

KARNATAKA STATE BEVERAGES CORPORATION LIMITED

Circular No. 232

Date: 12-02-2015

Subject: Liquor Sales policy 2013-14- Guidelines for passing Stock Adjustment Entries-Reg

Circular instructions have been issued from time to time regarding the procedure for receipt and disposal of liquor in the IML depot. The said activity at the depots is being monitored scrupulously by the H.O. to ensure adherence to the said procedure.

The said procedure is once again reiterated as follows:

1. With regard to the receipt of stocks, the depots are raising the checklist before inward of stock and the Material Inward Slip (MIS) are finalized / raised with good quantity of Stock only.
2. With regard to issue of goods, the depots are issuing the stocks following First in First Out (FIFO) basis as spelt out in the Liquor Sales Policy. Further, the Corporation has formulated policy, not to accept back any stock which is already invoiced (sold) and issued to retailer, with Excise permit from the retailers for any reasons.

However, during F.Y. 2006-07, when the Corporation switched over from Whole sale business to Retail, the Corporation had made the policy to issue the stock in carton boxes and also in bottles as against the policy of issuing strictly in carton boxes to the Wholesalers. Since the procedure of issuing to the retailers was new to the Depot personnel, there were likely wrong entries / issues while the depots were catering 250-300 odd retailers. In view of this, the Corporation had provided for Stock Adjustment entries with an intention not to put the depot officials to hardship for wrong entries / issues. It was informed to the Depots to pass Stock Adjustment entries for wrong entries / issues and also for effecting the change in the prices.

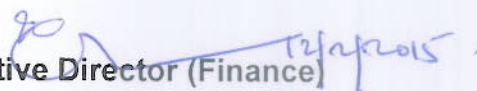
Accordingly, provisions for passing such stock adjustment entries was made in the Profit 5 rm software and depot officials were instructed to ensure proper entries and use this provision of Stock Adjustment Entries very sparingly.

It was observed that, utilizing this provision of passing of Stock Adjustment Entry, the depots were passing the stock adjustment entries recklessly and in few instances the entries were passed even after lapse of one (1) to three (3) months from date of the Invoice which was highly irregular. Further, the inordinate delay in passing the stock adjustment entries amounted to "Sales Returns / Goods Returns Inwards" which does not in accordance within the Sales policy of the Corporation as the Corporation would have already paid the suppliers of these stocks in the weekly payment.

In view of this, in the meeting held in this regard, the Depot officials were instructed to pass stock adjustment entries in Depots within 2 days excluding the day of Invoice. Beyond 2 days period, if any stock adjustment entries was to be passed later, approval of the General Manager (Operations) was to be taken explaining reasons for passing such stock adjustment entries. After the approval of the General Manager (Operations), the General Manager (MI) will facilitate the depots to pass such entries. The instructions were given only to regularize the stocks which were already issued to the retailers and for related price variation.

In view of the above, it is once again reiterated that, in future the Depots should pass Stock Adjustment Entries as already instructed only to regularize the wrong issues made by the Depot and for related price variations.

The above instructions come into effect from immediately.


Executive Director (Finance)