**Test of details – Noncurrent liabilities – Employee benefit and Long term loan.**

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| **S. No.** | **Type of procedures** | **Audit Procedures** | **Sub-procedures performed** | **Audit Assertion Addressed** | **Sampling technique** | **W. P. Ref.** |
| A | Test of details | 1. Cross-check between Employee Gratuity provision Schedule and GL. | 1. Obtained employee wise schedules of gratuity provision and checked the calculation. 2. Obtained employee list indicating the date of joining and salary information from HR. 3. Obtained GL of Gratuity. 4. Matched the employee joining date, Basic salary, and no of completed year with the schedule and HR information and confirm the total amount recorded in GL | Completeness | Entire population was selected. | TOD-1.2.01 |
| 1. Vouching of Gratuity payment with source documents | 1. Chosen a sample of Gratuity payment transactions booked in GL 2. Obtained final settlement bill, payments and Gratuity calculation for the sample selected. 3. Vouched the transactions to source documents. | Completeness  Occurrence  Accuracy | Random sample | TOD-1.2.02 |
| 1. Review of Loan Agreement with Bank. | 1. Obtained Loan agreement 2. Checked the terms and condition fulfilled or not 3. Checked the payment with GL and source documents | Completeness  Occurrence  Accuracy | Random sample | TOD-1.2.03 |
| B |  | 1. Testing of presentation and disclosure | 1. Prepared a checklist of items to be disclosed according to BAS 19, Companies Act 1994 and Securities and Exchange Rules 1987. 2. Checked whether the items to be disclosed relating to long term loan have been disclosed properly. | Presentation | Entire population | TOD-1.2.04 |
| C |  | 1. Testing the interest calculation of employee welfare fund is appropriately done | 1. Obtained the amount of contribution paid by employee on monthly basis 2. Checked the interest calculation on the monthly basis. 3. Compared the balance with GL amount | Accuracy, completeness. | Entire population | TOD-1.2.05 |

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| **Company** | **~~XYZ Ltd~~ XYZ Ltd** | | **W/P Reference** | TOD-1.2.01 |
| **Prepared By** | ~~XYZ~~Mr.C |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | DEF |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Cross-check between Employee Gratuity provision Schedule and GL. |

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| **Objective:** | To ensure that provision for gratuity has been made in the accounts properly in the financial statements |

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| **Procedures performed:** | 1. Obtained month wise and employee wise schedules of gratuity provision and checked the calculation. 2. Obtained employee list indicating the date of joining and salary information from HR. 3. Obtained GL of Gratuity. 4. Matched the employee joining date, Basic salary, and no of completed year with the schedule and HR information and confirm the total amount recorded in GL |

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| **Assertion covered:** | Completeness, accuracy and occurrence |

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| **Sampling technique:** | Whole population |

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| **Result of testing** |

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|  | Month | As per monthly calculation schedule | | | | | As per journal entry passed in the GL | Difference |
|  | HR and admin | Finance | Factory | Marketing and sales | Total |  |  |
|  | January | 925,478 | 771,776 | 2,954,294 | 874,598 | 5,526,146 | 5,526,156 | -10 |
|  | February | 857,148 | 774,738 | 3,154,789 | 880,547 | 5,667,222 | 5,667,236 | -14 |
|  | March | 848,751 | 913,952 | 2,987,856 | 895,215 | 5,645,774 | 5,645,774 | 0 |
|  | April | 725,789 | 884,732 | 4,045,879 | 785,648 | 6,442,048 | 6,442,059 | -11 |
|  | May | 825,789 | 874,589 | 4,154,789 | 842,157 | 6,697,324 | 6,697,324 | 0 |
|  | June | 925,487 | 952,445 | 5,185,479 | 921,543 | 7,984,954 | 7,984,954 | 0 |
|  | July | 1,054,781 | 998,075 | 5,215,487 | 825,748 | 8,094,091 | 8,094,091 | 0 |
|  | August | 935,871 | 1,011,785 | 5,412,578 | 915,478 | 8,275,712 | 8,275,720 | -8 |
|  | September | 1,045,786 | 1,022,202 | 5,625,871 | 835,478 | 8,529,337 | 8,529,337 | 0 |
|  | October | 1,045,786 | 1,047,529 | 6,578,214 | 762,549 | 9,434,078 | 9,434,085 | -7 |
|  | November | 1,012,458 | 1,084,732 | 6,148,793 | 758,486 | 9,004,469 | 9,004,469 | 0 |
|  | December | 1,045,213 | 1,041,465 | 7,012,547 | 897,542 | 9,996,767 | 9,996,769 | -2 |
|  | Total | 6,726,957,274 | 2,185,560,180 | 4,064,324,246 | 659,096,770 | 91,297,922 | 91,297,974 | -52 |

