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(Firm)

JUAN DELA CRUZ

Workpaper - FY2024

Prepared by:	**Davies John Boco**
Reviewed by:	**Davies John Boco**
Manager:	**Davies John Boco**

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WORK PAPER

Aa: Finalisation

Ac: Planning

B: Non-current assets - intangibles and goodwill

Account	Balance	Supp Balance	Diff Amount	Diff %
210 - Sale of Services	₱ -7,875,215.00	₱ 0	₱ -7,875,215.00	%100
Total	**₱ -7,875,215.00**	**₱ 0.00**	**₱ -7,875,215.00**	**%100**

C: Non-current assets - property, plant and equipment

Account	Balance	Supp Balance	Diff Amount	Diff %
310 - Cost of Goods Sold	₱ 5,415,788.00	₱ 0	₱ 5,415,788.00	%100
Total	**₱ 5,415,788.00**	**₱ 0.00**	**₱ 5,415,788.00**	**%100**

DG: Investments

Account	Balance	Supp Balance	Diff Amount	Diff %
429 - Salaries and Wages	₱ 338,000.00	₱ 0	₱ 338,000.00	%100
Total	**₱ 338,000.00**	**₱ 0.00**	**₱ 338,000.00**	**%100**

E: Inventories

Account	Balance	Supp Balance	Diff Amount	Diff %
431 - SSS, GSIS, Philhealth, HDMF and Other Contributions	₱ 33,120.00	₱ 0	₱ 33,120.00	%100
Total	**₱ 33,120.00**	**₱ 0.00**	**₱ 33,120.00**	**%100**

F: Receivables

Account	Balance	Supp Balance	Diff Amount	Diff %
432 - Taxes and Licenses	₱ 20,339.00	₱ 0	₱ 20,339.00	%100
Total	**₱ 20,339.00**	**₱ 0.00**	**₱ 20,339.00**	**%100**

H: Cash at bank and in hand

Account	Balance	Supp Balance	Diff Amount	Diff %
435 - Transportation and Travel	₱ 306,921.00	₱ 0	₱ 306,921.00	%100
Total	**₱ 306,921.00**	**₱ 0.00**	**₱ 306,921.00**	**%100**

I: Payables

Account	Balance	Supp Balance	Diff Amount	Diff %
601 - Cash in Bank	₱ 3,501,263.87	₱ 0	₱ 3,501,263.87	%100
Total	**₱ 3,501,263.87**	**₱ 0.00**	**₱ 3,501,263.87**	**%100**

J: Taxation

Account	Balance	Supp Balance	Diff Amount	Diff %
611 - Accounts Receivable	₱ 1,735,000.00	₱ 0	₱ 1,735,000.00	%100
Total	**₱ 1,735,000.00**	**₱ 0.00**	**₱ 1,735,000.00**	**%100**

K: Transactions with related parties

Account	Balance	Supp Balance	Diff Amount	Diff %
622 - Creditable Tax Withheld	₱ 553,539.00	₱ 0	₱ 553,539.00	%100
Total	**₱ 553,539.00**	**₱ 0.00**	**₱ 553,539.00**	**%100**

L: Provisions for liabilities, contingencies and financial commitments

Account	Balance	Supp Balance	Diff Amount	Diff %
631 - Inventory, Ending	₱ 471,000.00	₱ 0	₱ 471,000.00	%100
Total	**₱ 471,000.00**	**₱ 0.00**	**₱ 471,000.00**	**%100**

M: Equity and statutory information

Account	Balance	Supp Balance	Diff Amount	Diff %
710 - Office Equipment	₱ 15,238,000.00	₱ 0	₱ 15,238,000.00	%100
Total	**₱ 15,238,000.00**	**₱ 0.00**	**₱ 15,238,000.00**	**%100**

N: Other audit areas

Account	Balance	Supp Balance	Diff Amount	Diff %
711 - Less Accumulated Depreciation on Office Equipment	₱ -235,000.00	₱ 0	₱ -235,000.00	%100
Total	**₱ -235,000.00**	**₱ 0.00**	**₱ -235,000.00**	**%100**

O: Revenue

Account	Balance	Supp Balance	Diff Amount	Diff %
801 - Accounts Payable	₱ -3,500.00	₱ 0	₱ -3,500.00	%100
Total	**₱ -3,500.00**	**₱ 0.00**	**₱ -3,500.00**	**%100**

P: Direct costs

Account	Balance	Supp Balance	Diff Amount	Diff %
880 - Long-Term Liabilities	₱ -5,718,554.00	₱ 0	₱ -5,718,554.00	%100
Total	**₱ -5,718,554.00**	**₱ 0.00**	**₱ -5,718,554.00**	**%100**

Q: Other income and gains

Account	Balance	Supp Balance	Diff Amount	Diff %
900 - Owner's Capital	₱ -13,302,057.00	₱ 0	₱ -13,302,057.00	%100
Total	**₱ -13,302,057.00**	**₱ 0.00**	**₱ -13,302,057.00**	**%100**

R: Other expenditure and losses

Account	Balance	Supp Balance	Diff Amount	Diff %
960 - Retained Earnings	₱ -478,644.87	₱ 0	₱ -478,644.87	%100
Total	**₱ -478,644.87**	**₱ 0.00**	**₱ -478,644.87**	**%100**

CHAPTER 1: PLANNING

AC1	Client: **Juan Dela Cruz**	Prepared by: **Davies John Boco**	Date: **January 01,1970**
	Period: **FY-2024**	Reviewed by: **Davies John Boco**	Date: **January 01,1970**

Client Acceptance or Continuance Form

This form must be completed by the A.E.P. before any work is undertaken on the file.

While answering these questions the following matters should be fully considered for the audit firm and any network firm: independence, integrity, conflicts of interest with other clients, economic dependence, trusts, matters arising with regulatory authorities, ability to service the client, other services provided to the client and hospitality. Additional guidance is available in legislation and the Code of Ethics issued by the International Ethics Standards Board for Accountants.

Any YES answers should be fully explained along with the safeguards, which will enable us to accept / continue with the appointment.

Significant issues must be discussed with the Ethics Partner and details of the discussion documented on file.

		YES/NO	COMMENTS
1	Have the terms of engagement not yet been agreed? *If any of the following factors are relevant to this audit assignment, a new letter of engagement should be issued:* • *A recent change of senior management;* • *A significant change in ownership;* • *A change in the financial reporting framework adopted in the preparation of the financial statements; or* • *A change in other reporting requirements.*		None
2	Has the A.E.P. or other key audit principals been in the role for 7 consecutive years *(for listed, PIE and other regulated companies?)*	yse	None
3	Has a partner (including the engagement partner and engagement quality reviewer (EQR), joined the client in a key management position, and has less than two years elapsed since the end of the last audit that they worked on? *Careful consideration should be given as to whether this is the most appropriate course of action and clear reasoning given if the firm decides to continue in the engagement.*	YES	None
4	Will total recurring fees for client or where they are part of a group, the group exceed 10% of the gross practice income?		None

		YES/NO	COMMENTS
	N.B. This limit is not established in the Code of Ethics issued by IESBA, but is recommended by a number of audit regulators worldwide. In the event that fees exceed this limit, it should be clearly documented why it is still appropriate for the firm to continue to act as auditor		
5	Are there fees outstanding which are substantially in excess of our normal credit terms? *N.B. If outstanding fees are in excess of normal credit terms, document the period in question.* *Consideration should also be given to work in progress where billing has been deferred ~ document the amount and period in question.*	yes	None
6	Have the actual amount of the fees for the preceding audit, along with terms for the payment, not yet been agreed?		None
7	Have any contingent fee arrangements been agreed in respect of any services? *NB: Audit work cannot be undertaken on a contingent fee basis, neither can non-audit services if the contingent fee is material to the firm, or the outcome of the non-audit services is dependent upon a future audit judgment. Tax services cannot be undertaken on a contingent fee basis where the fee is dependent on the proposed application of tax law which is uncertain or has not been established*	yes	None
8	Does the audit firm or any network firm act as company secretary or director for the audit client or associated undertaking? *NB: If the answer to this question is yes then no safeguard can be implemented which would enable the audit to be undertaken.*		None
9	Does any partner or director of the audit firm or network firm act as company secretary or director to the company or associated undertaking, in either an official or unofficial capacity? *NB: If the answer to this question is yes then no safeguard can be implemented which would enable the audit to be undertaken.*	yes	None

