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| **Client Name:** Cosmopolitan Industries Pvt. Ltd (CIPL) | | |
| **Accounting period:** 01 July 2020 to 30 June 2021 | | |
| **Prepared by:** Syed Muhammad Ali  **Reviewed by:** Mahdi Mohammad Mehrab |  | **Date:** 19 August 2021  **Date:** 19 August 2021 |
| **Further Reviewed by:** Humaun Ahamed |  | **Date:** 19 August 2021 |
| **Subject:** Memo of test of details on Direct Expense | | |

**Objective**

The objective of the Memo is to document the work procedures performed on Direct Expense.

**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.

**Audit coverage**

1. To obtain the population of Direct expense ledger at the year-end and tie out the same with financial statement;
2. To obtain sample contracts, workers recruitment and termination documents, supporting's documents related to other direct expenses.
3. To perform test of details from selected sample;

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**About Direct Expense**

The Direct expenseamount reflected at the accounts consists of following material:

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| * Wages |
| * Attendance Bonus |
| * Overtime |
| * Local Conveyance |
| * Workers-Incentive |
| * Canteen Expenses |
| * PF Contribution Com |
| * Festival Bonus |
| * Workers-Earn Leave |
| * Workers-Other Benefit |
|  |
| * Workers - Casual Leave |
| * Medical and Day care |
| * Job Work-Print & Emb. |

**Approach followed by the Engagement Team**

We (Engagement Team) have performed following procedures for Direct expense 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. In addition, we have checked whether adequate disclosures are given for the amount on the draft financial statements. Work ref: DE 090;
2. We have obtained sample contracts, workers recruitment and termination documents, supporting's documents related to other direct expenses. Work ref: DE 220;

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

**Conclusion:**

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