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| **Observation:** | Difference is immaterial |
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| **Conclusion** | Satisfactory. |

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| **Company** | **XYZ Ltd** | | **W/P Reference** | TOD-1.2.02 |
| **Prepared By** | XYZ |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | DEF |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Vouching of Gratuity payment with source documents |

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| **Objective:** | To check the occurrence and accuracy of gratuity payment that has been booked in GL during the period. |

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| **Procedure Details:** | 1. Chosen a sample of gratuity transactions booked in GL. 2. Obtained final settlement order, calculation sheet and company policy for the sample selected. 3. Vouched the transactions to source documents i.e. payment voucher, bank statements etc. |

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

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| **Sampling technique:** | Random sampling |

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| **Result of testing** |

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| **Voucher No** | **Employee Name** | **Employee ID** | **Last Basic Salary** | **Year of work** | **Payment** | **Amount Paid** | **Our Calculation** | **Difference** | **Agreed with GL** | **Place of ~~sale~~ posting** | **Payment date** | **Remarks** |
| BP1420 | Alam | F001J | 28459 | 24.5 | Bank | 711,450 | 711,475 | 25 | Yes | Chittagong | 15.2.14 | Satisfactory |
| BP 1728 | Karim | F 0031 | 22 787 | 57 | Bank | 1,298,850 | 1,298,859 | 9 | Yes | Dhaka | 28.4.14 | Satisfactory |
| BP 1800 | Jahan | F 1144 | 35784 | 40 | Bank | 1,431,360 | 1,431,360 | 0 | Yes | Comilla | 5.5.14 | Satisfactory |
| BP1818 | Tania | A 245 | 28771 | 35 | Bank | 1,006,900 | 1,006,985 | 85 | Yes | Dhaka | 6.5.14 | Satisfactory |
| BP1967 | Sujauddolla | HR 2455 | 25787 | 50 | Bank | 1,289,350 | 1,289,350 | 0 | Yes | Dhaka | 6.7.14 | Satisfactory |
| BP 1827 | Kobita rani | SM 4587 | 12879 | 15 | Bank | 193,180 | 193,185 | 5 | Yes | Sylhet | 8.5.14 | Satisfactory |
| BP1779 | Jibon Krisna Das | L 2154 | 22477 | 20 | Bank | 449,500 | 449,540 | 40 | Yes | Comilla | 30.4.14 | Satisfactory |
| BP1901 | AKM mahmudul Islam | F 5478 | 18745 | 11 | Bank | 206,190 | 206,195 | 5 | Yes | Dhaka | 6.6.14 | Satisfactory |
| BP 12001 | Nastaran | F 15478 | 17456 | 9 | Bank | 157,100 | 157,104 | 4 | Yes | Dhaka | 24.09.14 | Satisfactory |
| BP 22755 | Shaymoli | K-0045 | 20748 | 18 | Bank | 373,460 | 373,464 | 4 | Yes | Dhaka | 8.12.14 | Satisfactory |

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| **Observation:** | Difference is insignificant |
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| **Conclusion** | Satisfactory |

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| **Company** | **XYZ Ltd** | | **W/P Reference** | TOD-1.2.03 |
| **Prepared By** | Mr. Y |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** |  |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Review of Loan Agreement |

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| **Objective:** | To assure that terms and reference of Loan has been properly fulfilled during the reporting period. |

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| **Procedure details:** | 1. Obtained Loan agreements 2. Checked the terms and condition fulfilled or not 3. Checked the payment with GL and source documents |

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| **Assertions:** | Accuracy |

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| **Sampling technique:** | Obtained the Loan agreements with two banks randomly. |

