

STANDARD OPERATING PROCEDURE	CODE: IV - 008		PAGE: 1 of 2
	EFFECTIVE:		UPDATE NO.: 0
	INITIATED BY: PRIMA CONSULTANT CO., LTD.		DEPT./SECTION:
	REVIEWED BY:		
	APPROVED BY:		
	SUBJECT:	INVENTORY DISPOSAL POLICY	

OBJECTIVE:

To ensure that all spoiled, obsolete or unusable items are identified and that the disposal is properly controlled

POLICY:

1. A loss and breakage report or application for disposal should be prepared and approved by the related department and Financial Controller prior to disposal of any inventory item.
2. Obsolete or unusable items must be identified and removed from storeroom to eliminate wasted storage space, to reduce the labor costs of handling, counting, etc...

PROCEDURE:

I- Breakage and spoilage

1. In case there is an unforeseen disruption which may cause damage to food and beverage items such as the failure of the power supply or the occurrence of a flood, storeroom staff should take appropriate and immediate action to avoid damage as much as possible.
For any store items approaching the manufacturer's stated expiry date, the related department should be informed so the item to be used before its actual expiry date.
2. When spoilage/breakage occurs in the storeroom, a loss and breakage report clearly mentioning the reasons of such spoilage, should be prepared and approved by the Cost Controller and the related department. Then items must be disposed in an appropriate manner.
3. When spoilage/breakage occurs in the bar outlets, the outlet manager will prepare a spoilage report with full details and call the Cost Controller to witness the items before they are disposed of.

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4. All spoiled/broken items should be charged to related department; if it is charged to a staff account, it must be formally acknowledged by the related employee and approved by the concerned Head of Department, the Financial Controller and the General Manager.

II- Obsolete and unusable items

1. Once obsolete and unusable items are identified, an application for disposal should be prepared and approved by the related department and Financial Controller prior to disposal of any inventory item.
2. For non-expired goods that retain some market value, disposal methods to be used must be considered:
 - Return to original supplier for exchange or restocking
 - Sale to used-material dealers or to other users: the value should be determined by the Purchaser from prices available on the present day in the open market
 - Salvage the materials and use the parts for service or support.
3. All expenses associated with the disposal of the items will be charged directly against the appropriate department expense account. Any monies recovered from sale or salvage will be booked as other income.

Chief Accountant

Date

Financial Controller

Date

Director of Finance

Date

