|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | XYZ Limited | | **W/P Reference** | F2.1.1 |
| **Prepared By** | Mr. A |  | **Date** | DD/MM/YYYY |
| **Reviewed By** | Mr. B |  | **Date** | DD/MM/YYYY |
| **Period ended** | 31-Dec-2014 |  |  | |  |  |  |

|  |  |
| --- | --- |
| **Procedure Name:** | Comparison of current year opening balance year with the previous year closing balances |

|  |  |
| --- | --- |
| **Test objective:** | To verify the completeness and existence of property, plant and equipment. |

|  |  |
| --- | --- |
| **Procedures performed:** | 1. Obtained General Ledger of Property, Plant & Equipment. 2. Confirmed the previous year’s balance with the audited financial statements of the previous year. 3. Checked the current year’s balance with the balance as per nominal ledger. 4. Matched the result found during the audit with the amount shown in FS/GL. 5. Matched the prior year closing balance with the current year opening balance. |
|

**Opening Balance Confirmation:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **SL.** | **Particular's** | **WDV** | | |  |
| **Balance as on**  **31.12.2013 per FS** | **Balance as on 01.01.2014 per GL** | **Balance as on 01.01.2014 per FS** | **Audit work** |
| **1** | Land | 1,172,024,058 | 1,172,024,058 | 1,172,024,058 | ^ |
| **2** | Building | 394,622,449 | 394,622,449 | 394,622,449 | ^ |
| **3** | Plant and Machinery | 947,639,598 | 947,639,598 | 947,639,598 | ^ |
| **4** | Furniture and fixture | 78,452,633 | 78,452,633 | 78,452,633 | ^ |
| **5** | Electrical and other appliances | 64,506,044 | 64,506,044 | 64,506,044 | ^ |
| **6** | Office machinery | 28,517,751 | 28,517,751 | 28,517,751 | ^ |
| **7** | Vehicles | 113,469,983 | 113,469,983 | 113,469,983 | ^ |
| **8** | Under construction | 585,256,770 | 585,256,770 | 585,256,770 | ^ |
| **Total :** | | **3,384,489,286** | **3,384,489,286** | **3,384,489,286** |  |

**^ Trace opening balances from fixed assets register, general ledger and last year’s working papers.**

**Lead Schedule:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sl. No.** | **Particulars** | **Per client @ 31.12.2014 -GL/FS** | **Adjs DR(/CR)** | **Per Audit @ 31.12.2014** | **Referenced Trial balance** |
| 1 | Land | 1,475,533,898 | - | 1,475,533,898 | F |
| 2 | Building | 503,628,182 | - | 503,628,182 | F |
| 3 | Plant and Machinery | 1,051,899,602 | - | 1,051,899,602 | F |
| 4 | Furniture and fixture | 87,366,031 | - | 87,366,031 | F |
| 5 | Electrical and other appliances | 93,543,756 | - | 93,543,756 | F |
| 6 | Office machinery | 20,240,403 | - | 20,240,403 | F |
| 7 | Vehicles | 165,660,369 | - | 165,660,369 | F |
| 8 | Under construction | 401,274,471 | - | 401,274,471 | F |
|  | **Total :** | **3,799,146,712** | **-** | **3,799,146,712** |  |

**Analytical procedures:**

To perform analytical procedures to identify significant fluctuation and to reduce risk by identifying risky areas.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **Per client @ 31.12.2014** | **Adjs DR(/CR)** | **Per Audit @ 31.12.2014** | **Per Audit @ 31.12.2013** | **Variance** | | **Notes** |
| **Taka** | **%** |
| **TB** |  | **A** | **B( PY)** | **A-B** | **A-B /B** |
| **Land** | **1,475,533,898** | **-** | **1,475,533,898** | **1,172,024,058** | **303,509,840** | **26%** | **N1** |
| **Building** | **503,628,182** | **-** | **503,628,182** | **394,622,449** | **109,005,733** | **28%** | **N4** |
| **Plant and Machinery** | **1,051,899,602** | **-** | **1,051,899,602** | **947,639,598** | **104,260,004** | **11%** |  |
| **Furniture and fixture** | **87,366,031** | **-** | **87,366,031** | **78,452,633** | **8,913,398** | **11%** |  |
| **Electrical and other appliances** | **93,543,756** | **-** | **93,543,756** | **64,506,044** | **29,037,712** | **45%** | **N2** |
| **Office machinery** | **20,240,403** | **-** | **20,240,403** | **28,517,751** | **(8,277,348)** | **- 29%** |  |
| **Vehicles** | **165,660,369** | **-** | **165,660,369** | **113,469,983** | **52,190,386** | **46%** | **N3** |
| **Under construction** | **401,274,471** | **-** | **401,274,471** | **585,256,770** | **(183,982,299)** | **-31%** | **N4** |
| **Total :** | **3,799,146,712** | **-** | **3,799,146,712** | **3,384,489,286** | **414,657,426** | **12%** |  |
|  |  |  |  |  |  |  |  |

