|  |  |  |
| --- | --- | --- |
| **Client Name:** Cosmopolitan Industries Pvt. Ltd. (CIPL) | | |
| **Accounting period:** 01 July 2020 to 30 June 2021 | | |
| **Prepared by:** Syed Muhammad Ali | | **Date:** 06-Jun-21 |
| **Final reviewed by:** Tanvir Ahmed |  | **Date:** 22-Jun-21 |
| **Final Reviewed by:** Faruk Uddin Ahammed, FCA, CISA |  | **Date:** 09 June 2021 |
| **Subject:** Selling and distribution process | | |

**Selling and distribution process**

**Objective:** The objective of this memo is to document **Selling and distribution process** of the Cosmopolitan Industries Pvt. Ltd.

**Process performed:** Following process is noted from the discussion with Md. Khayer Uddin, Deputy General Manager-Finance & Accounts, Epic Group BD

Client Procedure for Selling and distribution expenses:

1. All cost related to Selling, Marketing and Distribution expenses are provided for in the books of the account on accrual basis according to the IAS 1 “Presentation of Financial Statements” when they satisfy the definitions and recognition criteria for those elements in the Framework.
2. **Selling and distribution Expenses Includes:**

* Clearing and forwarding charges. Bill is booked through commercial department’s review and approval;
* Export related bank charges. The bank charges are recorded in GL based on bank statements;
* Other export related charges;
* Air freight can be charged in two ways-
  + Buyer gives the air fare or
  + PGCL will have to bear the cost if the production is delayed, therefore delivery gets delayed. BOD approval is required in that case.

**Accounting Treatment:**

**When recognize Selling and distribution expenses**

Selling and distribution expenses………….Dr

Cash/bank………………………………………………………..…….Cr

**What could go wrong:**

Selling and distribution expenses may be overstated in the financial statements.

**Control applied:**

Source documents (For example invoice/bill) of expenses are booked through commercial department’s review and approval and are recorded during the year to ensure that balance shown is actual and make the ledger entry in the system.