

UCO BANK

..... BRANCH
 ZONAL OFFICE

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PART - II [UNIT VISIT AND PHYSICAL VERIFICATION]

A. General Information

Name and designation of the person contacted at the unit	Whether sign board indicating name of the company has been prominently displayed ?	Whether Bank's board indicating notice of hypothecation has been displayed conspicuously ?

Godown rented or own	Whether access to the godown, is free, if not comments	Approach road to the godown	General storage condition	Security arrangement at the godown

Production details	Last year	This year
Licensed capacity (please give units)		
Installed capacity (please give units)		
Capacity Utilization (please give units)		
Method of valuation of stocks		
Raw materials		
Stock in process		
Finished goods		

Auditors comments, if any, in respect of method of valuation of stocks and resultant effect thereof	
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2. Physical Stock and position of receivables and sundry creditors as on

A. Physical Stock

Items	Total Value
Value of stocks as shown in stock statement of (date)
Raw materials	
Stock in process	
Stores & spares	
Finished goods	
Total	
Add : purchase (from date of stock statement to date of inspection)	
Less : Material consumed / reduction on account of sales (from date of stock statement to date of inspection)	
Total	
Add : stocks given on job work	
Total	
Less : Stock received for job work	
Less : Unpaid stocks from sister concern	
Total value of stock (must tally with books of accounts of the party)	

B. Drawing Power (Stock)

Item	Total value
Total value of stock as arrived at in 2A above	
Less : Unpaid stock (including stocks under DALC/LG/ Bills)	
Less : Value of obsolete / not saleable stock	
Less : Value of stocks not ranking for DP as per terms of sanction (unrelated stock / old stock etc. sale, reject stock etc.)	
Total value of stock available for drawing power	
Less : Stipulated Margin (as per terms of sanction)	
Drawing Power (on stock)	

C. Book Debts (Value)

Item	Total value
Book Debts as on	
Less : Book Debts not ranking for DP (BD > 90 days etc)	
Less : Book Debts declared doubtful for party's auditors	
Less : Book Debts not pertaining to business line of the party	
Book Debts available for Drawing Power	

D. Drawing Power (Book Debt)

Item	Total value
Book Debts available for Drawing Power	
Less : Margin on Book Debts	
Drawing Power (Book Debt)	

Explanatory Notes / Instructions

Stocks

- a) Gross sales minus gross profit minus sales return should represent reduction on account of sales during the period from the date of stock statement to date of inspection.
- b) In case of excisable items the excise register should be checked to find stock position. Otherwise stock register / original invoice to be checked to ascertain the stock position.
- c) Stock received under LCs or stocks received under bills for which the company has not retired the bills should be excluded for DP computation.
- d) The entire stock should be segregated value-wise into A (high value), B (medium value) and C (low value) categories. The auditor must ensure verification of 75% of A – category 50% of B – category and 25% of C – category assets at least.

Book Debts

- a) Age-wise and party-wise break up of book debt to be obtained and party-wise receivables be checked with invoice / sales register to ascertain any discrepancy.
- b) Average time taken for realization of book debt to be compared with past trend / industry trend / trade trend.
- c) Verify excise records / sales tax returns / assessment orders of sales tax.

3. Stock sent out for job work

Date of dispatch	To whom sent	Nature of stock	
Value of stock	Proof of dispatch	Letter of lien/trust receipt obtained	Letter of free access to stocks obtained

[Note : Movement of such stocks may be counter checked from records pertaining to excise duties / sales tax as the case may be]

4. Stocks received in for job work / stocks belonging to sister / allied concern

Date of receipt	From whom received	Nature of stock
Value of stock	Proof of receipt	Whether such stocks are segregated & kept away from the stocks hypothecated to the bank

5. Verification of Book Debts

Age-wise classification			Receivables are routed through A/c	Average time taken for realization	Book debt realization time conforms to industry / trade trend. If not, the reasons thereof
45d	46d-90d	>90d			

Comments on quality of book debts	
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Ratio of value of stock and book debt as on BS date and date of inspection (value & percentage both)	Balance Sheet date (.....)		Date of inspection (.....)	
	Stock	Book Debt	Stock	Book Debt

6. Verification of Stocks

Maintenance of proper books of accounts [stock register, purchase register, production register excise register, sales, sales tax register etc.]	
Internal control mechanism for verification of stock	
Stocking pattern followed by the company is in conformity with the industry / trade trend / practice	
Inventory level accepted at the time of assessment is being followed. If not, the reasons thereof	
Value of stock as per the books of the party and those found physically tally each other. If not, the variations should be analyzed and reported	
Any abnormal variation [increase / decrease] in raw material / stores should be analyzed and reported.	
Any abnormal variation [increase / decrease] in finished goods should be analyzed and reported.	

Obsolete stock		Stocks not ranking for Drawing Power	
Nature	Value	Nature	Value

7. Verification of Plant & Machinery (in case of Term Loans)

End use of the bank's fund	
Verification of invoices / bills	
Plant is in working condition	

Cost overrun/ time overrun if any and how financed	
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8: Miscellaneous

Particulars of production being suffered due to lock out / closure / strike / labour unrest etc.	
Comments on branch officials visit to the unit and inspection of stocks regularly. Date(s) of such visit and major irregularities observed.	

Irregularities pointed out in the last RBI inspection / Statutory inspection / Internal inspection / concurrent audit on verification of stocks / book debts and steps taken by the branch for rectification.		
Sl. No.	Irregularities pointed out	Steps taken
i.		
ii.		
iii.		
iv.		
v.		

Any indication revealed through the audit that continuation of the relationship further will not be beneficial for the bank. [Auditor should give his specific comment on this point]	
Overall observation in the account and detailed comments of the auditor	

Enclosure(s)

- 1.
- 2.
- 3.

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 Signature of the Chartered Accountant
 Name

Designation

Address

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