

<b>Client:</b> XYZ Limited	<b>Year End:</b> 31 December 2014	<b>File No.</b>	<b>Ref:</b> I
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**SUMMARY SHEET — STOCK AND WORK IN PROGRESS**

	<i><b>Number of key tests which satisfy objective*</b></i>	<b>Planning</b>		<b>Final</b>		
		<i><b>Reference to bespoke tests to be carried out</b></i>		<i><b>Have the objectives been met?</b></i>	<i><b>Comments</b></i>	<i><b>Initials</b></i>
		Stock	Work in progress			
<b>Audit objectives</b>						
1 To ensure that the company has good title to stock and work in progress.	8, 9, 10	8, 9			Yes	
2 To ensure that all stock and work in progress exists.	11, 12, 13	13			Yes	
3 To ensure that stock and work in progress have been valued correctly, consistently and in accordance with applicable accounting standards.	14, 15	16, 17			Yes	
4 To ensure that the stock and work in progress have been recorded at lower of cost and net realizable value	18, 19, 20, 21, 22, 23	18, 19, 20, 21, 22, 23			Yes	
5 To ensure that full provision has been made for all damaged, obsolete or slow moving stock and work in progress.	24, 25, 26, 27	24, 26, 27			Yes	
6 To ensure that cut-off has been strictly applied.	28	28			Yes	
7 To confirm that all necessary disclosures concerning stocks and work-in-progress have been made and that the information is appropriately presented and described	29, 30, 31	29, 30, 31			Yes	

**Planning conclusion**

I am satisfied that from the tests planned sufficient evidence can be gained to satisfy the objectives.

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

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

**Conclusion**

- From the audit work carried out I confirm that:
- the work has been performed in accordance with the audit programme;
- the work performed and the results obtained have been adequately documented;
- all necessary information has been collected for the preparation of the statutory accounts; and
- in my opinion (subject to matters highlighted on B5 or B8)\* stock and work in progress are fairly stated.

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

**Alternative conclusion** (ANY alternative conclusion MUST be referred to on **B5** or **B8**)

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

\* Delete if not applicable.

<b>Client:</b> XYZ Limited	<b>Tailored by:</b> Mr. A	<b>Date:</b> 2-Mar-15	<b>Ref: I2</b>
<b>Year end:</b> 31-Dec-14	<b>Tailoring reviewed by:</b> Mr. B	<b>Date:</b> 2-Mar-15	
<b>File no:</b>	<b>Completion reviewed by:</b> Mr.C	<b>Date:</b> 5-Mar-15	

**AUDIT PROGRAMME — STOCK AND WORK IN PROGRESS**

Particulars	Test requi red Y/N	Results satisfactor y Y/N	Sch. Ref	Comments	Initials and Date
<b>General</b>					
1 Agree the opening balances to last year's accounts.	Y	Y	I-2.1	Annexed	
2 Obtain and check, or prepare, a lead schedule for the current year's figures and reconcile this to the nominal ledger.	Y	Y	I-2.1	Annexed	
3 Examine any material journal entries or other adjustments made during the course of preparing the financial statements.	Y	Y	I-2.1		
4 Carry out analytical procedures such as:					
(a) comparison of the current figures with those of prior periods;	Y	Y	I-2.2	Annexed	
(b) review of key ratios or other performance indicators.	N	NA	NA		
5 Review the planned extent of reliance on internal controls in this area and consider whether this remains appropriate.	Y	Y	C5.1		

<b>Particulars</b>	<b>Test required Y/N</b>	<b>Results satisfactory Y/N</b>	<b>Sch. Ref</b>	<b>Comments</b>	<b>Initials and Date</b>
6 Assess whether the initial materiality and/or risk assessment should be revised in view of the audit evidence obtained. Record details of any necessary adjustments on B5or B8. Consider the impact on the remainder of the audit work and on any work undertaken to date.	Y	NA	NA	No revision required.	
7 Review for large and/or unusual items and verify.	Y	Y	I-2.2		
<b>Ownership</b>					
8 Enquire if any of the stock is held on behalf of third parties and ensure that such items are excluded from stock. Where material, obtain confirmation from the third party.	N	NA	NA	Inquired mgt. and came to know that there is no such arrangement	
9 Where stock is held by third parties on behalf of the company, obtain certificates where amounts are material.	N	NA	NA	No stock is held by third parties	
10 Consider whether any consignment stock has been accounted for.	N	NA	NA	No consignment stock	
<b>Existence</b>					
11 Complete the stock take attendance programme trace all items selected at the stock take to the final stock sheets, and, where appropriate, internal stock records. Obtain explanations for any differences.	Y	Y	I-2.3	Annexed	
12 Select a sample of items from the final stock sheets and trace to the copies of the rough stock sheets taken during the stock take.	Y	Y	I-2.3	Annexed	
13 Where there is material stock or work in progress that has not been physically verified at the year-end stock take attendance, (a) take or observe some physical counts on an alternative date and, where necessary, per-form audit procedures on intervening transactions, and (b) specify below any other audit work required to verify existence:	N	NA	NA	Stock has been physically verified at year end	
<b>Valuation</b>					
14 Test the additions and extensions of the final stock sheet.				NA	

