

# **Abans Finance Private Limited**

## **Authorization Policy for Sale and Purchase of Fixed Assets**

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## 1. Purpose

To establish a clear and structured process for the authorization of transactions involving the sale and purchase of fixed assets to ensure accountability, compliance, and effective asset management.

## 2. Scope

This policy applies to all employees and departments involved in the acquisition and disposal of fixed assets within the organization.

## 3. Definitions

- **Fixed Assets:** Long-term tangible and intangible assets used in the operation of the business, including property, plant, and equipment.
- **Asset Disposal:** The process of selling, scrapping, or otherwise removing fixed assets from the company's records.
- **Purchase Authorization:** The approval process required before acquiring new fixed assets.

## 4. Responsibilities

- **Finance Department:** Responsible for maintaining fixed asset records and overseeing the authorization process.
- **Department Heads:** Responsible for initiating requests for asset purchases or disposals.
- **Senior Management:** Final approval authority for significant transactions.

## 5. Authorization Process

### 5.1. Purchase of Fixed Assets

- **Threshold Levels:**
  - **Under Rs 500,000:** Department Head approval required.
  - **Rs 5,00,001 – Rs 5,000,000:** Department Head and Finance approval required.
  - **Over Rs 5,000,001:** Department Head, Finance, and Senior Management approval required.

- **Process:**
  - **Request Submission:** Department Head submits a purchase request, including justification and budget impact.
  - **Review:** Finance reviews the request for budget compliance and need.
  - **Approval:** Relevant approvals obtained as per threshold levels.
  - **Purchase Order Issuance:** Upon approval, a purchase order is issued.

## 5.2. Sale of Fixed Assets

- **Threshold Levels:**
  - **Under Rs 500,000:** Department Head approval required.
  - **Rs 5,00,001 – Rs 5,000,000:** Department Head and Finance approval required.
  - **Over Rs 5,000,001:** Department Head, Finance, and Senior Management approval required.
  
- **Process:**
  - **Disposal Request:** Department Head submits a disposal request, including asset details and reason for disposal.
  - **Assessment:** Finance assesses the asset's value and determines the method of disposal (sale, scrap, etc.).
  - **Approval:** Relevant approvals obtained as per threshold levels.
  - **Execution:** Upon approval, the disposal is carried out, and records updated accordingly.

## 6. Documentation and Record Keeping

All purchase and disposal transactions must be documented and retained for all accounting and statutory purposes. Documentation should include:

- Purchase or disposal request forms
- Approval signatures
- Invoices and receipts
- Asset depreciation schedules (if applicable)

## 7. Review of the Policy:

This policy shall be reviewed annually or whenever significant changes to investment strategy or regulations occur.