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| --- | --- |
| **Notes:**  **N1**  **N2**  **N3**  **N4** | XYZ Ltd has acquired new land for the extension of factory premises.  XYZ Ltd. has been purchase new electric and other appliances.  10 New Vehicles has been purchased due to expansion of operationof the company compare to prior year.  XYZ Ltd has transferred WIP to building in Fixed Asset schedule as construction completed. |
|

|  |  |
| --- | --- |
| **Observation:** | No large and/or usual items were noted during inquiry to management. Previous year’s balance has been brought forward and current year’s balance of nominal balance has been carried forward to the financial statements correctly. |
|

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| --- | --- |
| **Conclusion:** | The amount stated under Property, Plant and Equipment for the year ended December 31,2014 is fairly stated and properly disclosed in all material respects.. |
|

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | XYZ Limited | | **W/P Reference** | F2.1.2 |
| **Prepared By** | Mr. A |  | **Date** | DD/MM/YYYY |
| **Reviewed By** | Mr. B |  | **Date** | DD/MM/YYYY |
| **Period ended** | 31-Dec-2014 |  | | |

|  |  |
| --- | --- |
| **Procedure Name:** | Examine any material journal entries or other adjustments made during the course of preparing the financial statements. |

|  |  |
| --- | --- |
| **Objective:** | To check occurrence and accuracy of Property, Plant & Equipment. |

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| --- | --- |
| **Assertions covered:** | Occurrence, Accuracy. |

|  |  |
| --- | --- |
| **Procedures performed:** | 1. Obtained General Ledger 2. Check there is any unusual journal entries or other adjustments 3. Vouched underlying Supporting |

|  |  |
| --- | --- |
| **Sampling technique:** | 6 sample have been tested from Entire population of the Property, Plant & Equipment |

|  |
| --- |
| **Summary and evaluation of results:** See the following working for results:  **Results of work on occurrence and accuracy of Property, Plant & Equipment :** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sl. No.** | **Date** | **Voucher No** | **Explanation** | **Amount (Tk.)** | **Audit work** |
| 1 | 12/12/2014 | JV 1400/34 | Purchase from A | 24,518,000 | ^ |
| 2 | 09/07/2014 | JV 1021 | Purchase from F | 37,817,000 | ^ |
| 3 | 09/07/2014 | JV 1021 | Purchase from E | 768,753,000 | ^ |
| 4 | 02/04/2014 | BV PO 64 | Purchase from B | 987,960,323 | ^ |
| 5 | 02/04/2014 | BV JV 60 | Purchase from D | 67,567,177 | ^ |
| 6 | 16 /3/2014 | BV PO 119 | Purchase from C | 33,445,281 | ^ |

^ Traced and agreed to the GL& FS.

**Observation:**

**Review of unusual Journal entries:**

During the year under review we have reviewed GL and observed no large or unusual journal entries in the ledger head of Property, Plant & Equipment. We also check the approval procedure of Journal entries and checked journal entries posted in the system and found no exception.

**Conclusion:** From above checking we are satisfied that the company has no large and or unusual journal entries in the ledger head of Property, Plant &Equipment.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.3 |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

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| --- | --- |
| **Procedure Name:** | Carry out physical inspection of assets including both current year additions and assets purchased in previous years. Ensure that they are all being used in the business . |

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| --- | --- |
| **Objective:** | To support the existence and completeness of property, plant and equipment. |