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| **Results of testing** |

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| **Quarter Name** | **Bank Name** | **Quarterly accounts submission** | **Principle payment** | **Interest payment** | **Penal interest** | **Total Payment** | **Loan repayment schedule** | **Remarks** |
| Q-1 | IPDC | Submitted | 14,382,425 | 1,582,066 | No | 15,964,491 | Agreed | Satisfactory |
| Q-4 | DO | Do | 14,839,073 | 1,125,418 | No | 15,964,491 | Agreed | Satisfactory |
| Q-2 | EBL | Submitted | 2,929,017 | 322,191 | No | 3,251,208 | Agreed | Satisfactory |
| Q-3 | Do | Submitted | 2,995,917 | 255,291 | No | 3,251,208 | Agreed | Satisfactory |

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

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| **Company** | **XYZ Ltd** | | **W/P Reference** | TOD-1.2.05 |
| **Prepared By** | Mr. Y |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** |  |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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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 Long term loan and employee benefits 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 items to be disclosed according to IAS 19, IAS 32, IAS 39, Companies Act 1994 and Securities and Exchange Rules 1987. 2. Checked whether the items to be disclosed relating to Long term loan have been disclosed properly. |

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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 | Accounting policies adopted for the recognition of Long term loan and employee benefits | IAS 19, 39,32,  Companies Act 1994, SEC rules | Yes | Policy note-L | Satisfactory |
| 2 | Current and Non-current segregation of loan duly mentioned in the financial statements | Yes | Note 21 | Satisfactory |
|  | Interest bearing or non-Interest bearing | Not mentioned |  |  |
| 3 | Bank wise Terms and conditions of Loan has been properly disclosed in the financial statements | Yes | Note 21 | Not satisfactory |
| 4 | Security against Long term loan has been properly disclosed | Yes | Note 21 | Satisfactory |
| 5 | Loan payable to subsidiaries or associates | Related party | Note # | satisfactory |

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| **Observation:** | Immaterial observation noted and reported to Management letter. |

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| **Conclusion** | Satisfactory. |

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| **Company** | **XYZ Ltd** | | **W/P Reference** | TOD-1.2.05 |
| **Prepared By** | XYZ |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | DEF |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Testing the interest calculation of employee welfare fund is appropriately done |

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| **Objective:** | To check completeness and accuracy of interest calculation of employee welfare fund. |

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| **Procedure details:** | 1. Obtained the monthly employee contribution to staff welfare fund. 2. Checked the interest calculation (1% of fund balance) on monthly basis 3. Compared the calculated balance with GL amount. |
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| **Assertions covered:** | Accuracy and completeness |

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

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| **Working on interest calculation checking** |

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| **Particulars** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Dec** |
| Opeining balance | 61,871,777 | 63,532,476 | 65,150,252 | 66,858,144 | 68,756,306 | 70,488,805 | 72,089,780 | 73,903,123 | 75,653,608 | 77,493,123 | 79,405,596 | 81,325,304 |
| Add: addition made for 2014 | 1,065,481 | 1,065,451 | 1,075,876 | 1,246,490 | 1,095,254 | 1,098,748 | 1,160,745 | 1,153,454 | 1,165,871 | 1,198,542 | 1,248,752 | 1,248,750 |
| Add: Interst accrued | 618,718 | 635,325 | 651,503 | 668,581 | 687,563 | 704,888 | 720,898 | 739,031 | 756,536 | 774,931 | 794,056 | 813,253 |
| Less: Payment for 2014 | (23,500) | (83,000) | (19,486) | (16,910) | (50,318) | (202,661) | (68,300) | (142,000) | (82,892) | (61,000) | (123,100) | (82,104) |
| **Closing** | **63,532,476** | **65,150,252** | **66,858,144** | **68,756,306** | **70,488,805** | **72,089,780** | **3,903,123** | **75,653,608** | **77,493,123** | **79,405,596** | **81,325,304** | **83,305,203** |
| Percentage as per GL | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Percentage as per recalculation | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Difference | - | - | - | - | - | - | - | - | - | - | - | - |

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| **Observation:** | No Observation noted. |

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| **Conclusion** | Satisfactory. |
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