,000 cost, 5 years = \$2,000/year.

7. Inventory Valuation

FIFO method. Physical counts at year-end.

8. Accounts Receivable

Receivables > 90 days reviewed monthly. Allowance based on historical loss.

9. Internal Controls

- Segregation of duties.
- Journal entries > \$10K require approval.
- Annual internal audits.

End of Document - Version A