		YES/NO	COMMENTS
10	Does a person who can influence the audit (or a member of their close or immediate family) hold any shares or other beneficial interest in the client?	YES	None
11	Is a person who can influence the audit (or a member of their close or immediate family) a trustee of a trust that owns shares in the client?	YES	None
12	Is there any loan or other financial arrangement between a person who can influence the audit (or a member of their close or immediate family) and the client?	YES	None
13	Does a person who can influence the audit (or a member of their close or immediate family) purchase goods or services from the client in the ordinary course of business where the value of the purchase is material to either party?	yes	None
14	Does a person who can influence the audit (or a member of their close or immediate family) have close family or personal relationships with the client?	YES	None
15	Are we aware of any conflicts of interest?	YES	None
16	Are we involved in, or threatened with, any litigation with this client? *NB: Where this is the case the audit firm cannot accept the engagement.*	YES	None
17	Have we, or any other person who can influence the audit, accepted or been given gifts or hospitality by the client in excess of that acceptable under the firm's criteria?	YES	None
18	Are we acting for a parent undertaking of a group, preparing consolidated financial statements, where we only act for an insignificant proportion of the group? *NB: Where this is the case the audit firm should consider not accepting the engagement.*	YES	None
19	Is there any indication that the directors may impose a limitation of scope resulting in a disclaimer of opinion being issued on the financial statements (PSA 705.13(b)(i))?	YES	None

		YES/NO	COMMENTS
	NB: Where this is the case the audit firm cannot accept the engagement. *NB2: Where in preceding periods a disclaimer of opinion has been given arising from an imposed limitation of scope (irrespective of whether the firm acted as auditor for this period), directors' written representations should be obtained that this situation will not arise again this year.*		
20	Are we lacking the technical expertise and support and other resources to undertake this engagement?	YES	None
21	Has assessment of the integrity of the owners, directors and management given any cause for concern?	YES	None
22	Has the firm provided any valuation services (including litigation support and actuarial services) for the client that prohibit the audit from being undertaken? *NB: Valuation services can only be provided if they are immaterial to the financial statements or non subjective.*	YES	None
23	Has the firm provided any prohibited services to an entity that has recently been acquired by the audit client? *N.B. The firm has no more than three months after the effective date of an acquisition to eliminate threats which could impair independence.*	YES	None
24	Complete form Ac2 – Provision of Non-Audit Services to Audit Clients for all non-audit services to be provided by the firm, and any network firm to the audit client or any of its associated undertakings. Do any of these services affect our service as auditors of this client?	YES	None
25	Do we know of any other factors that could affect independence or otherwise indicate that we should not accept this appointment? *For instance, this might include the situation where an individual who was employed by the client within the last two years has now joined the audit firm.*	YES	None
26	Based on an overall assessment of threats on an individual and cumulative basis, would an objective,	YES	None

reasonable and informed third party conclude that the firm's integrity, objectivity or independence are compromised? If so, the firm shall not act as auditor.	YES/NO	COMMENTS

Name of A.P., not connected with this assignment, to whom staff may bring any grievances related to this engagement:Name of AP

Those Charged With Governance and Management:

PSA 260 / 265 requires different matters to be communicated separately to those charged with governance and to management. Where those charged with governance and management are the same individuals (for example, all matters are dealt with solely by the directors of the company), it is not necessary for these matters to be communicated twice.

[EITHER]

The Directors are actively involved in the day-to-day operations of the entity and are therefore considered to be both management and those charged with governance.

Name of Informed Management: ………………………………

The Directors are not actively involved in the day-to-day operations of the entity and are therefore considered to be those charged with governance.

………………………………………………………………………………………………………

………………………………………………………………………………………………………

Informed management is a "Member of management (or senior employee) of the entity relevant to the engagement who has the authority and capability to make independent management judgments and decisions in relation to non-audit / additional services on the basis of information provided by the firm"

Our primary contact (if different from Informed Management) for the audit will be:

………………………………………………………………………………………………………

[OR]

The Directors are not actively involved in the day-to-day operations of the entity and are therefore considered to be those charged with governance.

Management of the entity has been delegated to ………………………………………….

Our primary contact of those charged with governance will be……………………………………….

Our primary contact within the management team will be……………………………………………

Name of Informed Management: ………………………………

Justification of why they can be considered Informed Management:

………………………………………………………………………………………………………

……………………………………………………………………………………………………

Communication of certain matters will be required with both those charged with governance AND management. The following documents will evidence this dual communication:

- Letter of engagement
- Preliminary planning procedures
- Planning letter
- Letter of representation
- Management letter

ENGAGEMENT QUALITY REVIEW:

An EQR needs to be undertaken on all audits where:

- The firm's criteria for a review has been met;
- The A.E.P. deems it necessary for a review to be undertaken; or
- It is required as a safeguard against threats which have been identified to the firm's objectivity and independence. It should be considered on all assignments where non-audit services have been provided.

Note that it is necessary for the EQR to be appointed. The A.E.P. should avoid excessive consultation with the EQR during the assignment, as this may lead to the reviewer's ability to perform an objective review being impaired. Where excessive consultation has taken place, the EQR will need to be replaced.

*No EQR needs to be performed.

*It is necessary for an EQR to be performed and this will be performed by	EQR 1
*Where the EQR is undertaken by an external reviewer the name of the organisation which they work for	EQR 2

REASON FOR EQR (If an EQR review was performed in the previous period, but is not being performed in the current period, this decision must also be justified.) Reason for EQR
SCOPE OF EQR (PSA 220.20): • Discussion of significant matters with the A.E.P.; • Review of the financial statements and the proposed auditor's report; • Review of selected audit documentation relating to the significant judgments the engagement team made and the conclusions it reached; and • Evaluation of the conclusions reached in formulating the auditor's report and consideration of whether the proposed report is appropriate.

Authority to accept appointment:

Having completed the checklist I *do / *do not consider that there are any perceived threats to our independence, integrity and objectivity, and believe that we *can accept / *can accept with the stated safeguards / *cannot accept this appointment.

Where necessary, adequate consultation has been undertaken and documented at________________.

Signature: (A.E.P.)

Date:

If appropriate:

Signature: (EQR)
Date:

AC2 Client: **Juan Dela Cruz**

Period: **FY-2024**

Prepared by:	Date:
Davies John Boco	**January 01,1970**
Reviewed by:	Date:
Davies John Boco	**January 01,1970**

PROVISION OF NON-AUDIT SERVICES

Aim:

To give adequate consideration of the acceptability of providing non-audit services to entities which are not listed (or affiliates of such an entity).

The form must be completed prior to the commencement of each type of non-audit work (including the preparation of statutory financial statements) undertaken either by the firm, or by any network firm, and approved by the A.E.P. (or, in the A.E.P.'s absence, another A.E.P. within the firm).

For new audit clients, this should extend to non-audit services provided prior to appointment, but relating to a period that the firm will audit. In subsequent years, consideration should be given before any work is undertaken on the audit.

