

Client: XYZ Ltd		Prepared by:	Date:	Ref:R 5.2
Year end: 31-12-14	File no:	Reviewed by:	Date:	
		Reviewed by	Date:	

Subject: Related Party Transaction

Description	Current Year	Previous years
Related party balance	<u>4,201,667,263</u>	<u>3,613,451,994</u>
Intercompany receivables	4,338,966,481	4,077,096,197
Intercompany payables	(137,299,218)	(364,070,950)
Transaction with key mgt Personnel	33,483,594	29,781,160
	<u><b>4,235,150,857</b></u>	<u><b>3,643,233,154</b></u>

**Work done:**

1. List of related party identified by the entity is availed at the beginning of the audit.
2. Audit team also identify the newly disclosed related party during the year and rational for not disclosing in the last year.
3. All transactions and closing balance with the subsidiary, associates and joint venture company are appropriately disclosed and confirmed from the source information and presentation in the financial statements.
4. Total closing balance with all related parties, except parent company, are matched with year end closing balance of intercompany debtors and creditors.
5. Total transaction value with all related parties are confirmed from the source information's
6. Required disclosure for related party transactions as per IAS-24 are complied for the presentation of this financial statements.

<b>Client: XYZ Ltd</b>		<b>Tailored by:</b>		<b>Date:</b>		<b>Ref:R 5.1</b>
<b>Year end: 31-12-2014</b>	<b>File no:</b>	<b>Reviewed by:</b>		<b>Date:</b>		
		<b>Reviewed by:</b>		<b>Date:</b>		

<b>Name of the related parties</b>	<b>Opening Balance</b>	<b>Purchase</b>	<b>Revenue</b>	<b>Working capital</b>	<b>Total transaction during the year</b>	<b>Paid during the year</b>	<b>Closing Balance</b>
XYZ Formulation	(363,250,594)	(1,285,452,679)	689,911	655,232,123	(629,530,645)	855,482,021	(137,299,218)
XYZ Salt Ltd	354,571,804	(11,106,730)	43,411	108,432,200	97,368,881	72,310,112	379,630,573
Flyban Insecticides Ltd	1,014,308	-	-	10,353	10,353	-	1,024,661
XYZ Pure Flour Ltd	44,534,754	(30,121,324)	-	172,459,704	142,338,380	175,942,948	10,930,186
XYZ Foods Ltd	746,527,424	(121,885,462)	95,318	178,353,487	56,563,343	74,032,774	729,057,993
XYZ AgroChemical Ltd	229,202	-	-	16,897	16,897	-	246,099
Creative Communication Ltd	10,723,821	-	-	30,519,809	30,519,809	28,791,206	12,452,424
XYZ Motors Ltd	39,369,746	175,481	-	82,856,119	83,031,600	61,458,028	60,943,318
Premiaflex Plustic Ltd	210,564,943	(213,513,508)	-	75,397,456	(138,116,052)	124,272,541	196,721,432
XYZ Logistics Ltd	2,508,800,927	(6,013,627)	2,605,890	364,037,514	360,629,777	134,515,661	2,734,915,043
XYZ Edible oils Ltd	(820,356)	(7,500)	-	3,760,812	3,753,312	18,395	2,914,561
XYZ Health Care Ltd	42,890,842	-	-	101,307,353	101,307,353	25,056	144,173,139
Tatly XYZ (Bangladesh) Ltd	442,622	-	-	7,312,617	7,312,617	39,448,079	47,203,318
Asian Consumar Care pvt. Ld	8,205,086	-	-	1,113,131	1,113,131	1,424,701	7,893,516
XYZ Godrej Agrovet Pvt. Ltd	879,726	-	-	-	-	-	879,726
Stochastic Logic Ltd	8,767,739	-	-	3,411,794	3,411,794	6,050,000	6,129,533
XYZ Chimicales Ltd	-	-	-	3,870,598	3,870,598	19,639	3,850,959
<b>Total</b>	<b>3,613,451,994</b>	<b>(1,667,925,349)</b>	<b>3,434,530</b>	<b>1,788,091,967</b>	<b>123,601,148</b>	<b>1,573,791,161</b>	<b>4,201,667,263</b>

