

*December 2015*

*Volume 3 | Issue 12*



MIM INTERNATIONAL  
CONSULTANCIES

# *Inside* MIM

- *Brief about MIM Group*
- *Make Great Impression*
- *Stock Take Procedures*



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**Inside MIM** is a periodic newsletter written by MIM staff. It discusses key topics in management, consulting, auditing and accounting, etc. Since MIM is engaged in the field of management consultancies, our professionals have adequate expertise that they have gained through their years of experience at MIM. They therefore share their expertise and thoughts through this newsletter. Asel Al Maayer, MIM sister company, is engaged in the field of auditing and accounting. Our professionals, through their experience in auditing and accounting, share updates, insights and information about auditing and accounting to keep you informed and up-to-date.

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## *Brief About MIM Group*

### **MIM International Consultancies**



- MIM is a specialized leading consultancy firm with over 33 years of experience in the field of feasibility studies and management consultancies serving the region's top organizations and governments.
- Our professionals are result-oriented and thrive on achieving clients' satisfaction which is the benchmark that measures our performance and success.

### **ASEL AL MAAYER Auditing & Consulting**



- We offer a wide range of professional services in auditing & assurance, bookkeeping & accounting, and consultation services to small and medium sized organizations.
- Our professionals are highly educated and well trained, and are fully dedicated to serve our clients with due professional care and integrity. We do not just deliver reports; we make sure that our services will be a major contribution to your success and business development.

### **EBTIKARAT**

- Ebtikarat is MIM representative office in Cairo, Egypt. Its core business is management and business consultancies.
- Our Ebtikarat team collaborates with MIM team in order to ensure the best quality services are provided to our clients to achieve our clients' satisfaction and maintain a long term business relationship.

### **EBTIKARAT Development**



- Ebtikarat Development is a leading software house for developing desktop, websites and mobile applications, based in Egypt and Dubai. With the use of the latest information technology and telecommunication tools we achieve targets depending on a strong technical base and carefully selected expert resources.

If you want to leave a lasting impression, treat people the same way you would like to be treated.

- Alexander Alvarez

boardofwisdom.com 

## Make great impression

Everyone knows the importance of a first impression, but what about your last impression? That sticks with people for a very long time. Why? Because your friendliness when you part subliminally signals how you feel about THEM.

Think about it. If someone gives you a big hearty “Hello,” you feel great. But, later, if they lethargically mumble “good bye,” you can’t help but subconsciously think they like you less now. Natural paranoia takes over and we feel we disappointed them in the encounter. Don’t do that to people! When introduced to someone, END your conversation even more enthusiastically than you started it.

Some suggestions:

At the END of your conversation, tell a new acquaintance, “I’m so happy I met you, Falah!”

At the END of a chance-meeting, tell your colleague, “Good bumping into you, Ahmed.”

At the END of a chat, tell your friend, “I always enjoy our conversations, Lamia.”

At the END of a phone conversation, “It’s so much fun talking to Omar.”

At the END of a meeting, “I appreciate the points you made, Rami.”



**Mr. Mahmoud Ibrahim**  
**Managing Director**  
**MIM International Consultancies**



## STOCK TAKE PROCEDURES

Source: Handout of Audit Orientation from HKICPA

### Assets verification– Three important elements

Ownership: Place / Location of the stock (Other than held by third party)

Existence: Physical count – In good condition and quantity

Valuation: Purchase invoice – unit cost and subsequent sale to verify the NRV

### Stock take issue

#### 1. Before stocktaking –

Review last year working paper (if any) and discuss with management

- a. any *high value item*
- b. *location* of stock
- c. *cut-off issue*
- d. any *stock held by third party*
- e. any *significant change of the above with last year*

#### 2. During stocktaking –

Observe the client's internal control system

- a. actual work done of the client are follow with agreed procedure
- b. observe stock take carried by client whether they follow the instruction
- c. follow up cut off, instruction being followed and compared stock count with list
- d. check the high value items and identify any obsolete stock during the count
- e. completeness of the stock count list with pre-number count sheet is carried by client

#### 3. After stocktaking – Follow up

- a. Check the cut-off with details of the last numbers of stock movement forms and goods inwards / outwards after the year end.
- b. Check final stock sheets for pricing, extension, casting, summarizing and signature.
- c. Third party certificate etc and obsolete stock provision.

### A. Cut off Procedure

Why cut off is important in stock take, purchase and sale testing?

How to carry out the cut-off of stock, purchase and sales so that the sales and purchase transactions are complete and correct in the proper accounting period?

### B. Sale and Purchase

Sale / Purchase invoice would be select for testing by cross check to ledger to ascertain the completeness of sale. On the other hand, by selecting sale / purchase entry in ledger and cross check to invoice could verify the correctness of the sale/ purchase account of the general ledger.

### C. Inventory

Stock item in the warehouse is chosen for testing and cross check to stock list to ascertain the completeness of stock. On the contrary, we could select the stock item in stock list for correctness testing by cross check to physical stock in order to verify the correctness of the stock list.

The last invoice number / despatch note number is the cut off point to measure the completeness and correctness of stock / sale at a particular of time ( e.g. 31.3.2005)

	<u>Completeness</u>	<u>Correctness</u>
<b>Sale / Purchase</b>	Check the invoice and cross check to the sales/purchases account of the general ledger (Ensuring no invoice missed in sales account).	Cross check the sale transaction of general ledger to invoice for verify the correctness of sale and purchase account.
<b>Inventory</b>	Select the stock item at warehouse and cross check to the stock list with number to verify the completeness of stock listing (Ensuring no missing of stock).	Select the stock item from the stock list and counter check to the stock item in the warehouse with the number and condition so that the correctness of the stock list could be ascertained.

**Point to Note:**

- 甲、 Pre-numbering of stock sheet.
- 乙、 Signature of stock sheet for counted item by audit and client staff.
- 丙、 Cash count should be carried out at the same day.
- 丁、 Obtain the last sales and purchase invoice or delivery note for cut off.

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