



Case Study 05

Accounting for PHARMACY Industry

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Meru Accounting helps companies that deal in medicinal and pharmaceuticals, based in Australia, New Zealand, United States, Singapore and United Kingdom.

Problems faced

1. Difficult to identify batch costing for pharmacy products.
2. Recording and managing accounts payables.
3. Recording and managing accounts receivables.
4. Collecting and compiling all the documents for the bookkeeping purpose for the accountant.

Process followed

1. Processing of all the paid and due accounting payables within a period.
2. Recording and processing of all the accounting receivable within a period.
3. Maintaining the records under the guidelines of changing regulations.
4. All the taxation and legal complications laid out by the regulatory bodies of the respective countries has to be followed.
5. Submission of reports to the regulatory bodies like tax authorities for mainly tax submission and claiming tax returns.
6. Batch costing refers to cost incurred in trading group of products and services that cannot be identified as single units. Batch costing must be calculated precisely for accurate estimation of profit and loss.

7. Since medicines has very short span of life, the estimation of demands of the products must be made precisely to minimize loss.

Checklist

SN	Area	Task	Frequency	Person Responsible
1	Accounts payable	Receiving bills to be entered in accounts payable	Weekly	Rushabh
2	Accounts payable	Recording of accounts payable for all the bills received on weekends	Weekly	Rushabh
3	Accounts payable	Send a report of accounts payable to accounts in-charge		Rushabh
4	Accounts receivables	Recording of sales invoices and payments	Daily	Rushabh
5	Accounts receivables	Reconciling all the accounts receivables in the accounting software	Weekly	Rushabh
6	Bank	Accounting and recording of all the bank transactions	Weekly	Rushabh
7	Invoices	Recording and reconciling all the invoices in the accounting software's	Weekly	Rushabh
8	Monthly tasks	Recording of unsold and expired product in stock	Monthly	
9	Monthly tasks	Sales tax payable report	Monthly	Rushabh
10	Monthly tasks	Recording of depreciations	Monthly	Rushabh

Software used - XERO

Need tax returns of previous year to ensure the opening balance as per return and Trial balance matches.

Meru Accounting uses one of the most recognized accounting software, Xero. Xero helps manage the pharmacy industry with its various features like the automatic invoicing system and bank reconciliation. Xero automatically sends online invoices to customers with added payment option for fast payments. It also provides a security feature helps to generate access privileges.

Xero provides fast and secure reconciliation of bank transactions. It has a connection with numerous banks all around the globe.

Inventory management in the pharmaceuticals industry is very essential as medicines expire in short spans. Xero helps you have an insight of all the details regarding your products like stock availability, cost, date of expiration, all under one click. Xero reconciles all these data from your excel spreadsheet like really fast.

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