

Audit Program – Revenue

Particulars	Test required Y/N	Results satisfactory Y/N	Sch Ref	Comments	Initials and date
Income					
1. Identified all material sources of revenue and specified how each source has been audited.	Y	Y	TOD- 1.2.01		
2. Cross-checked between sales invoice system and GL.					
3. Where available, select a sample of goods despatched notes, including a number of items around the year end (where required) and vouch to supporting documentation: (a) ensured details are correctly reflected on the invoice; (b) agreed invoices through to the sales ledger and nominal ledger, and (c) ensured item accounted for in the correct period.	Y	Y	TOD- 1.2.02		
Cash sales and credit sales					
4. Selected a sample from credit and cash sales, and vouch to supporting documentation: (a) checked sales invoice; (b) checked delivery challan; (c) checked the pricing (Mushak 11), and (d) checked total cash sales to the cash book, if any.	Y	Y	TOD- 1.2.02		
Sales return					
5. Reviewed sales returns and, where material, select a sample: (a) checked the quantity and description on the credit note to a goods returned note or other documentary proof of receipt of goods, and (b) ensured the details agree to the original invoice.	Y	Y	TOD- 1.2.02		
Cut-off/ Completeness					
6. Made a selection of sales invoices from sales module of accounting system and check whether sales were recorded in the correct accounting period.	Y	Y	TOD- 1.2.03		
7. Matched between revenue as per Mushak-19 and revenue as per GL.	Y	Y	TOD- 1.2.04		
8. Determined that the accounting policies and methods of revenue recognition are appropriate and are applied consistently. Selected a sample of revenue and determine whether revenue has been recognized correctly,	Y	Y	TOD- 1.2.03		
Substantive analytical procedures					
9. Calculated expected revenue to be booked.	Y	Y	SAP- 1.1.01		
10. Obtained explanation for fluctuations of head wise sales and month wise sales and verify the expectation.			TOD- 1.2.05		
Presentation and disclosure					
11. Prepared a checklist of items to be disclosed according to IAS 18/IFRS 15, Companies Act 1994	Y	Y	TOD-		

and Securities and Exchange Rules 1987 and check whether the items to be disclosed relating to revenue have been disclosed properly.			1.2.06		
Inquiry to management about risks and relevant controls					
Inquired of the management as to the following issues: a. Incentive schemes the company has for top-management personnel b. Communications to employees regarding management's views on business practices and ethical behavior c. The control procedures they have to prevent any fraudulent financial reporting. d. The IT components in the internal control system over revenue recognition and measurement. e. The fraud-related activities by internal audit. f. The programs and controls to prevent detect and deter fraud – oversight by those charged with governance.	Y	Y	TOD 1.2.07		

Company	XYZ Limited	W/P Reference	SAP-1.1.01
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedure Name:	Calculated expected revenue to be booked.
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Objective:	To check completeness, occurrence and accuracy of revenue from goods sold by XYZ Limited in <year>.
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Assertions covered:	Completeness, Occurrence, Accuracy.
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Procedures performed:	<ol style="list-style-type: none"> 1. Inquired respective head of sales department and obtained model-wise number of products sold during the year. 2. Obtained the trend of price per unit of different product sold and thus determined an average price per unit of different products sold. 3. Developed an expected amount of sales that could be generated based upon the information of number of quantity sold and average price per unit. 4. Checked the expected amount of sales revenue with actual revenue booked in GL. 5. Inquired respective head of sales department about the difference between expected sales revenue and actual revenue booked.
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Sampling technique:	Entire population of the units sold during the period.
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How average price derived:	<p>Inquired with respective sales analyst Mr. A about the sales trend and distribution channel of company goods. We came to know that over the period, the price per unit was the same and no significant change was made. Thus the maximum retail price (MRP) which prevailed as at 31 December 2014 can be considered as the average unit price and based on this price we performed analytical procedures and estimated the total revenue from quantity sales that should have been recorded.</p> <p>Obtained product line wise sales report for both quantity and value on monthly basis and cumulative for year, obtained VAT return submitted to VAT authority to confirm the total sales during the year. Obtained the product wise quantity reconciliation to check the quantity sold during the year are matched with sales report quantity. Confirmed the product price change during the year for each product and cross check with the Price declaration to VAT authority, than simple average price has been determined for performing the analytical procedures.</p>
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The analytical procedure was performed in 4 broader segment of revenue such as Pharmaceuticals, Animal Health, Consumer brands and others.