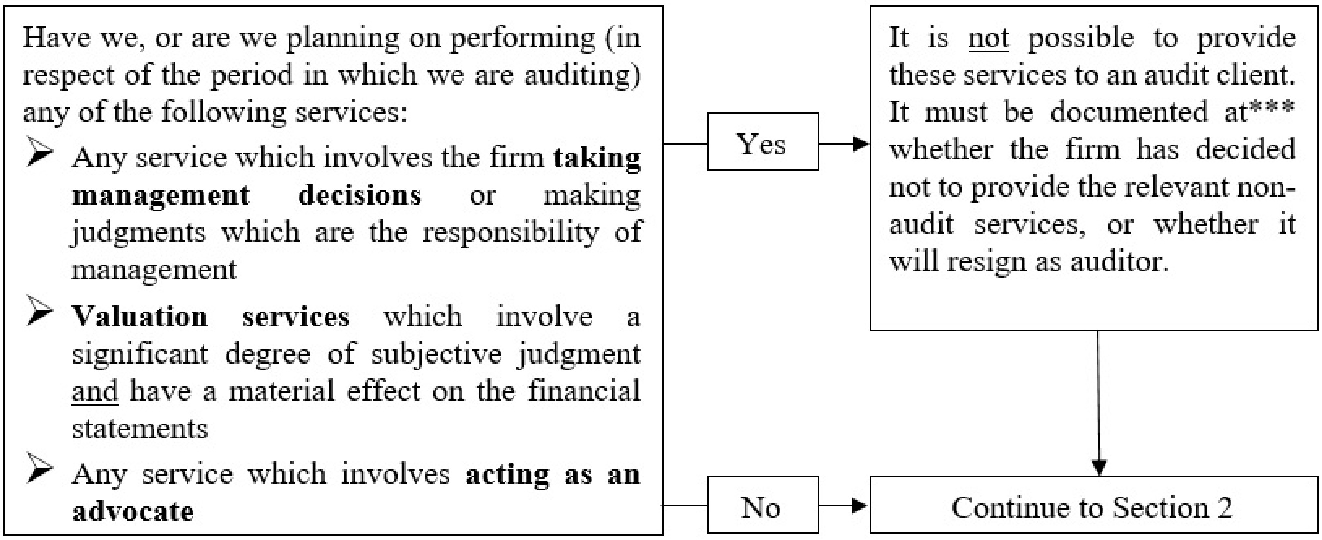
This checklist only provides general guidance and reference should be made to IESBA's *Section 290: Independence ~ Audit and Review Engagements* where any doubts exist. In particular, this form does not consider:

- Internal Audit Services;
- IT Services;
- Recruiting Services; and
- Corporate Finance Services.

If any of the above is to be undertaken, this should be separately considered, with reference to the IESBA Code of Ethics.

NB: If the client does not have 'informed management' the provision of both audit and non-audit services is not permitted.

Section 1 – Consideration of Prohibited Services

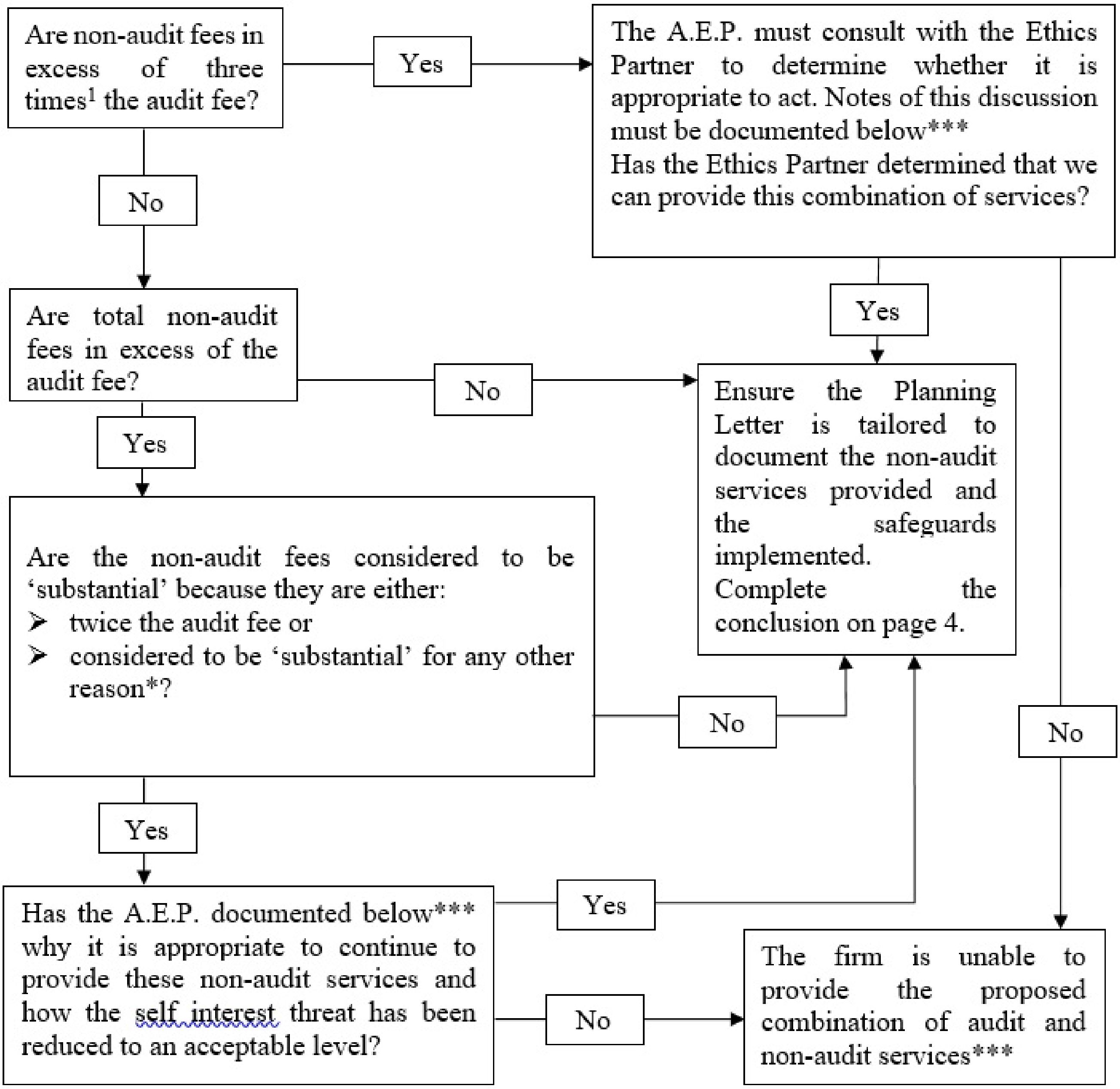


Section 2 – Consideration of the Type of Non-Audit Services Provided and Safeguards in Place

N.B. Complete multiple sheets if more than four different types of non-audit service are provided
N.B. Audit related non-audit services (for example, a separate report to a regulator, (e.g. that on client money handled by a solicitor)) should still be treated as a non-audit service, but it is not necessary for safeguards to be put in place, as threats to independence are insignificant

Non-audit service to be provided:	**Corporation tax**	**Statutory Services**	**Accountancy(including preparation of financial statements)**	**Other (specify)**	**Total CU**
Member of informed management designated to receive results of the service	1	2	3	4	5
Members of staff to be involved in non-audit service:	5	4	3	2	1
Partner who will oversee provision of non-audit service:	1				
Fee (on an annual basis) for providing this non-audit service **(a)**:					
Expected audit fee in respect of the current period **(b)**:					
Multiple of total non-audit fees to audit fee **(a/b)** *(only required if total non-audit fees exceed audit fee)*					
Will the person performing the non-audit service or the partner responsible for this form part of the audit team?					
Where the question above is answered 'yes' the necessary safeguards should be documented here. *These safeguards could include:* • *the non-audit service is reviewed by a partner or senior staff member with suitable expertise and who is not part of the audit team;* • *the audit is subject to an EQR; or* • *the staff involved in the non-audit service are sufficiently experienced and senior to mitigate the self review threat of the partner being responsible for both assignments.*					

Section 2 – Consideration of the Type of Non-Audit Services Provided and Safeguards in Place



*“Substantial”shouldbeconsideredbothintermsoftheauditfirmandtheauditclient.1Aselfinterestthreat ariseswheresubstantialnon-auditfeesare‘regularly’generated.Ifitconsideredthatthesubstantialfeeisnot ‘regular’ the reason for this should be documented at *** below.*

*****(Where appropriate): Documentation by the A.E.P. of how the self interest threat has been reduced to an acceptable level / details of communication with the Ethics Partner / Details of which services (audit or non-audit) will not be provided:** sample AEP testing 3

Conclusion

Signature: (A.E.P.)

