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| **Client Name:** Cosmopolitan Industries Pvt. Ltd. (CIPL) | | |
| **Accounting period:** 01 July 2020 to 30 June 2021 | | |
| **Prepared by:** Tanvir Ahamed | | **Date:** 08 June 2021 |
| **Reviewed by:** Humaun Ahamed |  | **Date:** 09 June 2021 |
| **Final Reviewed by:** Faruk Uddin Ahammed, FCA, CISA |  | **Date:** 09 June 2021 |
| **Subject:** Export Incentive Process | | |

**Objective:** The objective of this memo is to document Export Incentive procedures systems of Cosmopolitan Industries Pvt. Ltd. (CIPL).

**Process performed:** The following process is developed after going through discussion with Mr. Md. Khayer Uddin, DGM-Finance and accounts of Epic Group BD(here referred as “Epic Bangladesh”).

Cosmopolitan Industries Pvt. Ltd. (CIPL) claims Export incentive for exporting goods from Non EPZ (BISIC). For Sales 90% is considered for provision. But when is realized, it is considered as 100%. Then the reversal of provision is made. Based on EPZ benefits provided by govt., CIPL claims incentive 4% of realized amount of sales contract for new market and 1% for existing market (the rate may change by Bangladesh bank circulars). We have identified the following procedures maintained for recording and reporting financial transactions as per Bangladesh Bank circulars and interviewing with management of Cosmopolitan Industries Pvt. Ltd. (CIPL):

**Step by step Export incentive procedures are described below:**

* Commercial department maintains and records the Export incentive procedures of CIPL;
* After realizations of sales contract or letter of credit (L/C), the commercial officer collects the Proceed Realization Certificate (PRC) from the bank. It is checked by the manager, finance and CFO approves it;
* Commercial officer submits PRC (Proceed Realization Certificate) form and other export documents in BGMEA office for collecting Form- ‘Ka’ and ‘Gha’ ;
* If CIPL needs any production or raw materials from other plants, then Commercial officer prepares the PO, which is checked by the Manager, Finance and it is approved by the CFO;
* Commercial officer submits to bank for back-to-back L/C for purchasing raw materials or productions with the vendors;
* the commercial officer submits all export documents in the bank (e.g. Form Ka, Gha, PRC (PROCEED REALIZATION CERTIFICATE) form, bill of exchange, Sales contract, SWIFT copy, commercial invoice, packing list, bill of lading, bill of entry/export, exp. Form, back to back L/C forwarding, production certificate form BGMEA/BKMEA etc.) for claimed incentive;
* The bank sends this to the bank auditor for auditing the documents as per Bangladesh bank circulars;
* The commercial officer collects the Export incentive certificate from the bank auditors and submits it in the bank;
* The bank transfers the incentive amount to the CIPL bank account;

**What could go wrong:**

* PRC (Proceed Realization Certificate) form may be booked wrongly or overstatedly.
* Other receivables may not be recorded in appropriate amount

**Control points:**

Commercial officer collects PRC (PROCEEDS REALIZATION CERTIFICATE) form from the bank, the manager, finance checks and CFO approves it to confirm that the amount booked appropriately.