<b>Particulars</b>	<b>Test required Y/N</b>	<b>Results satisfactory Y/N</b>	<b>Sch. Ref</b>	<b>Comments</b>	<b>Initials and Date</b>
15 Ascertain the method used for valuing stock and consider whether: (a) it has been correctly applied; (b) it is an acceptable basis of valuation under applicable accounting standards; (c) it is consistent with previous years and with the company's accounting policy.	Y	Y	I-2.4	Annexed	
16 Review work in progress and manufactured finished goods and ensure that: (a) the material costs have been correctly recorded; (b) the allocation of labour costs has been applied correctly, consistently and is reasonable, and (c) the allocation of overheads has been applied correctly, consistently and is reasonable.	Y	Y	I-2.8		
17 Review long-term work in progress and: (a) ensure that costs have been recorded accurately; (b) review any profit taken in the light of work carried out (ie, stage of completion), costs to date, expected costs to complete and total contract value; (c) ensure that adequate provision has been made for any anticipated losses, and (d) ensure that the accounting treatment and is closure of each project is in accordance with applicable accounting standards.	N	NA	NA	There is no long-term work in progress	
<b>Net Realisable Value</b>					
18. On a test basis obtain evidence of actual market values and compare with the cost appearing in the priced inventory listing to ensure that inventories are carried at lower of cost or net realizable value.	Y	Y	I-2.5	Annexed	
19. Obtain evidence of net realizable value and test the following:					

Particulars	Test requi red Y/N	Results satisfactor y Y/N	Sch. Ref	Comments	Initials and Date
a. Trace the estimated selling prices to recent sales invoices. b. Compare estimated costs to complete the item. c. Evaluate historical ability to sell or return aged products. Consider whether other means are available to sell products. d. If appropriate, propose an adjustment to properly state inventories at the lower of cost or net realizable value. e. Summarize the results of the above	Y	Y	I-2.5	Annexed	
20. Obtain understanding of client's method for calculating net realizability of inventory. Determine that it is reasonable and consistent between years.	Y	Y	I-2.5	Annexed	
21. Ensure that NRV is determined on an item by item basis. If not, check the basis for grouping, similar products with similar purposes or uses etc. can be grouped.	Y	Y	I-2.5	Annexed	
22. Obtain an analysis of items identified to be potentially excess or obsolete, indicating past and future usage, sales forecasts and management's evaluation of realizability.	NA	NA	NA	Annexed	
23. Compare the NRV with cost and ensure that:  a. The NRV to be used for the said comparison should be of the period near to the consumption/sale of that inventory.	Y	Y	I-2.5	Annexed	
<b>Provisions</b>					
24. Obtain details of the basis for making provisions and determine if it is both adequate and consistent. Where the client determines the provision on the basis of a formula consider whether: - it is appropriate for the nature of business; - it is consistent; - it has been accurately applied, and - where the formula relies on the age of the stock or work in progress, check to ensure that the ageing is accurate.	Y	Y	I-2.6	Annexed	

<b>Particulars</b>	<b>Test required Y/N</b>	<b>Results satisfactory Y/N</b>	<b>Sch. Ref</b>	<b>Comments</b>	<b>Initials and Date</b>
25 Review the stock sheets and ensure that any items identified as damaged, slow moving or obsolete have been correctly written down.	Y	Y	I-2.6	Annexed	
26 Review all items of stock and work in progress and consider whether any further provision is necessary. (a) review WIP and ensure that provision has been made against any 'old' jobs, and (b) when assessing the need for any further provision consider the following: - whether production levels are falling; - whether stock levels are high in comparison to orders received and anticipated demand; - any fluctuations in cost or selling price, and -any likely change in technology or market demands.	Y	Y	I-2.6	Annexed	
27 Select a sample of stock and work in progress items and compare costs to the selling price less expenditure necessary for realisation. (a) lines need to be examined individually. Losses on one line cannot be set off against profits on another, and (b) where a provision is made on a finished product consider whether any provision should be made against WIP and materials used in the process. <i>NB Expenditure necessary for realising stock and work in progress should include a proportion of marketing, selling and distribution expenses as well as an allowance for scrap and reworking costs.</i>	Y	Y	I-2.5	Annexed	
<b>Cut-off</b> 28 Review the results of the tests on cut-off carried out on debtors and creditors and ensure they provide adequate assurance as to the accuracy of the year end cut-off.	Y	Y	I-2.7	Annexed	
<b>Presentation and disclosure</b>					
29 Confirm that a disclosure checklist will be completed for this year. Where that is not the case explain how the objectives relating to disclosure will be achieved.	Y	Y		Pls refer to disclosure checklist working	

