

Company	XYZ Limited	W/P Reference	I-2.2
Prepared By	Mr. C	Date	2-Mar-2015
Reviewed By	Mr. B	Date	3-Mar-2015
Period ended	31-Dec-2014		

Procedure Name: Comparison of current year's figure with previous year's figure.

Objective: To identify any major difference in current year's balance compared to previous year's balance and the justification of the difference.

Assertions covered: Accuracy

Procedures performed:

1. Obtained nature wise breakdown of inventories for both current and previous years.
2. Calculated the differences of the balances for the two years.
3. Inquired the management for the reasons of differences made beyond the expectation.
4. Justified the reasons found with the underlying activities and documents.

Result of testing

Particulars	As per financials(31.12.2014)	Adjs DR(/CR)	As per audit(31.12.2014)	As per audited financials(31.12.2013)	Variance		Notes
					Taka	%	
					A-B	(A-B) /B	
Raw material	724,011,984	-	724,011,984	502,928,357	221,083,627	44%	Note-1
Packing Material	241,697,100	-	241,697,100	169,566,009	72,131,091	43%	Note-2

Work-in-Process	82,684,794	-	82,684,794	56,750,090	25,934,704	46%	Note-3
Finished Goods	1,951,960,246	-	1,951,960,246	1,774,219,427	177,740,819	10%	
Goods in Transit	115,235,985	-	115,235,985	198,109,813	(82,873,828)	-42%	Note-4
Other inventories	26,850,950	-	26,850,950	30,789,189	(3,938,239)	-13%	
Allowance for slow moving Inventory	(181,265,088)	-	(181,265,088)	(179,032,543)	(2,232,545)	1%	
	2,961,175,971	-	2,961,175,971	2,553,330,342	407,845,629	16%	

Note-1: Raw Material increased by BDT 221m (44%) compared to previous year.

Raw material increased mainly due to increase in Store Keeping Units (SKU) in this year compared to previous year. Almost 200 SKUs have been added in this year. As a result the number of units holding at the current year end has substantially increased from previous year.

Note-2: Packing Material increased by BDT 72m (43%) compared to previous year.

Packing material directly related to raw material as packing material is used to cover up the finished product made from the raw materials. Accordingly, packing material increased due to increase in SKUs of raw material in this year.

Note-3: Work-in-Process increased by BDT 25m (46%) compared to previous year.

Work in process directly related to raw material and finished goods. As SKUs of raw material increased substantially in this year and at the year finished goods did not increase substantially (only 10% increase), the raw material was in work-in-process level.

Note-4: Goods in Transit decreased by BDT 82m (42%) compared to previous year.

A major portion of raw materials and work-on-process increased mainly due to increase in number of SKUs. However, a portion of this decline was due to receipt of most of the raw materials and packing materials at this year-end resulting substantial decrease in goods in transit compared to previous year.

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