Davies John Boco 

Date:

** Delete as appropriate*

Notes:

1. *The audit firm can set their own criteria, but non-audit fees greater than three times the audit fee are likely to create a self-interest threat, which needs to be mitigated.*
2. *Although the audit firm can set its own criteria, in circumstances where the audit fee is more significant to the firm, non-audit fees which represent a lower multiple of the audit fee are likely to be considered 'substantial'.*

Definitions:

Audit related non-audit services:	The following are generally treated as being audit related non-audit services: • Reporting required by law or regulation to be provided by the auditor; • Reviews of interim financial information; • Reporting on regulatory returns; • Reporting to a regulator on client assets; • Reporting on government grants; • Reporting on internal financial controls when required by law or regulation; and • Extended audit work that is authorized by those charged with governance performed on financial information and / or financial controls where this work is integrated with the audit work and is performed on the same principal terms and conditions.
"Informed management":	Member of management (or senior employee), of the audited entity who has the authority and capability to make independent management judgments and decisions in relation to non-audit services on the basis of information provided by the audit firm.
Safeguards:	Safeguards include: • Non-audit services provided by the firm are performed by partners and staff who have no involvement in the external audit of the financial statements; or • The non-audit services are reviewed by a partner or other senior staff member with appropriate expertise who is not a member of the audit team; or • An engagement quality control review is performed.

AC5 Client: **Juan Dela Cruz**

Period: **FY-2024**

Prepared by:	Date:
Davies John Boco	**January 01,1970**
Reviewed by:	Date:
Davies John Boco	**January 01,1970**

PRELIMINARY ANALYTICAL PROCEDURES

Summary of results and preliminary analytical procedures

Objectives:

- **To highlight the impact on this period's audit, including consideration of any unexpected ratios or variances which could be indicative of fraud.**
- **To ensure that risks identified are transferred to the risk assessment and into the audit approach / work programmes as required and are cross referenced to indicate this.**
- **Where a parent company produces consolidated financial statements, consideration must be given to the parent company figures and the consolidated figures.**

Result:

some result sample23

Conclusion:

some conclusion sample23

AC8

Client:	
Period:	

Prepared by:	Date:
A.E.P. Approval:	Date:
Reviewed by:	Date:

ASSESSMENT OF MATERIALITY (INCLUDING PERFORMANCE MATERIALITY)

OBJECTIVE: To assess materiality for the financial statements as a whole, performance materiality and other quantitative benchmarks based on materiality, which will reduce the risk of material misstatements in the financial statements to an acceptable level.

OVERALL MATERIALITY

Benchmarks	Planning CU	Finalisation CU	%	Planning CU	Finalisation CU
Revenue	10000	20000	1%	10	20
Profit Before Tax 2	30000	40000	10%	3000	4000
Gross Assets	50000	60000	2%	1000	1200
Select the most appropriate benchmark for this entity				Revenue	Profit Before Tax

JUSTIFY THE USE OF THE BENCHMARK SELECTED ABOVE (Notes 4 and 5)

Some note of 4 and 5 testing

Initial suggested Materiality Level:	10	4000
If any adjustments are required to initial materiality level, detail these here (Note 6) :		
a) some a testing	5	20
b) some b testing	10	25
c) some c testing	15	30

NB: adjustments need to be mutiplied by the appropriate benchmark percentage

Assessed Overall Materiality	40	4075
Materiality Level for previous period (for information only):	Some Info testing	

Conclusion at planning stage

The overall materiality level calculated above is deemed to be appropriate because:

High

Conclusion at finalisation stage

Document reasons for any revision to the materiality assessed at planning stage and the impact on the audit procedures undertaken:

Conclusion Finalisation Stage testing

PERFORMANCE MATERIALITY

Select Overall Inherent Risk (Low / Medium / High):	Low	High
Performance Materiality Percentage (Note 7):	75%	50%

NB: If a percentage has been applied which differs from that suggested by the methodology, document the reasons for this in the conclusion box below.

Assessed Performance Materiality	30	2038

Conclusion at planning stage

The performance materiality level calculated above is deemed to be appropriate because:

Conclusion Planning Stage testing

Conclusion at finalisation stage

Document reasons for any revision to the perfomance materiality assessed at planning stage and the impact on the audit procedures undertaken:

Conclusion Finalisation Stage testing

CLEARLY TRIVIAL

	%		
Level at which errors are considered trivial (Note 8)	1%	0	1

Document reasons for any revision to the suggested percentage

Revision to the suggested percentage testing

SPECIFIC PERFORMANCE MATERIALITY LEVELS FOR CLASSES OF TRANSACTIONS, ACCOUNT BALANCES OR DISCLOSURES (Notes 9 and 10):

Factors that may indicate the existence of one or more particular classes of transactions, account balances or disclosures for which a lower level of materiality should be applied include the following:

a. Related party transactions and compensation of key management personnel;
b. Key disclosures in relation to the industry in which the entity operates;
c. Particular focus on specific disclosures (such as business combinations);
d. Accounting estimates.

Document below the materiality levels to be applied to the relevant classes of transactions, account balances or disclosures.

The auditor may find it useful to get the views and expectations of the client here.

Other levels of performance materiality to be applied:

	%		
Related party transactions and Remuneration of key management	5%	2	204
Accounting estimates	35.5%	15	1019
[Insert transactions, balances, disclosures or accounting estimates]	50%	20	2037.5
[Insert transactions, balances, disclosures or accounting estimates]	30%	309	382.5
[Insert transactions, balances, disclosures or accounting estimates]	50%	20	2037.5

Definition per PSA 320.9:

Performance materiality **-** For the purposes of the ISAs, performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an acceptably low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.

Guidance and Notes:

1. Blue cells require user input
2. Use absolute figures (i.e. if there is a loss before tax, use this as a positive figure)
3. At the planning stage use management accounts, flexed budgets or last period's figures if current figures are not available.
4. The auditor must document the factors considered in the determination of materiality as a whole, performance materiality and, if applicable, the materiality level(s) for particular classes of transactions, account balances or disclosures. The determining of materiality involves the use of professional judgement, therefore the auditor must be able to justify the chosen benchmark used as a starting point in determining materiality. See PSA 320.A3 for guidance.
   For example: for a trading company where the Directors are focused on profit, profit before tax may be the most relevant benchmark to use. For an investment property company, it is likely that the gross assets figure would be the most appropriate benchmark. For service companies, cost-plus entities or not-for-profit entities, it is likely that revenue will be the most appropriate benchmark.
   If the most relevant benchmark for an entity is volatile year on year, such that using that benchmark would result in incomparable materiality figures year on year, other benchmarks may be considered to be more appropriate.
5. The percentages applied to a chosen benchmark are also a matter of professional judgement. If the suggested percentages noted above are inappropriate, amend them as necessary.
6. Adjust for any anomalies that may affect materiality. For example, for an owner-managed business where the owner takes much of the profit before tax in the form of remuneration, "adding back" the owner's remuneration to the profit before taxation figure would provide a more relevant benchmark to be used in the materiality calculation.
7. It is recommended that a level of 75% of audit materiality is used to determine performance materiality when overall inherent risk is low, 62.5% when overall inherent risk is medium and 50% when overall inherent risk is high (see definition above). Percentages
8. "Clearly trivial" errors do not need to be accumulated. These items are clearly inconsequential, whether taken individually or in aggregate, whether judged by size, nature or circumstances. It is suggested that 1% of audit materiality is used to determine a level at which items are deemed to be clearly trivial, but a different percentage can be used if deemed to be more appropriate and is adequately justified.
   However, misstatements relating to amounts may not be clearly trivial when judged on criteria of nature or circumstance. If this is the case, the misstatements should be accumulated as unadjusted errors.
9. For "sensitive" disclosures, such as those relating to share capital, directors' remuneration and related party transactions, amounts which are disclosed in the financial statements should be correct. It is recommended that that "allowable misstatements" relating to any related party matter are set at 5% of audit materiality. It is permissible for different thresholds may be set, but these should be appropriate in the context. Additional thresholds may also be set for other classes of transactions, account balances or disclosures, which should be fully documented, but may not exceed the level of performance materiality. In each case, the percentage of audit materiality applied should be stated.
10. The accuracy of accounting estimates needs to be established. Estimates are "soft" figures in financial statements, and as such, have a level of risk attached to them. The level of estimation uncertainty for accounting estimates should be documented and should be set at a level lower than performance materiality.
11. Document reasons for not using a materiality level based on the amounts calculated, reasons for setting different levels for individual items in the financial statements and reasons why the final materiality level differs from the planning materiality level.

