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| **Client Name:** Cosmopolitan Industries (Pvt.) Limited | | |
| **Accounting period:** 01 July 2020 to 30 June 2021 | | |
| **Prepared by:** Md. Nahid Hasan Badhan  **Reviewed by:** Rounak Rayhan Shuban |  | **Date:** 19 August 2021  **Date:** 19 August 2021 |
| **Further Reviewed by:** Humaun Ahamed |  | **Date:** 25 August 2021 |
| **Subject:** Memo of test of details on Property, plant and equipment | | |

**Objective**

The objective of the Memo is to document the work procedures performed on Property, plant and equipment.

**Background**

Cosmopolitan Industries (Pvt.) Limited (here-in-after referred to as the "Company" or "(CIPL") was incorporated in Dhaka, Bangladesh on 26 June 2005 as a private limited company under the Companies Act, 1994. The registered office of the Company is situated at House # 17, Road # 15, Sector # 03, Rabindra Swarani, Uttara, Dhaka. The Company is a subsidiary of Epic Designers Ltd., Hong Kong.

**Purpose**

To document the procedure to perform test of details of selected MUS samples: 2 additions sample & 4 disposal samples.

**About Direct PPE**

The PPEamount reflected at the accounts consist of following assets:

1. Land;
2. Buildings;
3. Plant & Machineries;
4. Utility & Washing;
5. Furniture and fixtures;
6. Office equipment;
7. Computer equipment;
8. Motor vehicles;
9. Utility & washing.

**Approach followed by the Engagement Team**

We (Engagement Team) have performed following procedures for PPE balances:

1. We have obtained PPE balances from the draft financial statements of current period and tied out the balance with trial balance as well as general ledger balances. In addition, we have checked whether adequate disclosures are given for the amount on the draft financial statements. Work ref: PPE 100;
2. We have obtained fixed asset additions’ supporting's documents related to PPE. Work ref: PPE 290;
3. We have obtained fixed asset disposal documents, supporting's documents related to PPE. Work ref: PPE 300;

**From the above documents we have checked:**

**Additions to PPE:**

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| * Agreement: Confirm that the agreement related with the addition of property, plant and equipment exists and have been recorded correctly; |
| * Purchase requisition: Check whether purchase requisition was issued before purchase of PPE and authorized by respective control owners; |
| * Approved budget: Check whether the purchase of PPE are as per the approved budget from BoD; |
| * Purchase order: Confirm that the purchase order does not exceed the amount as per purchase requisition and approved budget and have been prepared by authorized person; |
| * GRN: Confirm that the product description, quality, quantity and date of delivery is in line with PO. And, checked and received by authorized person; |
| * Authorization: Check that the authorization has been done by respective control owner as per internal control policy; |
| * Payment details in SAP: Check that payment has been made in correct amount and posted in SAP accordingly; |
| * Invoice and delivery challan: Confirm the balance of invoice and delivery challan is in line with related purchase order and approved budget; |
| * Asset completion certificate: Check whether the asset has been transferred to PPE from after completion of CWIP and authorization is attached by the appropriate personnel. |
| * Asset number in SAP: Check whether the asset number created in SAP is as per the asset completion certificate. |

**Disposal of PPE:**

* Quotation: Check whether quotation were taken before disposal of PPE
* Comparative statement: Check whether comparative statement were prepared and the disposal was in accordance with policy
* Approvals of BEPZA: Check whether approval was obtained from BEPZA before disposal of PPE
* Bank statement: Check the related subsequent receipt of amount in bank statement/ advice.
* Accounting entries: Check whether relevant accounting entries have been made appropriately
* Proper amount: Confirm whether the amount of PPE disposal is appropriate

**Conclusion:**

On the above procedures, we have confirmed the balances of **Property, Plant and Equipment,** shown on Financial Statement and noted that everything is presented accordingly.