|  |  |  |  |
| --- | --- | --- | --- |
| Client: XYZ Ltd | Year end: 31-12-2014 | File No: | Ref: C8 |

## MATERIALITY SUMMARY

*The determination of what is material is a matter of professional judgement. The percentage benchmarks set out below are intended to provide guidance in exercising that judgement. They should not be used as a formula to 'calculate' materiality.*

### Materiality ranges

|  |  |  |  |
| --- | --- | --- | --- |
| Range of turnover or gross assets | % of turnover  or gross assets | % of  Gross Profit | Materiality ranges |
| Tk. 0 - Tk5 Crores | 3.00% | 10% | Tk1 -Tk15 lacs |
| Tk.5 Crores 1 – Tk. 10 Crores | 2.50% | 10% | Tk15 lacs 1 -Tk25 lacs |
| Tk.10 Crores 1 – 20 Crores | 2.00% | 10% | Tk25 Lacs 1 - Tk40 Lacs |
| Tk.20 Crores 1 - 56 Crores | 1.50% | 10% | Tk40 Lacs 1 - Tk84 Lacs |
| over Tk.56 Crores | 1.00% | 10% | over Tk84 Lacs |

Application of materiality ranges to business

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Initial assessment | | | Final assessment | | |
|  | Percentage  % | Anticipated results Tk. | Materiality level Tk. | Percentage  % | Final results Tk. | Materiality level  Tk. |
| Turnover |  |  |  |  |  |  |
| Gross assets |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Profit/(loss) before tax | 5% | 1,202,637,333 | 60,131,867 |  |  |  |
| Adjustments for unusual items |  |  |  |  |  |  |
| Adjusted profit/(loss) |  |  |  |  |  |  |

***Overall initial*** *audit materiality set at: 75% of 60,131,867 . This year: Tk. 45,098,900*

*Last year (final): Tk. N/A*

**Comments\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

# *Conclusion*

Based on the anticipated results, 1 am satisfied that the above figure represents an appropriate initial audit materiality.

Prepared by: \_\_\_\_\_Mr.Y\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_

Reviewed by: \_\_\_\_\_\_\_\_\_\_\_\_Mr. X\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_

# *Final Audit Materiality: This year: Tk. \_45,098,900 \_\_\_\_\_\_\_\_\_\_\_\_\_\_*

# *Comments* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

# Conclusion

Based on the final results, I am satisfied that the above figure represents an appropriate final audit materiality.

Prepared by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_

Reviewed by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_

Workings for Materiality calculation

Profit of 9 months (As per 3rd Quarter profit) = 901,978,000

Estimated profit for the year 2014 (901,978,000\*12/9 ) or Tk. 1,202,637,333

**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.**