AC10 Client: **Juan Dela Cruz**

Period: **FY-2024**

Prepared by: **Davies John Boco**	Date: **January 01,1970**
Reviewed by: **Davies John Boco**	Date: **January 01,1970**

AUDIT APPROACH AND SAMPLE SIZE CALCULATION

To complete the table below enter the risk level as per Ac6 and the materiality level as documented at Ac8. Where a different risk level is relevant for different assertions the table can be expanded as indicated on the lefthand margin. The audit approach should be selected by entering 'Y' or 'N' as appropriate. Where sampling is not required under the approach selected the remainder of the row will be greyed out.
Where substantive testing is to be undertaken document whether this will be supported by controls testing or supportive analytical procedures. For each area, enter the population and any large or key items on the appropriate supporting schedule. The residual sample size will then be automatically calculated by dividing the residual population (after large and key items) by materiality and multiplying this by the risk factor which is determined by the audit approach as documented on the reference table below.
Where transaction testing is to be undertaken select the approximate number of transactions from the drop down. This together with the risk level entered will calculate the appropriate sample size, again based on the information on the reference table below.

			A					B	C							
General								Substantive							Transaction	
Audit Area	Audit Assertion (1) (Expand if different risks apply to different assertions)	Risk per Ac10	I	P	%	S	T	Tests of control # (2) @	Supportive analytical procedures #	Risk factor (as below)	Value of population after large and key items	Section Ref	Residual sample size	No of material / key items to be tested	Approximate number of transactions	Transaction sample size from table B
Intangible Assets	All	Low	No	No	No	No	No	No	No	1.2	-7878765	sf	rs	5	an	ts
PPE	All	Low	No	No	No	No	No	No	No	1.2	5418454	sf2	rs2	2	an2	ts2
Investments	All	Medium	No	No	No	No	No	No	No	1.8	336550	sf3	rs3	2	an3	ts3
Inventories	All	High	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.8	33124	sf4	rs4	0	an4	ts4
Trade Receivables	All	Low	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.4	19344	sf5	rs5	1	an5	ts5
All Other	All	Medium	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.6	6	sf6	rs6	0	an6	ts6

			A					B	C							
General								Substantive							Transaction	
Audit Area	Audit Assertion (1) (Expand if different risks apply to different assertions)	Risk per Ac10	I	P	%	S	T	Tests of control # (2) @	Supportive analytical procedures #	Risk factor (as below)	Value of population after large and key items	Section Ref	Residual sample size	No of material / key items to be tested	Approximate number of transactions	Transaction sample size from table B
Receivables																
Bank and Cash	All	High	Yes	No	Yes	No	Yes	No	Yes	1.7	306928	sf7	rs7	0	an7	ts7
Trade Payables	All	Low	Yes	No	Yes	No	Yes	No	Yes	0.8	5789810.87	sf8	rs8	0	an8	ts8
All Other Payables	All	Medium	Yes	No	Yes	No	Yes	No	Yes	1.2	9	sf9	rs9	0	an9	ts9
Provisions	All	High	No	Yes	No	Yes	No	Yes	No	1.3	15474010	sf10	rs10	0	an10	ts10
Revenue	All	Low	No	Yes	No	Yes	No	Yes	No	0.6	-3489	sf11	rs11	0	an11	ts11
Costs	All	Medium	No	Yes	No	Yes	No	Yes	No	0.9	-19499243.87	sf12	rs12	0	an12	ts12
Payroll	All	High	No	No	Yes	Yes	No	No	Yes	1.7	13	sf13	rs13	0	an13	ts13

1. Risk must be assessed for each area at assertion level. If for an area, all assertions have the same risk use the "all" line. However, if there are different levels of risks then the various assertion rows should be expanded in each area as relevant. At the testing stage the key assertions are occurrence, completeness, accuracy, cut off and classification for transactions and existence, rights and obligations, completeness, valuation and allocation and disclosure for balances.
2. If testing controls then the operating effectiveness of the non critical controls must be tested at least every three years to ensure that they are effective, all critical controls should still be tested annually. Walkthrough tests should be carried out every year to ensure that controls have not changed.
3. It will usually only be appropriate to test controls where they are expected to be effective therefore a low risk sample size should be used.

Reference Table

Reference Table				Balance Sheet				Profit or Loss		
	Audit Approach			Risk Level				Risk Level		
	A	B	C	H	M	L	Population	H	M	L
	Approach	Control	AR	Risk Factor			Size	Risk Factor		
Method of obtaining audit evidence	I,P,%	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A
	S**	No	No	2.5	1.8	1.2		1.2	0.9	0.6
	S**	Yes	No	1.3	0.9	0.4		0.4	0.3	0.2
	S**	No	Yes	1.7	1.2	0.8		0.8	0.6	0.4
	S**	Yes	Yes	0.9	0.6	0.4		0.4	0.3	0.2
	Sample Sizes**									
	T / C	N/A	N/A	N/A	N/A	N/A	> 401	60+	40	25
	T / C	N/A	N/A	N/A	N/A	N/A	226-400	48+	32	20
	T / C	N/A	N/A	N/A	N/A	N/A	101-225	36+	24	15
	T / C	N/A	N/A	N/A	N/A	N/A	26-100	24+	16	10
	T / C	N/A	N/A	N/A	N/A	N/A	1-25	12+	8	5

Key

I **-** Less than performance materiality
P - Proof in total (extensive analytical procedures)
% **-** 100% testing
S - Substantive sampling
T **-** Transaction testing
- If a yes is recorded in either column B or C then suitable testing must be undertaken and the validity of this response must be reviewed at the end of the fieldwork and it must be cross referenced to supporting working papers
@ **-** It is only possible to record a yes in this column if controls have been tested, and they are effective. If the controls are ineffective, a no must be recorded in this column. This column may be completed with a yes at the planning stage if it is intended to test controls.
C - Tests of control
** **-** When performing substantive procedures, the number of items selected from the residual population (after testing all "large" / "key" items) may be capped at the levels noted for transaction / control testing.

CHAPTER 2: DETAILED PROCEDURE

2.2.2 C2-1	Client: **Juan Dela Cruz** Period: **FY-2024**	Programme prepared by: **Davies John Boco**	Date: **January 01,1970**
		A.E.P. review at completion: **Davies John Boco**	Date: **January 01,1970**

PROPERTY, PLANT AND EQUIPMENT – TOP UP PROGRAMME

This programme includes "top up" tests to be completed when the entity has the following:

- *Leased assets*
- *Assets financed by capital grants*

SPECIFIC AREA 1 – LEASED ASSETS

IFRS 16 'Leases' is a brand-new Standard and is mandatory for accounting periods commencing on/after 1 January 2019.

