

# SHANNON TECHNOLOGIES LIMITED

## Standard Operating Procedures (SOPs) for Accounts and Finance

### 1. Financial Reporting and Analysis

- **Objective:** To ensure accurate and timely financial reporting and analysis.
- **Scope:** Covers all aspects of financial reporting, including monthly, quarterly, and annual reports.
- **Procedure:**
  1. Collect data from all financial systems and sources.
  2. Review and reconcile accounts.
  3. Prepare financial statements (Balance Sheet, Income Statement, Cash Flow Statement).
  4. Analyze variances and provide insights on key financial metrics.
  5. Submit reports to management and stakeholders by the 5th working day of the month.

### 2. Accounts Payable Management

- **Objective:** To ensure timely and accurate processing of vendor invoices and payments.
- **Scope:** All purchases, vendor payments, and accounts payable operations.
- **Procedure:**
  1. Receive and verify invoices against purchase orders and delivery receipts.
  2. Enter verified invoices into the accounting system.
  3. Approve invoices according to the approval matrix.
  4. Process payments via bank transfers, checks, or other approved methods.
  5. Maintain records of all payments and reconcile vendor statements monthly.

### 3. Accounts Receivable Management

- **Objective:** To manage billing, collections, and customer account reconciliation.
- **Scope:** Includes invoicing, collections, and customer credit management.
- **Procedure:**
  1. Generate and send invoices to customers upon delivery of goods/services.
  2. Follow up on overdue accounts regularly, as per the credit policy.
  3. Reconcile customer accounts monthly.
  4. Record all receipts in the accounting system and allocate payments correctly.
  5. Report aged receivables and bad debt provisions to management.

### 4. Budgeting and Forecasting

- **Objective:** To prepare budgets and forecasts that align with strategic business goals.
- **Scope:** Annual budget preparation, quarterly forecasts, and variance analysis.
- **Procedure:**
  1. Gather input from all departments on revenue, costs, and capital expenditure.

2. Compile and review budget data, ensuring alignment with company objectives.
3. Present the draft budget for management approval.
4. Monitor and report budget performance monthly, highlighting variances and corrective actions.

## **5. Cash Management and Bank Reconciliation**

- **Objective:** To manage cash flow and ensure the accuracy of cash-related records.
- **Scope:** Daily cash management, bank reconciliations, and cash flow forecasting.
- **Procedure:**
  1. Monitor daily cash balances and project future cash needs.
  2. Prepare and update weekly and monthly cash flow forecasts.
  3. Perform monthly bank reconciliations by comparing bank statements with internal records.
  4. Investigate and resolve discrepancies promptly.

## **6. Payroll Management**

- **Objective:** To ensure accurate and timely payment of employee salaries and benefits.
- **Scope:** Payroll processing, statutory compliance, and employee deductions.
- **Procedure:**
  1. Collect and verify employee timesheets and attendance data.
  2. Calculate gross pay, deductions, and net pay according to company policy and tax regulations.
  3. Process payroll in the accounting system and generate pay slips.
  4. Remit statutory deductions to the relevant authorities on time.

## **7. Compliance and Internal Controls**

- **Objective:** To ensure compliance with financial regulations and maintain robust internal controls.
- **Scope:** Includes adherence to financial laws, regulations, and internal control systems.
- **Procedure:**
  1. Implement internal controls to prevent errors, fraud, and misappropriation.
  2. Conduct regular audits of financial transactions and records.
  3. Ensure compliance with tax, statutory, and regulatory requirements.
  4. Report compliance issues and corrective actions to management.

## **8. Month-End and Year-End Close Procedures**

- **Objective:** To ensure all financial records are accurately closed and reported.
- **Scope:** Month-end and year-end closing activities.
- **Procedure:**
  1. Complete reconciliations of all accounts, including bank, inventory, and intercompany accounts.
  2. Post all adjusting entries, including accruals, prepayments, and depreciation.

3. Review and finalize financial statements.
4. Submit reports to management and external auditors if applicable.

## **9. Fixed Assets Management**

- **Objective:** To manage and maintain accurate records of company fixed assets.
- **Scope:** Includes acquisition, depreciation, disposal, and maintenance of assets.
- **Procedure:**
  1. Record all asset acquisitions, including purchase details and cost allocation.
  2. Monitor and update depreciation schedules monthly.
  3. Conduct physical asset verification annually.
  4. Dispose of assets according to company policy and record the gain or loss on disposal.

## **10. Documentation and Record Keeping**

- **Objective:** To maintain accurate and accessible financial records.
- **Scope:** Includes the organization and storage of all financial documents.
- **Procedure:**
  1. Ensure all financial records are complete, accurate, and filed systematically.
  2. Retain documents according to the company's record retention policy.
  3. Secure sensitive information to protect confidentiality and prevent unauthorized access.