Product lines	No. of units sold in the year	Average unit price (BDT)	Total expected sales revenue (BDT)
Pharmaceuticals:			
Tablets			
<Sub-line 1>	1,768,566	38	67,205,508
<Sub-line 2>	2,876,538	54	155,333,052
<Sub-line 3>	4,692,736	68	319,106,048
<Sub-line 4>	1,876,293	57	106,948,701
<Sub-line 5>	2,653,892	58	153,925,736
<Sub-line 6>	676,539	65	43,975,035
<Sub-line 7>	267,936	78	20,899,008
<Sub-line 8>	952,798	95	90,515,810
Capsules			
<Sub-line 1>	768,392	98	75,302,416
<Sub-line 2>	755,298	85	64,200,330
<Sub-line 3>	1,628,376	72	117,243,072
<Sub-line 4>	926,738	80	74,139,040
<Sub-line 5>	151,439	95	14,386,705
Injection			
<Sub-line 1>	673,892	980	660,414,160
<Sub-line 2>	2,987,356	560	1,672,919,360
<Sub-line 3>	1,197,853	380	455,184,140
Bottled products			
<Sub-line 1>	5,476,289	37	202,622,693
<Sub-line 2>	3,872,167	35	135,525,845
<Sub-line 3>	4,628,196	45	208,268,820
<Sub-line 4>	2,836,916	47	133,335,052
<Sub-line 5>	2,765,391	50	138,269,550
<Sub-line 6>	5,007,699	40	200,307,960
Creams			
<Sub-line 1>	2,483,716	98	243,404,168
<Sub-line 2>	1,826,397	110	200,903,670

<Sub-line 3>	1,516,339	80	121,307,120
Inhaler			
<Sub-line 1>	273,984	560	153,431,040
<Sub-line 2>	194,847	980	190,950,060
	A		6,020,024,099
Animal Health			
<Sub-line 1>	783,926	350	274,374,100
<Sub-line 2>	536,917	425	228,189,725
<Sub-line 3>	338,165	510	172,464,150
<Sub-line 4>	654,282	250	163,570,500
<Sub-line 5>	873,927	180	157,306,860
<Sub-line 6>	151,427	850	128,712,950
<Sub-line 7>	983,728	400	393,491,200
<Sub-line 8>	629,837	600	377,902,200
	B		1,896,011,685
Consumer Brands			
<Sub-line 1>	9,266,382	34	315,056,988
<Sub-line 2>	4,782,964	47	224,799,308
<Sub-line 3>	9,863,719	35	345,230,165
<Sub-line 4>	8,167,937	33	269,541,921
<Sub-line 5>	12,935,642	42	543,296,964
<Sub-line 6>	3,608,170	23	82,987,910
<Sub-line 7>	11,367,483	28	318,289,524
<Sub-line 8>	6,629,489	35	232,032,115
<Sub-line 9>	15,267,389	28	427,486,892
<Sub-line 10>	8,253,784	41	338,405,144
<Sub-line 11>	5,182,273	40	207,290,920
<Sub-line 12>	9,361,837	32	299,578,784
	C		3,603,996,635
Others (Seeds, Fertilizer, Cropex)			
<Sub-line 1>	2,817,389	46	129,599,894
<Sub-line 2>	3,651,293	38	138,749,134
<Sub-line 3>	3,729,837	25	93,245,925

<Sub-line 4>	3,339,163	37	123,549,031
<Sub-line 5>	192,483	1,200	230,979,600
<Sub-line 6>	271,893	750	203,919,750
<Sub-line 7>	3,816,739	35	133,585,865
<Sub-line 8>	2,036,718	48	97,762,464
<Sub-line 9>	1,026,849	28	28,751,772
<Sub-line 10>	3,839,201	36	138,211,236
	D		1,318,354,671
Total revenue (as per expectation)	E=(A+B+C+D)		12,838,387,090
As per financials	F		12,318,723,190
Difference (in amount)	(E - F)		519,663,900
Difference (In %)			4%