<b>Particulars</b>	<b>Test required Y/N</b>	<b>Results satisfactory Y/N</b>	<b>Sch. Ref</b>	<b>Comments</b>	<b>Initials and Date</b>
30 Ensure that there is evidence on the file to support the disclosures made such as replacement value, work in progress or payments on account.	Y	Y		Pls refer to disclosure checklist working	
31 Ensure that payments on account are properly presented in accordance with applicable accounting standards.				Pls refer to disclosure checklist working	
<b>Bespoke tests</b>				NA	
32 Draft any necessary additional tests such as those required by C6.3 and cross-reference with the objectives on the summary sheet.					
<b>Conclusion</b>				NA	
33 Consider whether there are any points which need to be included in a letter of representation or letter of comment and record on A5 or A6 as appropriate.					

Client: XYZ Limited		Tailored by: Mr. A	Date: DD/MM/YYYY	Ref: I4
Year end: 31 Dec 2014	File no:	Tailoring reviewed by: Mr. B	Date: DD/MM/YYYY	
		Completion reviewed by: Mr. C	Date: DD/MM/YYYY	

### AUDIT PROGRAMME — STOCKTAKE ATTENDANCE

Particulars	Test required Y/N	Results satisfactory Y/N	Sc h.R ef	Comments	Initials and date
<b>General</b>					
1 Record the following details for each location visited: (a) location(s) being counted; (b) date(s) of count and attendance; (c) types of stock held at location; (d) approximate value of stock by category at location; (e) details of any stocks at locations not covered by the count and any alternative method used to verify their existence; (f) brief description of the procedures adopted; (g) names of client staff counting, and (h) names of audit staff taking part.	Y	Y	I-2.3	Annexed	
2 Ascertain and note whether: (a) the stock-take teams were properly briefed prior to commencing the count; (b) the teams only include people who are not responsible for the storing and recording of stock and work in progress; (c) stock was counted by teams of two (one counting and one checking and recording); (d) the teams were asked to identify damaged, slow moving or obsolete stock, and (e) the teams were made aware of any stocks held on behalf of third parties and these were excluded from the count.	Y	Y	I-2.3		
<b>Stock counting</b>					



<b>Particulars</b>	<b>Test required Y/N</b>	<b>Results satisfactory Y/N</b>	<b>Sc h.R ef</b>	<b>Comments</b>	<b>Initials and date</b>
3 Determine whether: (a) the teams were counting and recording accurately; (b) the teams were counting and recording accurately; the counts were being controlled to ensure that all stock was counted and only once, and (c) there was adequate control over stock sheets to ensure that they are all accounted for (eg, pre-numbered).	Y	Y	I-2.3		
4 Where serially-numbered sheets are used, record the numbers of all sheets used at the end of the count.	Y	Y	I-2.3		
5 Select a sample of items from completed stock sheets and check to ensure that the number has been recorded properly.	Y	Y	I-2.3		
6 Count a sample of stock items and ensure that they have been recorded properly on the final stock sheets.	Y	Y	I-2.3		
7 Where possible, copy or extract details of a sample of rough stock sheets for checking at the final audit.	NA	NA	NA		
8 Where stocks are valued at selling price less mark-up, record the shelf price of a number of stock items.	NA	NA	NA		
9 Ascertain whether any stock is held on behalf of a third party. Where applicable ensure that it has been separately identified and excluded from the count.	NA	NA	NA		
10 Ascertain whether any consignment stock is held. Ensure, where appropriate, a full record is made.	NA	NA	NA		
11 Note any old or damaged stock during the count. Ensure that it is marked as such on the final stock sheets.	Y	Y	I-2.3		
<b>Cut-off</b>	Y	Y			
12 Ensure that no movements in or out took place during the stock-take.	Y	Y	I-2.3		
13 Record details of the last goods dispatch number and the last goods received note number to follow up at the final audit.	NA	NA	NA		
<b>Other work</b>					
14 Note any instances of the client's procedures not being satisfactorily carried out or any other weaknesses that should be brought to the attention of management.				NA	

Particulars	Test required Y/N	Results satisfactory Y/N	Sch.R ef	Comments	Initials and date
15 Perform any other procedures that would normally be carried out at the stock-take attendance; (a) select a sample of assets for verification from the fixed asset register; (b) undertake a cash count, and (c) other (specify):	NA	NA	NA		
<b>Conclusion</b> 16 Write a report on the stock take concluding on its accuracy and our ability to rely on	Y	Y	I-2.3	Conclusion drawn on the working (report is not written)	

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