

Finch & Hill Manufacturing

Accounting Policies and Procedures Manual - Version B

Effective Date: July 1, 2025

1. Purpose

This manual provides authoritative guidance for reliable reporting, compliance, and asset management.

2. General Principles

- Accounting Method: Accrual-based under U.S. GAAP.
- Reporting Period: January 1 to December 31.
- Functional Currency: USD

3. Revenue Recognition

Revenue recognized upon satisfaction of performance obligations under ASC 606.

4. Expense Recognition

Expenses recognized when incurred using matching principle or obligation.

5. Cash Management

- Deposits within 48 hours.
- Petty cash limit: \$750.
- Bank reconciliations within 15 business days.

6. Fixed Assets and Depreciation

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

Depreciation Method: Double-Declining Balance.

Example: \$10,000 cost, Year 1 = \$4,000, Year 2 = \$2,400.

7. Inventory Policy

Weighted Average Cost method. Year-end physical counts.

8. Receivables

Accounts > 60 days reviewed quarterly. Risk-based bad debt allowance.

9. Controls

- Disbursements > \$5,000 require two signers.
- Monthly reconciliations, quarterly reviews.
- External audits every two years.

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