|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Company** | XYZ Limited | | **W/P Reference** | | I-2.2 | |
| **Prepared By** | Mr. C |  | **Date** | | 2-Mar-2015 | |
| **Reviewed By** | Mr. B |  | **Date** | | 3-Mar-2015 | |
| **Period ended** | 31-Dec-2014 |  |  |  |  |  |

|  |  |
| --- | --- |
| **Procedure Name:** | Comparison of current year’s figure with previous year’s figure. |

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| **Objective:** | To identify any major difference in current year’s balance compared to previous year’s balance and the justification of the difference. |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | **Assertions covered:** | Accuracy |  |  |  | | --- | --- | | **Procedures performed:** | 1. Obtained nature wise breakdown of inventories for both current and previous years. 2. Calculated the differences of the balances for the two years. 3. Inquired the management for the reasons of differences made beyond the expectation. 4. Justified the reasons found with the underlying activities and documents. | |  |  |  |  |  |  |  |

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| **Result of testing** |

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| **Particulars** | | **As per financials(31.12.2014)** | **Adjs DR(/CR)** | **As per audit(31.12.2014)** | **As per audited financials(31.12.2013)** | **Variance** | | **Notes** |
|
| **Taka** | **%** |
|  |  | **A** | **B** | **A-B** | **( A-B) /B** |
| Raw material | | 724,011,984 | - | 724,011,984 | 502,928,357 | 221,083,627 | 44% | Note-1 |
| Packing Material | | 241,697,100 | - | 241,697,100 | 169,566,009 | 72,131,091 | 43% | Note-2 |
| Work-in-Process | | 82,684,794 | - | 82,684,794 | 56,750,090 | 25,934,704 | 46% | Note-3 |
| Finished Goods | | 1,951,960,246 | - | 1,951,960,246 | 1,774,219,427 | 177,740,819 | 10% |  |
| Goods in Transit | | 115,235,985 | - | 115,235,985 | 198,109,813 | (82,873,828) | -42% | Note-4 |
| Other inventories | | 26,850,950 | - | 26,850,950 | 30,789,189 | (3,938,239) | -13% |  |
| Allowance for slow moving Inventory | | (181,265,088) | **-** | (181,265,088) | (179,032,543) | (2,232,545) | 1% |  |
|  | | **2,961,175,971** | **-** | **2,961,175,971** | **2,553,330,342** | **407,845,629** | **16%** |  |
|  | |  |  |  |  |  |  |  |

**Note-1: Raw Material increased by BDT 221m (44%) compared to previous year.**

Raw material increased mainly due to increase in Store Keeping Units (SKU) in this year compared to previous year. Almost 200 SKUs have been added in this year.As a result the number of units holding at the current year end has substantially increased from previous year.

**Note-2: Packing Material increased by BDT 72m (43%) compared to previous year.**

Packing material directly related to raw material as packing material is used to cover up the finished product made from the raw materials. Accordingly, packing material increased due to increase in SKUs of raw material in this year.

**Note-3: Work-in-Process increased by BDT 25m (46%) compared to previous year.**

Work in process directly related to raw material and finished goods. As SKUs of raw material increased substantially in this year and at the year finished goods did not increase substantially (only 10% increase), the raw material was in work-in-process level.

**Note-4: Goods in Transit decreased by BDT 82m (42%) compared to previous year.**

A major portion of raw materials and work-on-process increased mainly due to increase in number of SKUs. However, a portion of this decline was due to receipt of most of the raw materials and packing materials at this year-end resulting substantial decrease in goods in transit compared to previous year.

**Disclaimer: Dummy audit working files have been prepared and published to improve the quality of audit documentation of member firms providing audit services in Bangladesh. Member firms providing audit services should not assume these dummy working files as absolute benchmark for the purpose of preparing and keeping audit documentation. Every audit client has unique characteristics and risks. International Standards on Auditing (ISA) also requires to exercise engagement partner’s judgment on a number of areas in conducting the audit of an entity. Therefore, member firms should use their professional knowledge, skill, experiences along with these dummy working files to keep adequate and appropriate working papers for each audit engagement. The preparers do not assume any liability for drawing an inappropriate audit opinion based on the working papers prepared on the basis of these dummy working files.**