

Case Study

A subsidiary of a US-based manufacturing company engaged in diagnostic systems

Service(s) offered: **Audit Support Services**

Sector/Industry: **Healthcare Equipment and Services**



Offered Audit Support to a US-based Medical Devices Company

The client is a subsidiary of a US-based company and sells glucose monitoring and diabetes management products. The client was part of a major divestiture at a global level in the year 2019-20.

The company started its operation in FY 2019-20, and there was just one Finance Lead in its Accounts team. They approached Nexdigm to ensure the timely completion of their audit under prevailing local laws.

Challenge

They had only one finance lead to handle the finance function assisted by a consultant. They also had to initiate statutory and tax audits, prepare the accounts and coordinate with the auditors.

Separate teams and outsourcing vendors were involved in accounting of respective areas such as payroll, accounts payable, treasury, and inventory. Due to the divestiture, there were significant challenges in terms of the availability of information. We had to coordinate with various teams to gather data to prepare financial statements and audit workings.

The company's accounting software also had certain issues related to specific reports generation, data availability, etc.

Since the books of accounts were maintained as per USGAAP, we had to identify the adjustments for finalizing the books according to IGAAP.

Case Highlights

- In-depth review of the company's accounts as per local GAAP
- Timely completion and submission of statutory and tax audits
- Advise the client on accounting implications for transfer pricing adjustments and inventory valuation
- Conducted appropriate adjustments in the books of accounts which were maintained in USGAAP

Solution

Preparation of accounts and financial statements compliant to local GAAP

Our team reviewed the company's data and records and the maintenance method of the two sets of accounts i.e., for group and local reporting. We prepared the accounts compliant with local laws based on the available data.

Preparation and collation of working papers required by the auditors

We prepared all the necessary workings to support financial statements and coordinated with their global teams for arranging documents and working relating to inventory, payroll, treasury, secretarial compliances, etc., acting as the Single Point of Contact (SPoC) for the auditors. We ensured that the auditors received appropriate support in the form of documents or calculations, as required to conclude the audit.

Identifying the issues

In the process of working on the financial balances, our team also identified issues related to intercompany balances, inventory valuation, transfer pricing adjustments, etc., that were carried over from divestiture. These issues were instantly escalated for the current management's knowledge and action.

Speedy resolution to audit queries

Our team made sure to redress all queries raised by the auditors on an immediate basis to avoid any delay in meeting stringent timelines.

Impact

We guaranteed the completion of yearly statutory audit functions within the due date. The auditors and the finance lead had better comfort over the financial statement figures with our support.

The audit was completed within a stipulated time. During the audit process, we gathered complete knowledge of all balances in the company's books of accounts.

The global management was also made aware of the issues identified by the Nexdigm team during the audit.

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