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| --- | --- |
| **Procedure Performed :** | 1. Inspected a sample of property, plant and equipment as we walked round the client’s premises. Physically inspected each item and noted it to be in use, with no evidence of that the assets is impaired or the recoverable amount of an asset is not less than its carrying amount. For each item checked to ensure that the item was contained on our records of property, plant and equipment. 2. Ensure that the fixed assets are in usable condition. 3. Ensure that the fixed assets are tagged with proper ID number. 4. Made a selection of fixed assets held by client at year-end and physically inspect them to ensure that:  * Asset is owned and held by client. * Remaining useful life appears to be correct  1. Pick a sample of property, plant and equipment from the floor and agree these back to the property, plant and equipment register. |

|  |  |
| --- | --- |
| **Assertion covered:** | Existence, Ownership and Accuracy. |

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| --- | --- |
| **Sampling technique:** | We have used judgmental sampling based on monetary value and quantity ensuring that all categories of property, plant and equipment were covered. |
| **Risk:** | **Low** |

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| **Summary and evaluation of results:** | See the following working for results: |

**Results of work on Physical existence and completeness of Property, Plant and Equipment :( We have checked 70% of total assets however for working purpose we only disclose 30 sample)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sl. No.** | **Year of purchase** | **Details** | **Category of Asset** | **Net book value at 31/12/14**  BDT | **Audit work** |
| 1 | 2012 | FA-1 | Furniture and fixtures | 250,000 | \*^ |
| 2 | 2013 | FA-2 | Furniture and fixtures | 100,000 | \*^ |
| 3 | 2014 | FA-3 | Furniture and fixtures | 275,000 | \*^ |
| 4 | 2014 | FA-4 | Furniture and fixtures | 200,333 | \*^ |
| 5 | 2014 | FA-5 | Plant and Machinery | 2,000,500 | \*^ |
| 6 | 2014 | FA-6 | Plant and Machinery | 625,078 | \*^ |
| 7 | 2012 | FA-7 | Plant and Machinery | 2,100,000 | \*^ |
| 8 | 2011 | FA-8 | Plant and Machinery | 375,000 | \*^ |
| 9 | 2014 | FA-10 | Plant and Machinery | 199,000 | \*^ |
| 10 | 2014 | FA-15 | Electric and Other Appliance | 1,250,000 | \*^ |
| 11 | 2013 | FA-20 | Electric and Other Appliance | 725,000 | \*^ |
| 12 | 2014 | FA-21 | Office Machinery | 11,800,000 | \*^ |
| 13 | 2014 | FA-52 | Office Machinery | 1,376,000 | \*^ |
| 14 | 2014 | FA-60 | Vehicles | 3,200,000 | \*^ |
| 15 | 2014 | FA-65 | Vehicles | 6,900,000 | \*^ |
| 16 | 2011 | FA-65 | Vehicles | 4,800,000 | 1 |
| 17 | 2012 | FA-65 | Vehicles | 6,500,000 | \*^ |
| 18 | 2014 | FA-65 | Vehicles | 34,000,000 | \*^ |
| 19 | 2013 | FA-25 | Furniture and fixtures | 780,000 | \*^ |
| 20 | 2011 | FA-27 | Furniture and fixtures | 285,000 | \*^ |
| 21 | 2014 | FA-118 | Furniture and fixtures | 115,000 | 2 |
| 22 | 2014 | FA-227 | Electric and other appliance | 98,000 | 2 |
| 23 | 2014 | FA-2256 | Electric and other appliance | 227,000 | 2 |
| 24 | 2014 | FA-187 | Office equipment | 125,000 | 2 |
| 25 | 2014 | FA-225 | Office equipment | 254,000 | 2 |
| 26 | 2013 | FA-98 | Office equipment | 587,000 | 2 |
| 27 | 2013 | FA-197 | Furniture and fixtures | 268,000 | 2 |
| 28 | 2013 | FA-387 | Furniture and fixtures | 287,456 | 2 |
| 29 | 2014 | FA-257 | Furniture and fixtures | 358,452 | 2 |
| 30 | 2014 | FA-272 |  | 358,452 | 2 |

^ Traced and agreed to the fixed asset records.

\* Physically inspected at year-end and noted to be in existence and in use. No evidence that none of the assets is impaired or the recoverable amount of an asset is not less than its carrying amount.

1 item, a motor vehicle was not on the premises as at the date of inspection. As an alternative test we confirmed that a vehicle registration document existed, the company’s insurance policy covered the vehicle and there was evidence by way of an invoice from a relevant garage, that the vehicle had been serviced recently.

2. Assets identification Tag has not found, and information relating to capitalization date, and current written down value not found.

