

Client: XYZ Ltd	Tailored by:	Date:	Ref: P2.1.1
Year end: 31-12-14	Tailoring reviewed by:	Date:	
File no:	Completion reviewed by	Date:	

Confirmation of Opening and closing balance with GL

Provision for Tax

	2014 Tk.		2013 Tk.
Opening Balance	466,635,771	^	208,193,234
Add: Provision made during the year	<u>359,685,909</u>		<u>258,442,537</u>
	826,321,680		466,635,771
Less: Adjustments on completion of assessment for prior periods	<u>436,095,519</u>		=
	<u>390,226,161</u>	<	<u>466,635,771</u>

Please see the referenced trial balance P and Notes to the FS 23

Work done

- ^ Opening balance confirmed
- < Checked with ledger and financial statements and.

Corporate tax calculation: We have checked the corporate tax calculation attached with this work paper with relevant tax law applicable and final set of financial statements and found in order.

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Review of unusual Journal entries:

During the year under review, we have reviewed GL and observed no large and or unusual journal entries in the ledger head of Tax provision and its expenses. We also checked the approval procedure of Journal entries and checked the three months journal entries posted in the system and found no exception (Ref. TOE P2.2.2).

Review the current year's tax calculation:

We have checked the current year tax file and the calculation of tax liability and found no discrepancy.

Review the previous year's tax files:

We have reviewed the previous year's tax files relating to the tax payment. We have checked all the calculation of advance payment of tax under section 64 and found in order. We have also checked all the all TDS certificate received from client/customer for deduction of tax and treasury challan and nothing come to our notice for which company may be suffer. We have also checked the all liabilities against the company and checked the calculation of tax based on the rule and found no discrepancy in providing the tax liability.

Other relevant income tax and VAT compliance issue:

The company's practice is to deposit the all tax and VAT deduction at source at the month end. During the month of December 14 there is some liability against tax and VAT Payable that is subsequently deposited into the Govt. Exchequer. We have checked all the relevant tax and VAT deduction files and found that in order.

Obtain certificate from Tax consultant:

We have obtained certificate from tax consultant and he confirmed us the provision for tax calculated and provided in the accounts are adequate.

Conclusion: From above checking we are satisfied that the company has correctly account for the entire VAT and Tax liability properly.

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Compliance checking of income tax

Recalculation of Advance payment of Tax:

During the year under review an amount of advance tax has been paid amounting Tk.198 million (See in tax provision calculation details in Page XXX) based on last assessed income of year 2011. We observed challan and TDS certificate and found in order. We also checked the withholding tax payment and schedule and found that these are duly deducted and paid to govt. exchequer in time (some TDS challan has been obtained and checked in Revenue and expenses working(Ref.....)). The company also duly submitted the required return as per sec 108,110 and 75A of Income Tax Ordinance (ITO) 1984 in time.

Review status of open years return:

We have reviewed the open year tax return and found that last two years Assessment year 2013-14 and 2014-15 has been finalized and previous two years accordingly there is no requirement for providing the additional liability. However the company has an another open years return relating to income year 2007 which is still pending in high court for reference for which no liability is required for providing in the financial statements.

Reporting to NBR

During our review we checked and found that the company duly submitted the required return to the NBR and duly paid all the dues. There is nothing exception to report.

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Computation of Deferred tax

Name of Assets	Accounting base	Tax base	Taxable (deductible) temporary difference
Property, Plant & Equipment	1,922,338,342	1,105,819,128	816,519,214
Land	1,475,533,898		1,475,533,898
Provision for inventory	181,265,088		(181,265,088)
Provision for Trade Receivables	176,732,751		(176,732,751)
Impairment of Investment	150,000,000		(150,000,000)
Pro, for Gratuity	358,552,986		(358,552,986)
Provision for available for sales reserve	174,807,351		(174,807,351)
Temporary diff	4,439,230,416	1,105,819,128	1,250,694,936
Applicable tax rate for land			4%
Applicable tax rate for available for sales			10%
Applicable tax rate for other than land and available for sales			27.5%
Deferred tax liability			62,743,398

Movement of deferred tax liability:

	2014	2013
Opening deferred tax liability	94,711,720	106,310,663
Deferred Tax (income)/expenses recognized during the year	(37,079,047)	(8,317,837)
Deferred Tax (income)/expenses recognized through other comprehensive income during the year	5,110,725	(3,281,106)
Balance as at 31 December	62,743,398	94,711,720

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Work done,

Checked with the closing balance of assets, tax base calculation.

Casting and cross casting checked.

Conclusion:

We have checked the relevant calculation and disclosure in the financial statements and found not exception to report.

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