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| **Client Name:** Cosmopolitan Industries Pvt. Ltd. (CIPL) | | |
| **Accounting period:** 01 July 2020 to 30 June 2021 | | |
| **Prepared by:** Mahdi Mohammad Mehrab  **Reviewed by:** Rounak Rayhan Shuban |  | **Date:** 30 July 2021  **Date:** 02 August 2021 |
| **Further Reviewed by:** Humaun Ahamed |  | **Date:** 05 August 2021 |
| **Final Reviewed by:** Faruk Uddin Ahammed, FCA |  | **Date:** 27 July 2021 |
| **Subject:** Memo of test of details on accuracy test of Export sales | | |

**Objective**

The objective of the Memo is to document the Test details procedure performed on accuracy test of Export Sales.

**Background**

Cosmopolitan Industries Private Limited ("the Company” or "CIPL") was incorporated in Bangladesh on 26 June 2005 as a private limited company under the Companies Act, 1994. Cosmopolitan Industries Private Limited, the Company is engaged in the production and export of readymade garments. The Company is in operation with two units namely Washing and Garments unit. The Washing unit commenced its commercial operations from 31 August 2006 for automatic washing of all kinds of garments and the Garments unit commenced its commercial operation from 1 November 2006 for the production of ready-made garments. The Company is a subsidiary of Epic Designers Ltd., Hong Kong.

**Purpose**

To document the procedure to perform test of details from selected accuracy test samples (09) of export sales.

**About Export Sales**

The Export Salesamount reflected at the accounts consists of following material:

1. Sales - IC-Garments
2. Sales - IC-Wash
3. Sales - IC-Others

**Approach followed by the Engagement Team**

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

1. We have obtained Export Sales balances from the draft financial statements of current period and tied out the balance with trial balance as well as general ledger balances. Work ref: ES 100;
2. We have obtained sales ledger from the SAP and run MUS for sample. We got 100 sample to be tested as per Sample sheet. Work ref: ES 220;
3. We have obtained sales contract, LC copy, export form, bill of export, commercial invoice, packing list, bill of lading, gate pass, freight certificate, forwarders' cargo receipt, related credit advise/bank statement – for those sample entry and performed Test of details. Work ref: ES 300;
4. We have conducted month wise analysis, customer wise analysis, buyer wise analysis and comparatively yearly analysis on export sales. Additionally, we have analysed gross profit and analysed the profit margin. Work ref: ES 400, 410, 420;
5. We have obtained month wise VAT return and reconciled with Export sales Ledger. Work ref: ES 500;
6. We have obtained subsequent ledger, bill of lading, packing list, commercial invoice for the first 3 days of July 2020, first 3 days of July 2021 and the last 3 days of June 2021 to verify the cut-off test. Work ref: ES 700;
7. We have obtained subsequent ledger, bill of lading, packing list, commercial invoice for the first 3 days of July 2021 and the last 3 days of June 2021 to verify the completeness test. Work ref: ES 800;
8. We have obtained sales contract, LC copy, export form, bill of export, commercial invoice, packing list, bill of lading, gate pass, freight certificate, forwarders' cargo receipt, related credit advise/bank statement – for selected samples of accuracy test and performed Test of details. Work ref: ES 900;

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

* Sales Contract/LC: We confirm that the invoice related with the relevant sales contract and the total balance of the invoice doesn’t exceed the balance of Sales contract/LC.
* Bill of Export: Checking the authorization of customs authority of Bangladesh for the shipment and related particulars should be related with commercial invoice, packing list and bill of lading.
* Export form: Checking that the permission taken from Bangladesh Bank for the export. Matching the electronic declaration number of EXP form with bill of export.
* Commercial Invoice: Confirm the balance of commercial invoice with related sales contract and the product details are in line with related packing list.
* Packing List: Confirm the product description and quantity in line with commercial invoice.
* Gate Pass: Checking that the finished goods passes from the warehouse in accordance with the quantity of packing list.
* Bill of Lading: Checking that the revenue recognized and posted on the GL complying with the date of boarding in the Bill of lading.
* Freight Certificate: Confirmed that the procedure of supply related to sales is complete.
* Forwarders' Cargo Receipt: Confirming that the goods received by the importer as per the commercial invoice, packing list and bill of lading.
* Bank status: Checking the related subsequent receipt of amount in bank statement/ advice.

**Conclusion:**

As per our Test of Details procedure on the selected sample we have not noted any misstatement in the **Export Sales** balance. Amounts booked are supported by supporting documents.