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| --- | --- |
| **Addition work for**  **impairment testing** | * We have discussed with the management and reviewed the board minutes and the correspondence to gather information whether there is any policy or plan to discontinue or restructure the operation line at hand. * We have discussed with the management and reviewed the board minutes and the correspondence to gather information whether there is any assets which is not currently being used in the operation line. * We have discussed with the management, supervisory staff at production level and maintenance personnel to gather information whether there is any assets which require abnormal repair expenses to maintain its production capacity or useful life. |
|

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| **Observation:** | * All the items were found to be contained in the client’s records. No errors were found. * Ensured that none of the assets is impaired or the recoverable amount of an asset is not less than its carrying amount. The sample selected was representative of the population. * 1 item, a motor vehicle was not on the premises as at the date of inspection. As an alternative test we confirmed that a vehicle registration document existed, the company’s insurance policy covered the vehicle and there was evidence by way of an invoice from a relevant garage, that the vehicle had been serviced recently. * The sample selected comprised 65 % of the total net book value of the assets of the company (excluding land and buildings). * Assets Identification number has not found in some assets and Fixed assets register has not updated properly- we have issued management report on the issue identified. |
|

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| **Conclusion** | Based on the work performed, in our opinion the property, plant and equipment existed at the year-end. Property, plant and equipment recorded are owned by the XYZ Ltd. and title is also in the name of XYZ Ltd. |

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| --- | --- | --- | --- | --- |
| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.4 |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

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| --- | --- |
| **Test objective:** | To verify the ownership of land and buildings and office vehicles |

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| --- | --- |
| **Assertion covered:** | Ownership |

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| --- | --- |
| **Procedures performed:** | 1. Obtained General Ledger of Property, Plant & Equipment. 2. Traced and agreed details of the property to the Land Registry Office to ensure valid ownership. 3. Confirmed with the title deed, Mutation Paper and Porcha etc. 4. Verify registration documents for all of the office vehicles |
|
| **Method of sample Selection:** | 6 sample have been selected random basis. |
| **Summary and evaluation of results** | Land value BDT 78,331,300  Traced and agreed ownership to Land Registry Office with title deed, Mutation Paper and Porcha ensuring that the property had been registered in the name of the company. Formal notification of this was received from the Land Registry Office. |
| **Conclusion** | Based on the work performed the land is owned by the company |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.5 |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

|  |  |
| --- | --- |
| **Procedure Name:** | Checking the addition of Property, Plant & Equipment. |

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| --- | --- |
| **Test Objective:** | To verify the valuation of additions to property, plant and equipment. |

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| --- | --- |
| **Procedure Details:** | 1. Selected a sample of additions to property, plant and equipment during the year and agreed each item to the capital expenditure approvals and purchase invoices., noting the amount was correct, ensuring it was net of VAT, correctly made out to the company and that it was recorded in the correct period. 2. Checked proper authorization and approval. 3. Ensured that additions to fixed assets do not include any amount of a nature of revenue expenditure. 4. Ensure that where full payment has not been made for what so ever reason, asset is recorded at full cost and balance has been recognized as liability. 5. they are correctly classified; 6. assets acquired were delivered prior to the balance sheet date. 7. Inspect evidence of ownership e.g. vehicle registration, property documents, machinery import documents etc. 8. For CWIP checked supporting documents like vendors' invoices, contractor bills, and other evidences. Checked contractor certificates of completion of project and proper approval thereof and examine the stage of completion. |

|  |  |
| --- | --- |
| **Assertions covered:** | Valuation, ownership, classification, cut off and disclosure |

|  |  |
| --- | --- |
| **Method of sample selection:** | Selected PPE addition items in order to cover >90% coverage for addition.  The 30 largest additions were chosen in order to obtain the maximum level of coverage. The sample was split equally as each category had roughly the same value. |