Observation:	No material gap is found. Reason for Differences: The average price determined ignoring the bulk discount given by the company time to time.
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Conclusion:	As the difference is in tolerable limit, the result is satisfactory.
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Company	XYZ Limited	W/P Reference	TOD-1.2.01
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedures Name:	<ol style="list-style-type: none"> 1. Identified all material sources of revenue and specified how each source has been audited. 2. Cross-checked between sales invoice system and GL.
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Objective:	To ensure that all material sources of revenue have been identified and audited properly and all sales transactions that occurred during the period were duly recorded in the GL and reported in the financial statements.
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Procedure:	<ol style="list-style-type: none"> 1. Obtained the understanding of all material sources of revenue and determining the audit procedure to be performed. 2. Obtained monthly report from sales module of accounting system. 3. Obtained all GLs of sales revenue. 4. Matched the total invoice amount for the year with the total sales revenue booked in GL.
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Assertion covered:	Accuracy
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Sampling technique:	Entire population of the units sold during the period.
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Result of testing

Material sources of revenue and audit procedure to be performed:

Major sources of revenue	2014 BDT	2013 BDT	Major audit procedures to be performed
Pharmaceuticals	5,744,012,657	4,975,668,245	> Internal control testing > Substantive testing: * Substantive analytical procedures * Test of details - Completeness - Occurrence - Accuracy - Disclosures/presentation
Animal Health	1,669,138,273	1,271,620,170	
Consumer brands	3,590,229,865	3,350,515,901	
Seeds (Local)	378,897,032	365,547,389	
Seeds (Import)	167,004,135	84,979,986	
Fertilizer	490,736,885	377,719,065	
Cropex	278,704,343	257,549,956	
	12,318,723,190	10,683,600,712	

Please see the referenced trial balance Q and Notes to the FS 24

Cross-checking between sales invoice system and GL:

Month	As per sales module in accounting system							As per journal entry passed in the GL	Difference
	Unit-1	Unit-2	Unit-3	Unit-4	Unit-5	Unit-6	Total		
January	419,401,449	173,225,949	295,429,422	16,115,874	1,004,463	59,267,048	964,444,205	964,444,204	0.92
February	457,148,405	148,995,221	328,616,715	16,421,558	14,518,274	65,764,963	1,031,465,136	1,031,465,136	-
March	555,610,495	175,618,358	394,185,857	22,010,513	4,314,678	38,792,078	1,190,531,979	1,190,531,979	(0.09)
April	562,145,315	149,992,559	247,701,682	200,949	21,377,467	21,383,446	1,002,801,418	1,002,801,418	(0.09)
May	581,707,410	190,676,308	304,721,957	22,047,880	25,335,898	24,270,837	1,148,760,290	1,148,760,290	0.27
June	592,062,001	200,548,471	277,373,756	14,698,587	17,079,597	59,845,368	1,161,607,779	1,161,607,780	(0.97)
July	550,974,227	197,946,369	314,936,487	29,867,782	18,692,067	33,316,227	1,145,733,159	1,145,733,159	0.27
August	565,799,305	208,760,754	396,962,673	47,275,866	44,418,336	40,387,629	1,303,604,563	1,303,604,564	(0.62)
September	633,448,535	220,293,828	339,226,678	115,156,117	65,769,807	46,214,017	1,420,108,982	1,420,108,982	0.44
October	599,646,474	202,789,100	387,804,358	181,074,410	41,413,356	47,801,701	1,460,529,399	1,460,529,399	0.18
November	611,510,771	173,893,648	343,345,716	103,827,627	28,227,830	86,256,748	1,347,062,340	1,347,062,340	(0.06)
December	597,502,887	142,819,615	434,018,945	63,466,824	16,589,421	135,796,708	1,390,194,400	1,390,194,400	(0.07)
Total	6,726,957,274	2,185,560,180	4,064,324,246	632,163,987	298,741,195	659,096,770	14,566,843,651	14,566,843,651	0.18

Observation:	No observation was noted.
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Conclusion	Satisfactory.
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Company	XYZ Limited	W/P Reference	TOD-1.2.02
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedure Name: Vouching of sales transaction to source documents

Objective: To check the occurrence and accuracy of sales revenue that has been booked in GL during the period.

