

	<h2>SOP on Cash Payments</h2>	Commercial SOP #	4
		Version	1.0
		Issued on	27-June- 2014
		Effective from	10-July-2014

1. Objectives

The SOP has the following objectives

- a. Describe the complete process of petty cash payments which includes process for IOU and departmental imprest and list down the items where payment can be made through petty cash.
- b. This includes process for cash requisition, disbursement, approvals and accounting.
- c. Efficient internal controls are built in the process to mitigate the risk of unauthorized use of cash
- d. Cash pilferage is avoided through periodic/ regular physical cash counting and reconciliation by the designated personnel

2. Scope

This SOP is applicable to all Cash Payments made by Sula and its group companies.

3. Petty Cash Funds (IOU)

The Cash would lie with the cashier of the location. In case of requirement of incurring official expenditure of petty nature comes up, any employee can put a request in a IOU request form (**Annexure 1**) which needs to be approved by his HOD and then duly approved IOU is to be submitted to the Cashier in the Finance Team.

The cashier after verifying the request will disburse/pay the cash to employee

The employee will spend the amount for the designated purpose (only official use and for the purposes as specified in **Annexure 2** and prepare an expense statement in the required format (**Annexure 3**) and submit the expense statement with details of amount spent, along with bills after authorization by persons specified in Authority matrix in **Annexure 4**.

The excess money if any should be returned to the cashier.

The expenses statement should be submitted **within 7 days** of taking the cash advance through IOU, and IOU should be cleared.

	<h2>SOP on Cash Payments</h2>	Commercial SOP #	4
		Version	1.0
		Issued on	27-June- 2014
		Effective from	10-July-2014

In case of failure to clear IOU within 7 days, the entire amount will be recovered from the employee's next salary except cases where the advance is for purpose of travel.

In case of advance taken for travel, the employee needs to settle the advance/IOU within 7 days of returning from travel.

4. Departmental Imprest

Departments having high quantum of transactions can take an imprest from Finance for a fixed amount (Amount to be decided by respective HOD & CFO). The money can lie with the designated person including EA to HODs who will keep the cash and disburse it as per requirements of the department (as per list in Annexure 2).

On weekly basis, the designated person shall prepare an expense statement, attach all bills and after taking the approval of person authorized as per Approval Matrix specified in Annexure 4 and submit the same to Finance.

The cashier after checking the statement and the bills, supporting documentation etc. will re-imburse the amount spent to designated person.

For e.g. If HO Sales takes an permanent imprest of Rs.20,000/- and during the week petty expenses of Rs.14,000/- are incurred then the designated person holding the float will prepare an expense statement of Rs.14,000/-, attach the bills and get an approval on the expense statement from the HOD Sales or any other person designated in Annexure 4 and submit to the cashier on last day of the week.

The cashier after verification will pay the cash of Rs.14,000/- to the person holding the float so that the original amount of Rs.20,000/- is restored in the hand of person holding the float

Having departmental floats especially for those departments having high cash transaction will simplify the process and coming to Finance for every expenses, taking approval on IOU etc. can be eliminated.

	<h2>SOP on Cash Payments</h2>	Commercial SOP #	4
		Version	1.0
		Issued on	27-June- 2014
		Effective from	10-July-2014

5. Imprest for Sales Team members

Similar process as laid down in departmental imprest in point#4 above would be applicable for imprest given to individual sales team members.

The limits per person shall be approved by Head of Sales and expenses statements to be submitted fortnightly as per current practice.

6. Limit on Cash Payments:

- a. As a rule, NO single cash payment / vendor invoice payment should exceed Rs.20,000/-.

Exceptions to this (i.e. single invoice payment in cash exceeding Rs.20,000/-) should be approved by CFO and will be allowed in exceptional and emergency situations only.

- b. **PROHIBITION ON SPLITTING TRANSACTIONS:** It is strictly prohibited to split transactions to circumvent this limit or any other policy/control procedure in place regarding the purchase and disbursement cycle.