|  |  |
| --- | --- |
| **Risk:** | Medium Sample Size 30 |

**Results of work on valuation of additions to property, plant and equipment.**

**Land**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or not** | **Title** | **Payments** | **FA Reg** | **Result** |
| 01/03/14 | JV 134 | FA -03 | 2,790,985 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 15/04/14 | JV 191 | FA-10 | 3,898,900 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 5/06/14 | JV 221 | FA – 13 | 4,980,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 03/02/14 | BV PO120 | FA- 09 | 5,622,890 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 13/10/14 | BV PO 112 | FA-19 | 30,567,678 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 01/11/14 | BV PO 201 | FA-26 | 7,669,750 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Furniture and fixtures**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **FA Reg** | **Result** |
| 01/01/14 | JV 1400/34 | FA -02 | 790,985 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 15/10/14 | JV 1021 | FA-09 | 898,900 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 25/06/14 | JV 1021 | FA – 12 | 980,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 03/02/14 | JV 1400/34 | FA- 10 | 622,890 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 13/11/14 | BV PO 112 | FA-29 | 567,678 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 01/12/14 | BV PO 201 | FA-36 | 669,750 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Building**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **FA Reg** | **Result** |
| 01/02/14 | JV 141 | FA -02 | 1,190,985 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 15/08/14 | JV 221 | FA-09 | 1,898,900 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 25/06/14 | JV 180 | FA – 12 | 1,980,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 03/02/14 | JV 144 | FA- 10 | 2,622,890 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 13/10/14 | BV PO 122 | FA-29 | 1,167,678 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 10/12/14 | BV PO 200 | FA-36 | 1,669,750 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Plant and Machinery**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **FA Reg** | **Result** |
| 13/09/14 | BV PO 64 | FA -02 | 923,860 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 05/01/14 | BV JV 60 | FA-09 | 821,500 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 23/06/14 | BV PO 119 | FA – 12 | 772,650 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 17/02/14 | BV PO 112 | FA- 10 | 692,140 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 13/03/14 | BV PO 215 | FA-29 | 591,380 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 14/08/14 | BV JV 190 | FA-36 | 891,200 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Electric and Other Appliance**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **F A Register** | **Result** |
| 03/11/14 | BV PO 194 | FA -02 | 513,860 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 05/07/14 | BV JV 107 | FA-09 | 681,500 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 23/09/14 | BV PO 119 | FA – 12 | 902,650 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 17/05/14 | BV PO 109 | FA- 10 | 482,140 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 13/03/14 | BV PO 98 | FA-29 | 781,380 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 01/12/14 | BV JV 212 | FA-36 | 391,200 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Office Machinery**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **FA Reg** | **Result** |
| 01/09/14 | BV PO 164 | FA -02 | 1,386,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 03/05/14 | BV JV 160 | FA-09 | 901,500 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 02/06/14 | BV PO 219 | FA – 12 | 520,650 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 18/07/14 | BV PO 261 | FA- 10 | 200,140 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 10/03/14 | BV PO 164 | FA-29 | 100,380 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 17/12/14 | BV JV 128 | FA-36 | 100,200 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Vehicles**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **FA Reg** | **Result** |
| 13/01/14 | BV PO 214 | FA -02 | 5,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 05/02/14 | BV JV 117 | FA-09 | 3,800,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 23/08/14 | BV PO 367 | FA – 12 | 5,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 17/09/14 | BV PO 465 | FA- 10 | 6,500,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 13/11/14 | BV PO 477 | FA-29 | 5,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 14/12/14 | BV JV 219 | FA-36 | 3,500,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |

**Under construction**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of purchase** | **Voucher No** | **Details** | **Cost** BDT | **Authorisation** | **Classification** | **Capital or nor** | **Title** | **Payments** | **FA Reg** | **Result** |
| 3/02/14 | BV PO 234 | FA -02 | 90,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 05/03/14 | BV JV 214 | FA-09 | 70,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 23/09/14 | BV PO567 | FA – 12 | 50,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 17/10/14 | BV PO 665 | FA- 10 | 65,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 3/11/14 | BV PO 717 | FA-29 | 56,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |
| 4/12/14 | BV JV 819 | FA-36 | 35,000,000 | Y | Y | Y | Y | Bank | Y | Satisfactory |

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| **Observation:** | * All the items were found to be correctly recorded and no errors were found. * The sample selected comprised 99% of the total additions for the year. |
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| **Conclusion** | Based on the work performed, in our opinion the additions to property, plant and equipment were recorded at the correct value. |

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| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.5 (a) |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

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| **Procedure Name:** | Checking that of Under construction assets has been completed but not transferred to the fixed assets. |

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| **Test Objective:** | To verify the valuation of additions to under construction assets. |

