

Case Study

UAE sister company of UK-based leading manufacturer of HVAC Components

Service(s) offered: **Finance Process Optimization and Finance Controllership**

Sector/Industry: **Manufacturing**



Finance Process Optimization and Controllership Services

The client's UAE company was set up in 2006 and were facing challenges with its finance processes. There were issues with respect to reconciliations, accounts receivables and payables, book-keeping, reporting, etc.

The company was also facing challenges with filing of VAT returns with the Federal Tax Authority and the refund application was not submitted for over 18 months.

Challenge

The local F&A team comprised of a single resource to handle the day-to-day accounting, month-end group reporting, follow-ups for receivables, managing vendor payments, salaries, and reimbursements, which apparently affected the quality and accuracy of the financial data.

There were also pending legacy issues, which were earlier handled by a different team. This included vendor and inter-company reconciliations, overall transparency of financial data and statements.

Inventory valuations were a part of the manual process leading to discrepancy between the values recorded in the spreadsheets and the accounting systems.

Case Highlights

- In-depth review of all the balances which helped the client to take time-sensitive strategic decisions
- Identification of unallocated advance payments lying with the third-party vendors that led to savings of 10-12% of the total working capital
- Identification of correct inventory balances in the absence of system-based support to obtain inventory valuations
- Assistance in securing VAT refund pending for more than 18 months
- Streamlining the accounting and book-keeping process leading to transparency of operations

Solution

Our team managed their complete F&A responsibilities like –

- **VAT returns and refunds**
Our team assisted in filing for VAT refund applications and ensured the same is received by the client that led to savings of the working capital.

- **Receivables and payables recon**

Our team insisted on obtaining the statement of accounts from third-party vendors and customers to verify the balances recorded in the client's books of accounts, performing reconciliations to identify differences, and providing corrective measures. This gave our client the complete transparency on the receivables. Our team identified unallocated advances lying with the vendors amounting to 10-12% of the total working capital, which were then refunded by the vendors. Further, our team also helped to match the inter-company accounts with the actual receivables and payables.

- **Setting up of reporting processes**

Our team set up robust processes and moved from a supporting role to completely executing the monthly group reporting, including various queries raised by the group on the monthly results. Our team supported in the year-end audit and presentation of final results for the year along with local regulatory authorities.

- **Inventory management**

The client had a manual system for recording/maintaining the inventories and we identified the correct inventory value and captured it in the books of accounts. We verified the provisions created on the slow moving/non-moving inventory to ensure its accuracy. We also assisted the client in reviewing the production of goods and ensuring that the bookings of the finished product is correctly recorded in the financial data.

- **In-depth review of the financial data**

Our client's financial data needed a re-affirmation of the balances available in the books of accounts on its completeness, accuracy, ownership/obligation and presentation/classifications. We assisted them by performing a deep-dive review of the financial data by reviewing every caption of the financial statement to ensure the effectiveness of all the above-mentioned assertions.

Impact

Our support in the F&A function ensured that the business runs seamlessly and in a transparent manner. and this gave confidence about the financial data while they entrusted us with the key decisions, implementation of systems and processes, and reporting.



Nexdigm has been a trusted advisor and service provider over the last few years. The team exceeded our expectations in the recent assignment of Financial Transformation and Accounting Advisory for Doby Verrolec. The speed and accuracy of work were commendable; it promptly enhanced transparency on the operations and working capital management. Thanks to Nexdigm, we were able to improve accounting processes for accounts payables, inventory, and compliances. Additionally, they identified significant savings, which allowed a significant reduction in the working capital by almost 10-12%. They have been a reliable project partner who provided comprehensive and structured financial information helping us to take time-sensitive strategic decisions.



General Manager
Doby Verrolec

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