*IFRS 16 fundamentally affects the way in which **lessees** account for leases; all leases (except those which are short term (i.e. 12 months or less) or those for which the underlying asset is of low value) now result in the recognition of a "right of use" asset and a corresponding lease liability.*

There are a couple of specific areas where lessors are affected by IFRS 16; sale and leaseback transactions and where the lessor is an intermediate lessor.

First time adoption of IFRS 16 requires transition adjustments. The entity has a choice over the transition method adopted:

- full retrospective restatement (i.e. restate comparatives in line with the IFRS 16 requirements), subject to some practical expedients; or
- a "cumulative catch up", where opening retained earnings are adjusted to account for the IFRS 16 impact, but the comparatives are unaffected.

Audit work will be required on the transition adjustments made.

Auditors must read IFRS 16, the accompanying application guidance (Appendix B of IFRS 16) and the transition requirements (Appendix C of IFRS 16) to gain a full understanding of the accounting requirements.

	Audit Test	**Extent**	**Reference**	**Initals/Date**
1.	The "right of use" model of IFRS 16 does not have to be applied to leases that are short term *(i.e. a lease with a term of 12 months or less from the commencement date).* Confirm that any leases for which this exemption has been claimed meet the qualifying criteria.			
2.	The "right of use" model of IFRS 16 does not have to be applied to leases for which the underlying asset is of low value *(refer to IFRS 16 B3 -B8 for guidance).* Confirm that any leases for which this exemption has been claimed meet the qualifying criteria.			

	Audit Test	Extent	Reference	Initals/Date
	NB: the "low value" criteria is an absolute criteria, based on the underlying asset having a value, when new, of US$5,000 or less. Materiality ***does not*** *come into the equation..*			
3.	Ensure that the assessment of the lease term has taken into account each of the following: • The non-cancellable period of the lease; • Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and • Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. *See IFRS 16.B37 - 40 for guidance.*			
4.	Ensure that if the lease term has been revised, this has only happened as a result of a change in the non-cancellable period of the lease.			
5.	On initial measurement, the right of use asset shall be measured at cost. Ensure that this has been calculated appropriately. *See IFRS 16.24 for guidance.*			
6.	Generally, the right of use asset will be measured subsequently at cost less depreciation and impairment. Complete the appropriate tests on the tangible fixed assets programme.			
7.	On initial measurement, the lease liability is measured at the present value of the lease payments that are not paid at that time. Ensure that this has been calculated appropriately. *See IFRS 16.27 for guidance.*			
8.	The discount rate to be used when calculating the present value of the lease payments is either: • The interest rate implicit in the lease, if this rate can be easily determined; or • The lessee's incremental borrowing rate. • Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Obtain appropriate evidence to support the discount rate used. *See IFRS 16.26 for detail.*			
9.	Where there are changes to the lease payments (for example, as a result of a change in the expected lease term, or a change in the			

Audit Test	Extent	Reference	Initals/Date
assessment of an option to purchase the underlying asset), ensure that the lease liability is remeasured and a corresponding adjustment to the right of use asset is made. *See IFRS 16.40 to 43 for guidance.*			
10. If there is a lease modification, ensure this is treated as a separate lease only if both qualifying criteria in paragraph 44a have been met. If the criteria are not met, ensure that the modification has been accounted for correctly. *Refer to IFRS 16.44 to 46 for guidance.*			
11. IFRS 16 is applied using one of the following two methods (a) The “retrospective” method: apply the Standard retrospectively to each prior reporting period presented in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* subject to the expedients in paragraph IFRS 16.C3; or (b) The “cumulative effect” method: retrospectively with the cumulative effect of initially applying IFRS 16 recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application. *The date of initial application is the start of the reporting period in which an entity first applies this Standard (i.e. 1 January 2019 for a 31 December 2019 year-end);*			
12. Ensure that the transition to IFRS 16 has been appropriately dealt with in accordance with Appendix C of IFRS 16.			
13. Appendix C of IFRS 16 provides a number of practical expedients to lessees who apply the Standard using the cumulative effect method. Ensure that any practical expedients taken advantage of have been appropriately applied.			
14. Obtain a reconciliation that shows the impact of first-time adoption of IFRS 16. This should include: • Narrative explanation of how the first-time adoption has been treated (i.e. full retrospective application or the “cumulative effect” approach); • Narrative explanation of the changes made on first time adoption; • **<u>If the retrospective method has been used:</u>** For the preceding period, an analysis of each line item in the financial statements affected by the change, showing:			

	Audit Test	Extent	Reference	Initals/Date
	- The figure as originally stated under IAS 17; - Any reclassification adjustments made; - Any remeasurement changes from applying the IFRS 16 requirements; - The restated figure under IFRS 16. - This should also include a reconciliation of retained earnings. • **<u>If the cumulative effect method has been used:</u>** For the current period, an analysis of the difference between: - operating lease commitments disclosed at the prior period end, discounted using the incremental borrowing rate; and - the lease liability recognised on initial application. A reconciliation of opening retained earnings should be also be obtained.			
15.	List and perform any additional tests considered necessary.			
16.	Review capital grants received and ensure they have not been netted off the price of the tangible fixed asset acquired.			
17.	Ensure that capital grants received are correctly categorised as government grants and non-government grants.			
18.	Where grants are non-governmental in nature they must be recognised in the profit or loss section of the Statement of Comprehensive Income as soon as the conditions imposed by the grant are satisfied. Ensure this has occurred. *NB: Recognition in income could be as the asset is constructed, when the asset is purchased or over a specific period of time where there are conditions relating to the usage of the asset.*			
19.	Where grants are governmental they can either be recognised as above or the grant can be credited to deferred income and recognised systematically over the useful economic life of the asset acquired. Ascertain the method used by the client and ensure they have applied this in practice.			
20.	Check whether assets are still being used for the purposes for which the grant was given and consider whether claw-back provisions apply.			
21.	Consider whether capital grants applied for but not received should be treated as accrued income.			

	Audit Test	Extent	Reference	Initals/Date
22.	List and perform any additional tests considered necessary.			

2.3 D2	Client: **Juan Dela Cruz**	Programme prepared by: **Davies John Boco**	Date: **January 01,1970**
	Period: **FY-2024**	A.E.P. review at completion: **Davies John Boco**	Date: **January 01,1970**

INVESTMENTS

*This programme **<u>does not</u>** include tests relating to investment properties. These tests are included on the C audit programme.*

Tests on this programme relate solely to listed and non-listed equity instruments. Where investments are debt instruments the appropriate tests on the F audit programme should be completed. If an entity has physical investments, such as wine, works of art or commodities such as precious metals, it would seem appropriate that these are carried at fair value. Tests 16 and 18 to 23 could be completed when auditing such investments

This programme does not cover complex financial instruments: interest rates swaps are addressed on the I audit programme and forward exchange contracts are addressed on the L audit programme. If the entity has other types of complex financial instrument then additional tests must be added to an appropriate audit programme.