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| **Procedure Details:** | 1. Collect the list of assets under construction and enquire the management whether all completed assets has been duly transferred to the fixed assets or not. 2. Collect ageing schedule of assets wise CWIP and check the long outstanding amount laying the CWIP and reason for not complete the assets. 3. Physically verify the construction work on sample basis to confirm that assets still under construction. 4. Ensure that where full payment has not been made for construction work and this assets are complete but not transferred to the fixed assets. 5. Discuss with engineer/ related technical person regarding the construction in progress related work and assets wise estimated completion date and if completed are the assets are ready for use or not if not reason for not ready to use. |

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| **Assertions covered:** | Existence, ownership and disclosure |

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| **Method of sample selection:** | Collect full list of assets wise cost under construction in order to confirm that construction work has been completed but not transferred to the fixed assets  The 6 largest cost of assets under construction were chosen in order to obtain the maximum level of coverage. The sample was split equally as each category had roughly the same value. |

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| **Risk:** | Low Sample Size 6 |

**Results of work on CWIP checking.**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Date of starting the construction** | **Category of assets** | **Cost** BDT | **Estimated completion date** | **Status up to date** | **Reason for not completed** | **Physical verification** | **Result** |
| 01/03/11 | Boundary wall | 2,790,985 | 12-8-11 | Not completed | Court case ongoing | Y | Satisfactory |
| 15/04/12 | Building No-3 | 10,898,900 | 10-11-14 | Completed | Electricity line connection in progress | Y | Satisfactory |
| 5/06/14 | CRB Machine | 4,980,000 | 15.12.14 | Machine physically exists. | Installation not completed. Technical expert will come on mid of February 14 | Y | Satisfactory |
| 03/11/14 | Interior decoration | 1,622,890 | 31-12-14 | Not completed | Paint work is ongoing | Y | Satisfactory |
| 13/8/14 | Gas Generator (2 nos) | 40,567,678 | 31.11.14 | Not installed | Permission not found from Titas Gas company. | Y | Satisfactory |
| 01/11/14 | Electrical installation in Building no 3 | 3,669,750 | 30.12.14 | Work on going | Necessary accessories is not available | Y | Satisfactory |
| 01/01/12 | Glass work | 40,336 | Not found | No information | Not known | - |  |

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| **Observation:** | * All the items were found to be correctly explained and no errors were found except the glass work management is agreed to check it again. * The sample selected comprised 75% of the total balance of construction under progress. |
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| **Conclusion** | Based on the work performed, in our opinion the under construction work were recorded, disclosed properly. Value of glass work insignificant |

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| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.6 |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

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| --- | --- |
| **Procedure Name:** | Vouch disposals to available evidence. |

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| **Objective:** | To ensure that sale proceed have been correctly accounted for. |

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| Procedure Details: | 1. sales proceeds/disposals have been correctly accounted for and examined documents supporting amounts for which assets were sold e.g. cash receipts. Confirmed this by reviewing the cash received book for the period to ensure no disposal proceeds were evident 2. Examined documents authorizing disposal. 3. They have been removed from the fixed asset register/listing. 4. Calculate gain or loss on disposal of fixed assts. |

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| --- | --- |
| **Assertions covered:** | Completeness, Accuracy |

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| **Sampling technique:** | Selected PPE Disposal items in order to cover >75% coverage for disposal. |

**Results of work on disposal of Property, Plant and Equipment’s:**

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| --- | --- | --- | --- | --- | --- | --- |
| **Date** | **Voucher No** | **Particulars** | **Selling Price BDT** | **Purchase Cost** | **WDV** | **Proceeds from disposal collection**  **Mode** |
| 12/31/2014 | JV 1400/167 | Income from selling office furniture | 88,000 | 138,000 | 40,000 | Bank |
| 12/31/2014 | JV 1400/264 | Sale of office furniture | 29,800 | 39,800 | 1 | Bank |
| 12/31/2014 | JV 1400/269 | Income from selling office furniture | 1,690 | 9,690 | 1 | Bank |
| 12/31/2014 | JV 1400/274 | Disposal entry - for of Computer & Other IT equipment | 1,345 | 11,345 | 1 | Bank |
| 12/31/2014 | JV 1400/276 | Income from selling office furniture and equipment | 4,396 | 5,396 | 1 | Bank |
| 12/31/2014 | JV 1400/278 | Disposal entry - for Computer & Other IT equipment | 87,797 | 187,797 |  | Bank |
| 12/31/2014 | JV 1400/279 | Income from selling office furniture and equipment | 483,800 | 1,483,800 |  | Bank |
| **Total** | | | **608,828** | **1,737,828** |  |  |

