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| **Client name:** Cosmopolitan Industries Pvt. Ltd. (CIPL) | | |
| **Accounting period:** 01 June 2020 to 30 June 2021 | | |
| **Prepared by:** Tanvir Ahamed |  | **Date:** 07 June 2021 |
| **Reviewed by:** Humaun Ahamed |  | **Date:** 09 June 2021 |
| **Final Reviewed by:** Faruk Uddin Ahammed, FCA, CISA |  | **Date:** 09 June 2021 |
| **Subject:** Receivable process |  |  |

**Objective:** The objective of this memo is to document receivable processof the Cosmopolitan Industries Private Limited.

***(Following process is noted from the discussion with Mr. Khayer Uddin, Deputy General Manager- Finance & Accounts, Epic BD)***

**Process performed:**

1. There are three wings of receivables. These are:
2. Intercompany receivables
3. Incentive receivable (From Govt)
4. Sub-Contract receivables
5. CIPL Bangladesh has mainly two customers. Those are

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| --- | --- | --- | --- |
| **Sl.#** | **Company Name** | **Country** | **Relation** |
| 1 | EPIC Designers Limited (EDL) | Hongkong | Customer and Parent |
| 2 | DWC | Dubai | Customer and Subsidiary of the parent |

1. When for a particular product order, Bangladesh has been chosen. Then it is also decided for which company they will go for as there are 5 companies currently in production under EPIC group. As we are doing the revenue process of CIPL. We are assuming one order is given to CIPL. The order is transferred directly to the factory head of the CIPL. CIPL has two factories currently in operation.
2. When the factory head received the order he confirms the order through email that they have received the order and accepted it.
3. Commercial department raise an ex-factory confirmation to accounts department which is a confirmation that, the product is loaded and delivered
4. When Bill of lading is received then an entry is posted in the SAP-Only one person (Mr. Rifat Ahmed) can give the entry.
5. Accounts department raises an revenue entry in the system:

Respective customer (EDL) or (DWC) ---------Dr.

Revenue-----------------------------Cr.

1. Intercompany fund reconciliation is prepared
2. A mail is forwarded to intercompany for the balance
3. Company maintains a 14 days receivable collection cycle for realizing its receivable after generating sales entry in the system.
4. At the time of realization following entry made by the member of realization team. Entry is as below:

Respective Bank A/C …………………………………….. Dr

Respective customer (EDL) or (DWC) ………..……Cr.

**What could go wrong? :**

Inter company receivable may not be recorded in appropriate amount.

**Controls:**

1. Companies sales 100% of its product to its parent Epic Designer Limited (EDL) and DW (One of the subsidy of EDL). Company maintains a 14 days receivable collection cycle for realizing its receivable after generating sales entry in the system. Company prepares receivable ageing schedule and receivable collection cycle is strictly monitored by the Head of finance;
2. On first day of each month Company prepares a receivable statement stating the total due to its intercompany. That statement is prepared by taking the ledger closing figure. After approval, That statement then mailed to the EDL and DW for their review and feedback. EDL and DW confirms each month the receivable amount due to them through mail. Any discrepancies are also communicated and resolved through mail.