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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:** 03 June 2021 |
| **Reviewed by:** Md. Mizanur Rahman  **Further reviewed by:** Humaun Ahamed  **Final Reviewed by:** Faruk Uddin Ahammed, FCA, CISA |  | **Date:** 09 June 2021  **Date:** 15 June 2021  **Date:** 15 June 2021 |
| **Subject:** Admin and Direct expenditure process | | |

**Objective:** The objective of this memo is to document Admin and Direct expenditure process of the Cosmopolitan Industries Pvt. Ltd. (CIPL) under EPIC Group.

**Process performed:** Following process is noted from the discussion with Mr. Khayer Uddin, Deputy General Manager, Epic Group BD.

**Admin-Other Expenses:**

Admin-Other Expenses include the following expenses-

1. Rental expenses
2. Travelling and conveyance
3. Vehicle and transportation
4. Communication expenses
5. Recruitment and training expenses
6. Business development expenses
7. Guest house expenses
8. Printing and stationeries
9. Repair and maintenance
10. Audit fee
11. Rates and taxes
12. Security & compliance expenses
13. Insurance expenses
14. Visa and work permit expenses
15. Depreciation
16. Amortization of intangible assets

Most of the expenses above are based on the agreements with the third parties which are mainly approved through board of directors of the company. The depreciation and amortization are expenses which does not have any cash flow impacts and are calculated based on the predetermined rates. The Company uses straight line method for charging depreciation. Depreciation is charged on addition to property, plant and equipment from the month of acquisition irrespective of the date of acquisition while no depreciation is charged during the month of disposal. Depreciation is allocated to administrative expenses on the basis of utilization of assets.

Mr. H. M. Zahid, Manager- F&A, prepares voucher after cross checking with necessary agreements, PO, GRN, invoice. Mr.Khayer Uddin, DGM, reviews and approves the voucher.

**Accounting entry for Other Administrative expense:**

1. **Treatment for expenses other than depreciation or amortization**

Other Administrative Expense……………………….Dr.

Accounts payables…………………………………………………….Cr.

(For booking of general expenses against payables)

Accounts payables……………………..Dr.

Cash and cash equivalent…………………………………Cr.

(For payment of other administrative expenses)

1. **Treatment of depreciation or amortization**

Depreciation or amortization expense…………………Dr.

Accumulated depreciation/ Amortization (tangible or intangible asset)……Cr.

**Direct expenses-Other:**

Direct expenses-Other consists of following expenses—

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| 1.Fabric shading,mending, printing etc. |
| 2. Medical expenses |

In case of job work, the company creates a subcontract within intercompany to hire expert worker or the worker specialized in that specific task to do the job in exchange of money. The company send Purchase order to any of the intercompany to purchase service provided by the other company.

In case of medical and day care, the company sends purchase order to pharmacies for purchasing daily necessary pharmaceuticals. This expense is incurred taking approval from plant CFO.

Mr H. M Zahid checks and reviews the necessary documents, identifies the nature of the transaction later forwards the same to Mr khayer Uddin, DGM for approval. Upon review and finalization made by Mr Khayer Uddin, DGM, final entry to the particular class of transaction is posted by Mr H.M Zahid.

**Accounting entry for Other Direct expense:**

1. **Treatment for other direct expenses**

Other direct expense……………………….Dr.

Accounts payables…………………………………………………….Cr.

(For booking of other direct expenses against payables)

Accounts payables……………………..Dr.

Cash and cash equivalent…………………………………Cr.

(For payment of other direct expenses)

**What could go wrong?**

1. Expenses may be booked inaccurately.

**Control description:**

1. Expenses vouchers are checked by H. M. Zahid after cross checking with necessary agreements, PO, GRN, invoice. Mr.Khayer Uddin, DGM reviews and approves the voucher.