Calculation of gain or loss

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Selling Price BDT** | **Purchase Cost** | **WDV** | **Profit on sale of assets** | **Check with FA Register** |
| office Furniture | 88,000 | 138,000 | 40,000 | 48,000 | Assets have been removed |
| Furniture | 29,800 | 39,800 | 1 | 19799 | Do |
| Office furniture | 1,690 | 9,690 | 1 | 1689 | Do |
| Computer & Other IT equipment | 1,345 | 11,345 | 1 | 1344 | Do |
| Office furniture and equipment | 4,396 | 5,396 | 1 | 4395 | Do |
| Computer & Other IT equipment | 87,797 | 187,797 | 1 | 87,798 | Do |
| Office furniture and equipment | 483,800 | 1,483,800 | 20,000 | 463,800 | Do |
|  |  |  |  |  |  |

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| --- | --- |
| **Observation** | No observation was noted. |

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| **Conclusion** | Based on the work performed, in our opinion the disposal to property, plant and equipment were recorded at the correct value. |

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| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.7 |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

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| **Procedure Name:** | To check the depreciation calculation |

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| **Objective:** | To assure the occurrence, completeness and accuracy of recording depreciationin the reporting period. |

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| **Procedure details:** | 1. Obtained the schedule of depreciation calculation. Obtain movement schedule of tangible fixed assets and under Construction both for cost and accumulated depreciation. Checked casting and cross casting of the schedule. 2. Checked whether depreciation were recorded in the correct accounting period. 3. Determine the reasonableness of accounting policy and depreciation method, rates and their consistency with prior years. 4. Check calculation of depreciation of selected assets. 5. Assess the reasonableness of allocation to manufacturing costs, admin cost etc |

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| --- | --- |
| **Assertions:** | Occurrence ,Completeness and Accuracy |

**Results of work on recalculation of depreciation on Cost recording sample basis:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of assets** | **Cost** | | | | **Depreciation on Cost** | | | | | **Written Down  Value as of** |
| **Balance as of**  **1-Jan-14** | **Addition during the year** | **Adjustment, Transfer / (Disposal) during the year** | **Balance as of**  **31-Dec-14** | **Rate of Dep. (%)** | **Balance as of**  **1-Jan-14** | **Charged during the year** | **Adjustment/ (Disposal) during the year** | **Balance as of** |
| **31-Dec-14** | **31-Dec-14** |
| Land | 427,942,340 | 303,331,300 | 178,540 | 731,452,180 |  | - | - | - | - | 731,452,180 |
| Building | 381,258,422 | 27,048,784 | 20,441,433 | 428,748,639 | 40% | 22,233,354 | 986,600 | - | 23,219,954 | 405,528,685 |
| Plant and Machinery | 1,265,999,627 | 20,440,446 | 139,008,900 | 1,425,448,973 | 10% | 349,077,655 | 14,105,522 | (322,040) | 362,861,137 | 1,062,587,836 |
| Furniture and fixture | 108,354,568 | 26,855,460 | 180,585 | 135,390,613 | 10% | 31,453,873 | 9,121,061 | - | 40,574,934 | 94,815,679 |
| Electrical and other appliances | 87,670,654 | 23,362,882 | 58,057,800 | 169,091,336 | 10% | 24,738,416 | 6,570,862 | (94,210) | 31,215,068 | 137,876,268 |
| Office machinery | 40,926,652 | 6,422,467 | (198,500) | 47,349,119 | 5 % | 13,407,246 | 10,452,957 | (38,200) | 23,822,003 | 23,527,116 |
| Vehicles | 202,024,543 | 76,251,612 | (2,532,398) | 275,743,757 | 5 % | 108,726,530 | 35,054,399 | (687,350) | 143,093,579 | 132,650,178 |
| Leased Assets- Vehicles | 15,622,493 | - | (4,979,500) | 10,642,993 | 5% | 13,377,490 | 598,500 | (3,789,500) | 10,186,490 | 456,503 |
| Under construction | 585,256,770 | 101,166,500 | (181,413,423) | 505,009,847 | 0% |  |  |  |  | 505,009,847 |
| **Total as on 31 December 2014** | 3,115,056,069 | 584,879,451 | 28,743,437 | 3,728,877,457 |  | 563,014,564 | 76,889,901 | (4,931,300) | 634,973,165 | 3,093,904,292 |