Inter company receivables **4,338,966,481**  
Intercompany payables **(137,299,218)**

<b>Client: XYZ Ltd</b>		<b>Prepared by: Mr. B</b>	<b>Date:</b>	<b>Ref:R5.2</b>
<b>Year end: 31-12-14</b>	<b>File no:</b>	<b>Reviewed by: Mr.C</b>	<b>Date:</b>	
		<b>Reviewed by</b>	<b>Date:</b>	

We have performed the following audit procedure to ensure that all materials related party transactions have been identified

**▷ Review the company's procedures for identification of related parties;**

We have reviewed the companies procedures for identification of related parties transaction at different stage of audit while cheking the transaction of purchase, sales, investments and financing to the related entities and meeting with various officials of the organization and review the board of directors meeting and the results of this procedure is satisfactory which is documented in the working files at the time of performing the audit procedures.

**▷ Obtain a list of current known related parties.**

We have discussed with the management to obtain a list of related parties which are known to us from previous years audit report and get the related parties which are attached with this working paper

**▷ Verify the list of related parties as disclosed by the management as to its accuracy and completeness.**

We have verified the list of related parties in terms of their transeactions conducted during the year to check accuracy and completeness in the "Purchase and Payables", "Revenue and Receivables" and "Treasury" program and do not find any exception to report.

**▷ Review the accounting records before and after the year end for any large or round sum amounts; investigate and analyse with reasons.**

We have reviewed accounting records for any large or round sum amounts immediate before the year end and after the year end to investigate whether any unrecorded liability with related parties have been intentionally or unintentionally ommited and do not find any exception in this regard.

**▷ Review minutes of the meetings of shareholders and those charged with governance and other relevant statutory records such as the register of directors' interests and enquire as to whether the company has provided any guarantees.**

We have reviewed the board meetings, return to RJSC, tax return, current years correspondence files related to statutory requirement and found no discrepancy so we can conclude that there is no unusual transaction found during the year under audit and all transactions are duly accounted for.

#### **P Obtaining Balance confirmations from related parties**

We have obtained **confirmation** from group companies and found that the group confirms the same balance as in our accounts. We have also checked the draft financial statements of group companies for receivables and payables balance and found in order.

#### **⇒ Enquire to management about the logical reason of transactions.**

We have asked to the management of the company about the logical reason of purchasing raw materials, working capital finance and sales of finished goods to and from its subsidiaries, associates and joint venture by XYZ Ltd. Management responded that if we purchase from our subsidiaries and joint venture the quality of the product is better from other supplier in the market. On the other side the market price of the product is low due to savings of marketing and distribution expenses. As the company is well known in the market, the bankers and other financial institution interested to finance in XYZ at lower finance cost and after obtaining the loan from financial institution the company transferred the loan as working capital of its subsidiaries, associates and joint venture companies.

	<b>Relationship</b>	<b>Percentage of shareholders</b>
XYZ Formulation	Shareholder	53.48
XYZ Salt Ltd	Shareholder	77.67
Flyban Insecticides Ltd	Shareholder	51
XYZ Pure Flour Ltd	Shareholder	95
XYZ Foods Ltd	Shareholder	95
XYZ AgroChemical Ltd	Shareholder	90
Creative Communication Ltd	Shareholder	60
XYZ Motors Ltd	Shareholder	66.5
Premiaflex Plustic Ltd	Shareholder	87.32
XYZ Logistics Ltd	Shareholder	76
XYZ Edible oils Ltd	Shareholder	85
XYZ Health Care Ltd	Shareholder	92.94
Tatly XYZ (Bangladesh) Ltd	Shareholder	50
Asian Consumar Care pvt. Ld	Shareholder	24
XYZ Godrej Agrovvet Pvt. Ltd	Shareholder	50
Stochastic Logic Ltd	Shareholder	20
XYZ Chemicals Ltd	Shareholder	60