7. Eligible List of expenses, which can be incurred in cash:

- a) Usage of Petty cash is strictly restricted to the list of "Approved Payments" as mentioned in Annexure 2
- b) Usage of cash for any purpose other than those listed in the Annexure -2 for each of the respective location is not permitted. In case of any exceptional case an approval, in advance via email by the CFO is required

8. Documentation / Supporting documents: All Cash payments (to employees / vendors) should be supported by:

- a) An Original invoice/receipt for each expense item
- b) In exceptional circumstances, in the absence of invoice/receipt, the settlement form should include an itemized list of missing receipts, including explanation for their unavailability and should approved by the respective approvers as per the policy.
- c) Vendor Invoices for cash payments should have Service / Goods received acknowledgement, delivery note from the employee
- d) Revenue Stamp should be affixed on cash payments above Rs.5,000/-

	<h2>SOP on Cash Payments</h2>	Commercial SOP #	4
		Version	1.0
		Issued on	27-June- 2014
		Effective from	10-July-2014

9. Roles & Responsibilities:

- a) The petty cash officer's/ cashier's responsibilities include:
- a. Ensuring funds are properly safeguarded. The cash should be kept in a fire proof safe/cabinet at the HO/Winery/other location.
 - b. Ensuring the fund is used only for approved business purpose as mentioned in this policy (Annexure 2)
 - c. Collecting/maintaining adequate records as specified (including denomination wise details of notes and coins of closing cash balance)
 - d. Conducting a daily physical verification / reconciliation of cash.
 - e. An independent physical verification of cash should be conducted by designated employee as a surprise check once or twice in a month at HO/Winery/other locations.
 - f. Verifying the adequacy of supporting documents, approvals etc. prior to cash disbursement/ reimbursement
 - g. Reporting any instance of surplus/deficit funds to the CFO

10. Balance confirmation

All employees holding IOU and imprest will need to submit confirmation of IOU/Imprest amount as on 31st march each year or at regular intervals specified by Finance

11. In case an employee does not take a cash advance but incurs expenditure for official purposes by himself, he shall claim his expenses (as per his entitlements) in the expense statement format and after taking approval of his manager submit the expense statement to Finance. These payments would be paid out as re-imburement to the employee's bank account or through cheque. **No cash payments will be made in such cases.**

	<h2>SOP on Cash Payments</h2>	Commercial SOP #	4
		Version	1.0
		Issued on	27-June- 2014
		Effective from	10-July-2014

Annexure 1 – IOU (I owe you) format

<h3>IOU</h3> <p>Nashik Vintners Pvt. Ltd.</p>	
	Date: _____
Name:	_____
Purpose of Advance:	_____
Amount (In Figures) Rs.	_____
Amount (In Words) Rs.	_____
Authorised By:	_____ Head of Accounts: _____
Reporting HOD:	_____
Receiver's Signature	_____ Paid By Cashier _____

	<h2>SOP on Cash Payments</h2>	Commercial SOP #	4
		Version	1.0
		Issued on	27-June- 2014
		Effective from	10-July-2014

Annexure 2 – List of eligible expenses which can be made by cash

Winery

1. Employees and Operators Reimbursement Expenses including Medical treatment and cash allowances
2. Float Advances for domestic and international travel of employees
3. Travelling and Conveyance
4. Utility Bill Payments – includes electricity and telephone bill payments, water charges, newspapers, internet and cable charges, housekeeping charges, courier charges
5. Transportation Charges for trucks and own vehicles – includes freight, fuel expenses.
6. Recruitment Expenses
7. Food Expenses for visitors – includes purchase of food & wine items for tasting panel, technicians, official meetings.

Head Office

1. Housekeeping Reimbursements – includes conveyance, lunch and snacks.
2. Driver's and Office Boy Salaries
3. Float Advances
 - a. Domestic / International travel & lodging for employees as per policy
 - b. Expenses
4. Travelling and Conveyance including Taxi hire
5. Food Expenses for visitors and HOD meeting
6. Books and periodicals
7. Stamps, stamp fees and documentation etc.
8. Petty Repairs and Maintenance on office equipment, computers
9. Petty office expenses

Annexure 4 – Approval Matrix

IOU should be approved by the respective HOD