**Results of workon recalculation of depreciation on Revalued Value recordingsample basis:**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name of assets** | **Revalued Value** | | | | **Depreciation on Revalued Value** | | | | | **Written Down  Value as of** |
| **Balance as of**  **1-Jan-14** | **Addition during the year** | **Adjustment, Transfer / (Disposal) during the year** | **Balance as of**  **31-Dec-14** | **Rate of Dep. (%)** | **Balance as of**  **1-Jan-14** | **Charged during the year** | **Adjustment/ (Disposal) during the year** | **Balance as of** |
| **31-Dec-14** | **31-Dec-14** |
| Land | 744,081,718 | - | - | 744,081,718 |  |  | - | - | - | 731,452,180 |
| Building | 38,483,654 | - | - | 38,483,654 | 40% | 2,886,273 | 765,890 | - | 3,652,163 | 503,628,182 |
| Plant and Machinery | 56,379,485 | - | - | 56,379,485 | 10% | 25,661,859 | 5,579,800 | (1,213) | 31,240,446 | 1,051,899,602 |
| Furniture and fixture | 3,814,918 | - | (3,840) | 3,811,078 | 10% | 2,262,980 | 358,750 | - | 2,621,730 | 87,366,031 |
| Electrical and other appliances | 3,738,736 | - | (45,053) | 3,693,683 | 10% | 2,164,930 | 540,350 | (30,064) | 2,675,216 | 93,543,756 |
| Office machinery | 2,227,188 | - | - | 2,227,188 | 5% | 1,228,843 | 350,685 | - | 1,579,528 | 20,240,403 |
| Vehicles | 44,817,417 | - | (2,151,496) | 42,665,921 | 5% | 26,890,450 | 5,850,985 | (1,000,950) | 31,740,485 | 165,660,369 |
| Total as on 31 December 2014 | 893,543,116 | 0 | (2,200,389) | 891,342,727 |  | 61,095,335 | 13,446,460 | (1,032,227) | 73,509,568 | 3,799,146,712 |

Allocation of Total Depreciation:

1. Administrative Expenses BDT 325,911,384
2. Distribution Expenses BDT 435,386,362
3. Selling Expenses BDT 2,706,894,304

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| **Observation:** | No observation was noted. |
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| **Conclusion** | Satisfactory. |

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| **Company:** | **XYZ Limited** | | **W/P Reference:** | F2.1.8 |
| **Prepared By:** | Mr. A |  | **Date:** | DD/MM/YYYY |
| **Reviewed By:** | Mr. B |  | **Date:** | DD/MM/YYYY |
| **Year Ended:** | 31-Dec-2014 |  | | |

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| **Procedure Name:** | Testing of presentation and disclosure |

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| **Objective:** | To check whether the matters to be disclosed relating to Property, Plant & Equipment according to applicable reporting and legal framework (i.e. IFRS, Companies Act 1994 and Securities and Exchange Rule 1987). |

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| **Procedure details:** | 1. Prepared a checklist of Property, Plant and Equipment are presented and all disclosures have been given in accordance with the Organization Policy and relevant IASs and Companies Act 1994. 2. Checked whether the items to be disclosed relating to Property, Plant & Equipment have been disclosed properly. 3. Depreciation expense and gain/ loss on disposal has been accurately calculated and appropriately disclosed. |

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| **Assertions covered:** | Presentation and disclosure |

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| **Sampling technique:** | Entire population. |

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| **Working on disclosure** |

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| --- | --- | --- | --- | --- | --- |
| **SL No.** | **Disclosure requirement** | **Required by** | **Disclosed in financial statements?** | **Reference from financial statements** | **Remarks** |
| 1 | Group accounting policy | Companies Act 1994, SEC & IAS | √ | Note 2 | Satisfactory |
| 2 | Depreciation Schedule | √ | Note 7 | Satisfactory |
| **3** | Addition and disposal of tangible assets | √ | Note 7 | Satisfactory |
| 4 | Separate disclosure for assets and depreciation | √ | Note 7 | Satisfactory |
| 5 | Disclosure related with Revaluation | √ | Note 7 | Satisfactory |

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| **Observation:** | No observation was noted. |

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| **Conclusion** | Satisfactory. |

Sample Evidence- Physical verification work-

Sample – Fixed Assets Register

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