	Audit Test	**Extent**	**Reference**	**Initals/Date**
1.	Obtain a schedule of investments, split between investments in group undertakings and other investments. **(P)**			
2.	Agree totals shown on the lead schedule to the trial balance and register of investments. **(E)**			
3.	Agree comparative figures to the previous period's statutory financial statements. **(V)**			
4.	Review investments for reasonableness and consistency. Consider whether any debt instrument included within investments would be more appropriately classified as debtors. **(C, E &P)**			
5.	Revisit the risk assessment, materiality calculation and assignment plan and update as appropriate where matters have been identified during the assignment.			
6.	Ensure key findings from this section are included in the draft letter of representation, points for the management letter and points for A.E.P.'s attention.			
7.	Ensure that the conclusion is appropriate.**(P)**			
8.	If available, consider obtaining the Type 2 Report from the investment manager(s) or custodian(s). Review the report(s) and based on the assurance obtained on the effectiveness and reliability of the controls in place, consider the extent to which tests 9 to 12			

Audit Test	Extent	Reference	Initals/Date
need to be completed. Ensure that the relevant tests on the N section Audit Programme have been completed to document consideration of the use of a service organisation. **(E, R&O, C, V)**			
9. Agree shareholdings to share certificates or other suitable documentation. **(E, R & O)** *This test is required for subsidiaries, joint ventures and associates, as well as other investments.*			
10. Check a sample of purchases to supporting documentation.**(E, R & O)**			
11. Check a sample of disposals to contract notes and bank receipts, and ensure that the profit / loss has been correctly calculated. **(C, V)**			
12. For listed investments which must be carried at fair value, vouch period end values to published data using 'bid' prices. **(V)**			
13. Check whether items denoted in a foreign currency have been translated at the correct rate. **(V)**			
14. Ensure the audit file justifies the classification of investments as: subsidiaries, associates, joint ventures and other investments. **(D, V).**			
15. For investments in subsidiaries, associates and joint venture ensure that the entity has valued them at either:- • Cost; or • Fair value through profit or loss; or • Fair value through other comprehensive income. **(V)**			
16. For unlisted investments (other than subsidiaries, associates or joint ventures) ensure they are accounted for at fair value through profit or loss unless their fair value cannot be reliably measured. **(V)**			
17. For listed investments confirm that all dividends and interest receivable have been accounted for and that 'dirty pricing' has not occurred. **(V)**			
18. Where investments are not carried at fair value, consider whether there is any indication that investments are impaired. (This could involve a review recent financial statements or budgets, or where			

	Audit Test	Extent	Reference	Initals/Date
	there is significant concern, obtaining an expert valuation.) **(V)**			
19.	Where those charged with governance conclude that non-listed investments (other than subsidiaries, associates or joint ventures) cannot be reliably measured on a fair value basis obtain confirmation of this in the letter of representation. Consider the reasonableness of the arguments put forward to rebut the presumption that most investments can fair valued. (Ideally those charged with governance should produce a 'paper' to support the accounting treatment adopted). **(V)**			
20.	Where non-listed investments have been fair valued, obtain details of the valuation prepared either by those charged with governance or an expert. **(V)** NB: Details of the valuation model used and key assumptions must be disclosed in the financial statements. **(D)**			
21.	Where an expert's valuation has been obtained to support the value of an investment held at fair value or as part of an impairment review, undertake the appropriate audit tests on the N audit programme. **(V)**			
22.	Where valuations are based on a directors' valuation, review the appropriateness of the valuation model used and the assumptions made. **(V)**			
23.	Consider investment performance post period end to confirm no substantial fall in valuation. **(P)**			
24.	Ascertain whether investments have been placed as collateral or security by inspecting reports from the investment custodian, loan agreements, minutes etc. **(P)**			
25.	List and perform any additional tests considered necessary.			

Assertion key:
E = Existence;
R&O = Rights and Obligations;
C = Completeness;
V = Accuracy, Valuation and Allocation;
P = Presentation;
O = Occurrence;
A = Accuracy;
CO = Cut-off;

CL = Classification.

2.4.1 E2	Client: **Juan Dela Cruz**	Programme prepared by: **Davies John Boco**	Date: **January 01,1970**
	Period: **FY-2024**	A.E.P. review at completion: **Davies John Boco**	Date: **January 01,1970**

INVENTORIES

	Audit Test	Extent	Reference	Initals/Date
1.	Obtain a schedule of inventories. **(P)**			
2.	Agree the totals on the lead schedule to the trial balance and final inventory lists. **(E)**			
3.	Agree comparative figures to the previous period's statutory financial statements. **(V)**			
4.	Review inventories for reasonableness and consistency. **(C)**			
5.	Revisit the risk assessment, materiality calculation and assignment plan and update as appropriate where matters have been identified during the assignment.			
6.	Ensure key findings from this section are included in the draft letter of representation, points for the management letter and points for A.E.P.'s attention.			
7.	Ensure that the conclusion is appropriate. **(P)**			
8.	If inventory is a material figure, before the inventory count, undertake appropriate audit planning procedures and review the client's inventory count procedures (Inventory Appendix 1). **(E)**			
9.	If inventory is a material figure, attend the inventory count and complete the attendance at inventory count tests (Inventory Appendix 2). **(E)**			
10.	If the inventory valuation has been prepared by a professional inventory counter, complete the tests relating to service organisations. **(E, C, V)**			
11.	Verify final inventory sheets with the rough sheets produced at the count, checking that no unauthorised alterations have been made. **(C & E)**			

	Audit Test	Extent	Reference	Initals/Date
12.	Review inventory sheets and aged inventory printouts for potentially obsolete items and discuss with management. **(E, R & O)**			
13.	Verify the value of a sample of inventory items to purchase invoices or costing records. **(V)**			
14.	Where inventory is valued by reference to costing records, test the accuracy of the costing records by reviewing the appropriateness of the allocation of material costs, labour costs and overhead absorption rates. (V)			
15.	Ensure that ‘traded’ inventories are valued at the lower of cost and net realisable value by reviewing post period-end sales invoices for a sample of inventory items. **(V)**			
16.	Many entities provide their clients and potential clients promotional and advertising material without charge. This might include:- • Brochures and catalogues; • Samples; • Information sheets; • Logo merchandising, pens, mouse mats etc. Ensure that these items are expensed unless they are deemed to have a net realisable value (in which case, should be valued in accordance with 15 above). **(V)**			
17.	Test the cut-off for inventory by checking that goods received and goods dispatched around the period-end are included in the correct period. **(C, V)**			
18.	Consider whether any amounts should be treated as “amounts recoverable under contracts” and if necessary ensure that the supplementary Construction Contracts programme has been completed. **(E, V, P, CL)**			
19.	Consider whether third parties hold any inventory and ensure it is included in the client’s inventory figure. **(C, R & O)**			
20.	If third parties hold inventory (and the amount processed by the third party during the period has been material), complete the tests relating to service organisations. **(E, C, V)**			
21.	Where the entity has written down specific items of inventory or			

	Audit Test	Extent	Reference	Initals/Date
	has a general inventory write down policy, review its appropriateness. **(C, V)**			
22.	Ensure that the value of write downs of inventories during the period and write backs of provisions from previous periods are all quantified. These must be disclosed in the financial statements. **(P)**			
23.	Ensure that inventory subject to reservation of title (Romalpa Clause) is identified and an appropriate security note is included in the financial statements. **(P)**			
24.	List and perform any additional tests considered necessary.			

Assertion key:

E = Existence;
R&O = Rights and Obligations;
C = Completeness;
V = Accuracy, Valuation and Allocation;
P = Presentation;
O = Occurrence;
A = Accuracy;
CO = Cut-off;
CL = Classification.

2.4.2 E2-1	Client: **Juan Dela Cruz**
	Period: **FY-2024**

Programme prepared by: **Davies John Boco**	Date: **January 01,1970**
A.E.P. review at completion: **Davies John Boco**	Date: **January 01,1970**

INVENTORY APPENDIX 1 – INVENTORY COUNT PLANNING

	Audit Tests – Attendance at Inventory Count – Planning Procedures Prior to Attending	**Comments/Reference**
1.	Ensure that the Regulation of Auditor's Checklist has been completed.	
2.	If available, use "rolled forward" interim financial statements to calculate materiality and performance materiality. Otherwise assess these based on final figure for prior period.	
3.	Assess inherent risk for inventories, and using an estimated inventory valuation, calculate a sample size for test counts.	
4.	Identify whether any specialist knowledge is required, either by the auditor, or by the use of an expert (if the use of an expert is required, perform appropriate tests on N2).	
5.	Obtain inventory count instructions for all locations whether or not they are to be visited.	
6.	Consider whether there are any areas of concern (inventories where there have been significant changes, inventory over which controls are weak, inventories in remote locations etc.)	
7.	Identify all locations where inventory is held, and note the actual/expected value of inventory held at each location. Decide which locations are to be visited and justify this decision. Allocate staff as appropriate.	
8.	For locations that are not going to be visited, note what alternative procedures will be performed.	
9.	Ensure that audit staff will be in attendance throughout the inventory count and brief staff on detailed timings, precise location, inventory count instructions etc.	

