

Case Study

Joint Venture of a Japanese listed company manufacturing seats for commercial vehicles

Service(s) offered: **Clean-up of books of accounts, audit support and monthly review of books**

Sector/Industry: **Manufacturing**



Provided accounts and audit support to a manufacturing company from Japan

Our client was part of a joint venture with a Japanese company which specialized in design, development, testing, manufacturing and sales of seating systems. They are also one of the leading suppliers of auto components in Japan. Nexdigm had supported the client in setting up their operations in India, and therefore they later approached us to handle their clean-up of accounts, monthly review of books and audit support.

Challenge

The client was operating its manufacturing plant in full capacity; however, they did not have any Finance head to look after their internal finance function. With the existing employees in the finance department, they had the bandwidth to handle only day-to-day book-keeping. The client was facing issues while closing the statutory audits during the previous year due to irregularity in maintaining the books of accounts. The client was looking at addressing these challenges, so they do not face this issue every year. Hence, they approached Nexdigm to perform their clean-up of books, monthly reviews and audit support services.

Case Highlights

- Monthly review of entire book-keeping and finance function in the absence of local Finance head and limited bandwidth available with the existing finance employees
- Cleaning up of books of accounts to eliminate irregularities in the books
- Setting up efficient processes to ensure the numbers in the books are accurate
- Audit support services to ensure timely completion of the statutory and tax audit
- Training the existing employees for performing monthly closure of books and processing month-end journal entries

Solution

We deployed lean finance and accounts team to ensure the company's finance function is running smoothly and covering all aspects of F&A:

• Support to management in day-to-day affairs

Our team was involved in the resolution of day-to-day queries faced by the employees and support in various activities which included –

- a) Resolving queries related to TDS, GST and other compliances
- b) Guiding the team on various journal entries to be posted along with reviewing the entries prepared by the team

• Clean-up of books of accounts

Our team was involved in complete clean-up of books of accounts which included:

- Scrutinizing various ledgers and balances in books of accounts and identifying irregularities
- Recording different items in prepaid and provision ledgers basis the identified differences and accounting principles
- Obtaining third party confirmations for the receivables and payables; performing reconciliations and posting correct entries
- Ensuring statutory dues balances as at year-end are reconciled and accurate
- Booking of yearly end depreciation
- Performing purchase and sales reconciliations to match the general ledgers with the registers

• Internal Control over Financial Reporting (ICFR)

Our team assisted in gathering various documents required for testing the applicable controls in different areas of operations and ensuring that the client received a clean report for ICFR

• Monthly closure of books and Year-end Finalizations

In addition to the clean-up of books, our team prepared a month-end checklist and ensured monthly closing entries and necessary activities are timely accomplished. Further, our team also processed the year-end journal entries and prepared the year-end schedules. The team finalized the books of accounts and prepared the financial statements as per the applicable accounting standards and Companies Act requirements.

• Audit Support Services

Our team prepared audit schedules, performed cut-off procedures, co-ordinated and fulfilled the auditor's requirements. We created necessary documentation to remove adverse remarks of auditors and drafted management comments on the audit qualifications. Our team also prepared board presentation and board report.

Impact

Clean-up of books along with audit support ensured that statutory audit was completed smoothly and well within set timelines. Also, a list of vulnerable areas to irregularities was prepared, and controls and procedures were implemented targeting those areas to ensure the correctness of the financial numbers. With the monthly review of books of accounts, the management has confidence and assurance that the financial numbers are reliable and transparent.

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com