Procedure Details:

1. Chosen a sample of sales transactions booked in GL.
2. Obtained sales order (if any), sales invoice, delivery challan and Mushak-11 for the sample selected.
3. Vouched the transactions to source documents i.e. sales invoice, delivery challan and Mushak-11.
4. Reviewed sales returns and, where material, select a sample:
 - (a) checked the quantity and description on the credit note to a goods returned note or other documentary proof of receipt of goods, and
 - (b) ensured the details agree to the original invoice.

Assertions covered: Occurrence, Accuracy

Sampling technique: Random sampling

Result of testing

SI No.	Invoice No	Customer Name	Customer ID	Description	Invoice Date	Cash /credit sale	Trade price	VAT	Other adjustments	Net Sales	Delivery challan date	Mushak 11 found ?	Sales return			
													Credit note no.	Original Invoice no.	GRN	amount
1	<ID>	<Name>	<ID>	<Product details>	DD-MM-YYYY	Credit	<Taka>	<Taka>	<Taka>	<Taka>	DD-MM-YYYY	√	<ID>	<ID>	<ID>	<Taka>
2	<ID>	<Name>	<ID>	<Product details>	DD-MM-YYYY	Credit	<Taka>	<Taka>	<Taka>	<Taka>	DD-MM-YYYY	√	<ID>	<ID>	<ID>	<Taka>
3	<ID>	<Name>	<ID>	<Product details>	DD-MM-YYYY	Credit	<Taka>	<Taka>	<Taka>	<Taka>	DD-MM-YYYY	√	<ID>	<ID>	<ID>	<Taka>
4	<ID>	<Name>	<ID>	<Product details>	DD-MM-YYYY	Credit	<Taka>	<Taka>	<Taka>	<Taka>	DD-MM-YYYY	√	<ID>	<ID>	<ID>	<Taka>

Company	XYZ Limited	W/P Reference	TOD-1.2.03
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedure Name:	Cut-off test of revenue
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Objective:	To assure the completeness and accuracy of booking revenue in the reporting period and revenue has been recognised as per policy.
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Procedure details:	<ol style="list-style-type: none"> Made a selection of sales invoices from sales module of accounting system for of the last 10 days of the current accounting period and of first 10 days of the next accounting period Checked whether sales were recorded in the correct accounting period. Determined that the accounting policies and methods of revenue recognition are appropriate and are applied consistently. Selected a sample of revenue and determine whether revenue has been recognized correctly.
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Assertions:	Completeness, Accuracy.
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Sampling technique:	Obtained the schedule of sales invoice of the last 10 days of the current accounting period and of first 10 days of the next accounting period. Then samples were selected based on high-value items.
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Results of testing

Invoice Number	Description	Cutoff period	Invoice Date	Delivery Date as per invoice	Gross sales	Net sales	Delivery Date	Remarks	Revenue recognition policy is appropriate (Y/N)	Revenue recognised as per policy (Y/N)
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y

<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y
<Code>	<Product details>	<Reporting date>	DD-MM-YYYY	DD-MM-YYYY	<Taka>	<Taka>	DD-MM-YYYY	Satisfactory	Y	Y

Observation:	No observation was noted.
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Conclusion	Satisfactory.
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Company	XYZ Limited	W/P Reference	TOD-1.2.04
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedure Name:	Reconciliation between sales revenue as reported in VAT-19 and sales revenue as per GL.
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Objective:	To backtrack sales from VAT 19 to ensure completeness, occurrence and accuracy of revenue.
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Procedure:	<ol style="list-style-type: none"> 1. Obtained copies of VAT returns submitted to NBR for each month of the year. 2. Calculated the total sales reported as per VAT returns. 3. Matched the total sales as per VAT return with that recorded in GL. 4. Identified the Mushak-19 for 12-months period and matched the total revenue reported as per VAT return with the total revenue as per GL. Reconciliations were obtained for the difference, if any, between these two figures and checked accuracy of the reconciliation.
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Assertion covered:	Completeness, Accuracy and Occurrence.
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Sampling technique:	Entire population.
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Review of reconciliation for difference between sales as per VAT-19 and sales as per financials