Review of client's inventory count procedures

This review should be completed before attending the client's inventory count in conjunction with a copy of the client's inventory count instructions. Section 1 deals with overall controls, and sections 2 to 4 with inventory count instructions and procedures, section 5 covers inventory counts performed by independent inventory counters and section 6 covers clients that operate a cyclical inventory count system.

Do the inventory count procedures cover:	**Yes/No/N/A**	**Comments/ Reference**
1. OVERALL CONTROLS		
• Briefing of staff and issuing of instructions beforehand?		
• Allocation of duties to staff?		
• The supervision of the inventory count by a person not generally responsible for the custody of inventories?		
• Overall control by management?		
2. ORGANISATION		
• The division of inventories into properly segregated areas?		
• The inclusion of the organisation's inventories at outside locations, depots etc., or in the hands of third parties?		
• The inclusion of the organisation's inventories at outside locations, depots etc., or in the hands of third parties?		
• The exclusion from listing of inventories belonging to third parties (e.g. goods sold but not delivered, goods held for repair, goods on sale or return where the risks and rewards are deemed still to rest with the third party)?		
• The prohibition of all internal inventory movements during the inventory count or the recording of all such movements?		
• The classification, identification and listing of surplus (slow moving or excess) obsolete or damaged inventory?		
• The inclusion in purchases of inventories received prior to the inventory count?		
• The correct treatment of goods in transit?		

Do the inventory count procedures cover:	Yes/No/N/A	Comments/ Reference
• The segregation of goods arriving during the inventory count?		
• The inclusion of non-standard items, e.g. scrap inventories, by-products, spare parts for property, plant and equipment (which are minor in nature), stand-by equipment (which are minor in nature) and promotional material including catalogues etc.?		
• The inspection of W.I.P. and recording of degree of completion, quantity and condition?		
• The separate identification and listing of any goods that are subject to reservation of title (Romalpa Clause)?		
3. ACCOUNTING AND MEASURING • The checking of counting and weighing devices immediately prior to the inventory count to ensure they are correctly calibrated?		
• Controls to ensure that all items are counted and that no items are counted twice?		
• Counting of inventories by one person and listing by another?		
• Estimation of inventory quantities not easily capable of measurement?		
• Boxed items are opened on a sample basis and counted?		
• Identification of inventories which have been counted (e.g. by permanent marking on bins, floor areas etc.)?		
• At least one of the counters being independent of those responsible for keeping inventory and issuing initial inventory count records?		
• Controls to ensure all items counted will be entered on inventory sheets?		
• Resolution of all differences?		
4. INVENTORY SHEETS • The pre-numbering of inventory sheets or cards?		

Do the inventory count procedures cover:	**Yes/No/N/A**	**Comments/ Reference**
• The obtaining of signatures for all inventory sheets / cards issued or returned?		
• Checks to ensure that all inventory sheets / cards issued are returned to the controller even when unused?		
The initialling of inventory sheets by counters and listers?		
• The recording of descriptions (i.e. locations, condition and state of completion) and quantity units on the inventory sheets / cards to ensure their identification for pricing purposes, and that they can be agreed to inventory records?		
• Recording of all details in ink?		reff
• Retention of inventory sheets / cards for subsequent reference?		
5. INVENTORY COUNT TO BE PERFORMED BY INDEPENDENT INVENTORY COUNTER • Liaise with the client / independent inventory counter prior to attendance to ensure the smooth running at the attendance? **NB:** Where an independent inventory counter is used, they are a service organisation, and if inventory held at the location exceeds performance materiality, ISA 501 requires the auditor to attend the inventory count.		
• Prepare a Valuation Request Letter (Proforma Documents / Appendix 3) to send to the independent inventory counter.		
6. CYCLICAL INVENTORY CHECKS • Verification of each inventory item once every 12 months?		

CHAPTER 3: CONCLUSION

3.6.2 Aa5b	Client: **Juan Dela Cruz** Period: **FY-2024**	Prepared by: **Davies John Boco**	Date: **January 01,1970**
		Reviewed by: **Davies John Boco**	Date: **January 01,1970**

MANAGEMENT LETTER WORKSHEET [INTERIM / FINAL AUDIT]

SchRef.	Issues Identified ?	Client's Comments	Recommendations	To be Included in Management Letter YES / NO	Results of Follow up at Next Audit Visit
1	2	3	4	5	6
1	2	3	4	5	7

This should cover weaknesses in the accounting system and control environment plus comments on the qualitative aspects of the financial statements and the appropriateness of the accounting policies and estimation techniques adopted by the client.

All significant issues should be included in the management letter. For other issues verbal communication is adequate. If there are no significant issues then this can be confirmed in a "voluntary" management letter or alternatively, the letter of representation can note that a management letter is not necessary ~ note, however, that this is likely to be a rare occurrence when applying IFRS.

3.8 Aa10 Client: **Juan Dela Cruz**

Period: **FY-2024**

Prepared by: **Davies John Boco**	Date: **January 01,1970**
Reviewed by: **Davies John Boco**	Date: **January 01,1970**

FINAL ANALYTICAL PROCEDURES

Objective:
To carry out a review of the financial statements such that the results obtained, together with the conclusions drawn from other audit tests, give a basis for the opinion on the financial statements.

Recording:
Review key ratios of most significance to the entity. Any large or unexpected movements in these ratios should be explained. This section should also contain details of significant or unexpected changes in major Statement of Financial Position and Performance Statement items.

Comparisons should be made of current period figures with prior period and / or budgeted figures. Explanations obtained for significant or unexpected changes in key business ratios and items in the financial statements must be corroborated by other evidence. A conclusion should then be reached.

Undertaking analytical procedures at finalisation is mandatory; however, the use of this form is optional.

Summary of key ratios which may be calculated or printed from a relevant software package (add others which are specifically relevant to the entity):

- *(Gross Profit / Revenue) x 100*
- *(Profit before Tax / Revenue) x 100*
- *Direct expenses / Inventory*
- *(Trade Receivables / Credit Sales)? x 365*
- *(Trade Payables / Credit Purchases)? x 365*
- *Current Assets / Current Liabilities*
- *Current Assets – Inventory / Current Liabilities*
- *Total Liabilities / Equity*

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To give an accurate figure an adjustment for sales taxes will have to be made.

Comparison of key figures (or summarise where this work is filed)

For example:

Compare current year's figures, at intervals appropriate with the availability of management information, against a sample of the following, as appropriate:

- *Prior year's figures;*
- *Budgeted figures;*
- *Industry and other external statistics;*
- *Non-financial information (specify which information); or*
- *Any other relevant information.*

Ensure that a summary is prepared of all variances (both absolute and percentage) to justify the analysis performed.

Compare results of final analytical procedures with those of preliminary analytical procedures.

1

Explanations of unusual variations (or summarise where this work is filed)
For example:
Investigate normal and abnormal fluctuations, and record explanations.
Record details of the evidence obtained to substantiate and corroborate the explanations received.
Consider whether any of the points raised need to be included in either:

- *The management letter, as a result of a weakness highlighted in the accounting system; or*
- *The letter of representation, as a result of an explanation for which only verbal evidence is available.*

Consider whether any of the unusual variances identified indicate a previously unrecognised risk of material misstatements due to fraud.

2

Conclusion:

I have carried out both overall and detailed analytical procedures on the financial statements and I am satisfied that:

- there are no large or unusual variations in the figures which cannot be adequately explained;
- no indicators of fraud have been identified; and
- no indicators of fraud have been identified; and

Signature:___________ Dated:_____________