Particulars	Amount
Sales as per VAT return (Mushak 19)	<Taka>
Less: Sales as per VAT principal but not as per accounting principal (i.e. VATable price and accounting sales price are different)	<Taka>
Add: Sales recognised in accounts, but not shown in VAT-19 (i.e. in accounts, sales is recognised based on inventory sold to at agreed price, whereas in VAT books, sales recorded when goods dispatched as per customer's demand multiplied by VATable price)	<Taka>
Sales should be as per VAT return	<Taka>

Observation:	No observation was noted.
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Conclusion	Satisfactory.
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Company	XYZ Limited	W/P Reference	TOD-1.2.05
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedure Name:	Obtaining explanation for fluctuations of head wise sales and verify the expectation.
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Objective:	To check whether the changes in the revenue in the current year compared to previous year is justified.
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Procedure details:	<ol style="list-style-type: none"> 1. Obtained head wise revenue both for current and previous year. 2. Identified the changes and investigated with the respective users for the reason of changes and justified with the available data obtained from various sources.
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Assertions covered:	Accuracy.
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Sampling technique:	Entire population.
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Working on fluctuations between current and previous year

Major sources of revenue	2014	2013	Difference	
			In amount	In Percentage
Pharmaceuticals	5,744,012,657	4,975,668,245	768,344,412	15%
Animal Health	1,669,138,273	1,271,620,170	397,518,103	31%
Consumer brands	3,590,229,865	3,350,515,901	239,713,964	7%
Seeds (Local)	378,897,032	365,547,389	13,349,643	4%
Seeds (Import)	167,004,135	84,979,986	82,024,149	97%
Fertilizer	490,736,885	377,719,065	113,017,820	30%
Cropex	278,704,343	257,549,956	21,154,387	8%
	12,318,723,190	10,683,600,712	1,635,122,478	15%

Revenue increased by BDT 1.63 billion (YTD 2014: BDT 12.31 billion Vs. YTD 2013: BDT 10.68 billion)

Overall revenue during the year has increased by 15% compared to prior year. The contribution of each major revenue streams has been depicted in below chart:

Increase in revenue from pharmaceuticals by BDT 768 million

Revenue from pharmaceuticals has increased by BDT 768 million compared to the previous year mainly due to the following reasons:

- Opened 3 new depots in different places - <place name>, <place name> and <place name> (no. of depots in 2014: <no. of depots> vs. no. of depots in 2013: : <no. of depots>).
- Introduced <number> new products in pharmaceutical business.
- Export sales increased due to expansion of international market to 5 new countries - <country name>, <country name>, <country name> and <country name>.

Increase in revenue from animal health by BDT 398 million

Revenue from animal health business has grown by 31% in 2014 whereas it grew by 28% in 2013. Thus, the year-to-year growth rate is consistent. The main reasons for inclination in revenue from animal health are given below:

- Introduced 13 new products which had greater market demand and higher margin. Some of these products are - <product name>, <product name>, <product name>, <product name>, <product name>, <product name>, and <product name>.
- Prices have been increased in 2014 for some existing products which have greater popularity and usability in the market. Some of these products are <product name>, <product name>, <product name>, <product name>, <product name>, <product name>, and <product name>.
- XYZ Limited has started export sales of animal health products in 2014. Initially, goods have been exported in <country name>. Thus, revenue has increased accordingly.

Increase in revenue from consumer brands by BDT 239.7 million

Revenue from consumer brand has increased by BDT 239.7 million compared to the previous year. The consumer brand business consists of 3 sub-business units: <name of unit>, <name of unit> and <name of unit>.

- During the year, new packaging size of 26 new SKUs were introduced to the customers which resulted in increase in revenue.
- Revenue from electrical business has increased mainly because of introduction of 123 new SKUs to the market which include <product name>, <product name>, <product name>, <product name> etc.

Increase in revenue from seeds by BDT 95.3 million

In this year, XYZ Limited focused on rice seeds segment and promoted different types of hybrid rice seeds such as <product name>, <product name>, <product name>, <product name>, <product name>, <product name>, <product name>, <product name> and <product name>.

Increase in revenue from fertiliser by BDT 168 million

Some new products have been introduced to the market in 2014. These are - <product name>, <product name>, <product name>, <product name>, <product name>, <product name>, <product name> and <product name>.

Company	XYZ Limited	W/P Reference	TOD-1.2.06
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Procedure Name:	Testing of presentation and disclosure
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Objective:	To check whether the matters to be disclosed relating to revenue 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:	<p>3. Prepared a checklist of items to be disclosed according to IAS 18/IFRS 15, Companies Act 1994 and Securities and Exchange Rules 1987.</p> <p>4. Checked whether the items to be disclosed relating to revenue have been disclosed properly.</p>
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Assertions covered:	Presentation and disclosure
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Sampling technique:	Entire population.
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Working on disclosure

SL No.	Disclosure requirement	Required by	Disclosed in financial statements?	Reference from financial statements	Remarks
1	Accounting policies adopted for the recognition of revenue	IAS 18/IFRS 15	√	Note 6	Satisfactory
2	Amount of each significant category of revenue recognised during the period		√	Note 30	Satisfactory
3	Amount of revenue arising from exchanges of goods or services included in each significant category of revenue		√	Note 30	Satisfactory
4	The turnover, and gross income derived from services or benefits by deducting followings: a. Commission paid to sole selling agents b. Brokerage and discount on sales	Securities and Exchange Rules 1987	√	Note 30	Satisfactory
5	Turnover from each group of sales shown separately indicating: a. Quantities of sales b. Commission paid to selling agents c. Brokerage and discount on sales	Companies Act 1994	√	Note 30	Satisfactory

Observation:	No observation was noted.
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Conclusion	Satisfactory.
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Company	XYZ Limited	W/P Reference	TOD-1.2.07
Prepared By	Mr. A	Date	DD-MM-YYYY
Reviewed By	Mr. B	Date	DD-MM-YYYY
Period ended	DD-MM-YYYY		

Meeting with Client Management and Those charged with governance

Meeting Minutes

Name of Interviewee(s):	Mr. H, <i>Chief Financial Officer</i> Mr. J, <i>Financial Controller</i>
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Name of Interviewer(s):	Mr. B (Audit Engagement In-charge) Mr. A (Audit Assistant)
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Date and time of Interview:	DD-MM-YYYY
Venue:	Client Corporate Office

SL	Auditor's inquiry	Client response
1	Inquire of the management as to the incentive schemes the company has for top-management personnel	The Company does not have any direct incentive schemes for the top-management personnel relating to sales growth. However, business unit-wise profitability has an impact on the performance bonus to be allowed to all employees.
2	Inquire of the management as to communications to employees regarding management's views on business practices and ethical behavior	The Company has a strong ethical culture and business practice of the Company is established on it. All employees are communicated accordingly. They are instructed to behave with customers and respond to their needs quickly when they become aware of that.
3	Inquire of the management as to the control procedures they have to prevent any fraudulent financial reporting.	Mainly, several layers of maker-and-checker ensure the prevention of fraudulent financial reporting. Besides, there are cross-checking amongst the stages in the process ranging inception of a transaction to reporting it to GL.
4	Inquire of the management as to the IT components in the internal control system over revenue recognition and measurement	Mainly, IT components are used to keep records of the sales transaction data. If there is any kind of events that indicates that a particular transaction should not be recognized as revenue that is also recorded in the sales system. Thus, the bottom-line result is automatically revised. When the respective IT personnel runs the command of posting a journal entry, the entry is passed for the updated amount of revenue.
5	Inquire of the internal auditors as to the fraud-related activities by internal audit	Internal audit department performs audit procedures according to their work plan on any particular area of revenue i.e. sales process, revenue recognition, revenue reporting, etc. If they find any discrepancy or loopholes, they do let revenue department know and suggests the remedies.
6	Inquire of those charged with governance as to the programs and controls to prevent, detect and deter fraud – oversight by those charged with governance	The relevant processes are analysed and reviewed on a recurring basis. Whenever any loophole is found, quicker action is taken to eliminate the limitation and initiatives are taken to find out alternative solution.

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.