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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:** 12 August 2021  **Date:** 13 August 2021 |
| **Further Reviewed by:** Humaun Ahamed |  | **Date:** 14 August 2021 |
| **Subject:** Memo of test of details on Administrative expense | | |

**Objective**

The objective of the Memo is to document the work procedures performed on Administrative expense.

**Background**

CIPL is a 100% export oriented garments manufacturing company engaged in the production and export of its products to the international markets. 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 01 November 2006 for the production of ready made garments.

**Audit coverage**

1. To obtain the population of Administrative expense ledger at the year-end and tie out the same with financial statement;
2. To obtain the sample transaction of Administrative expense during the year and check supporting documents;
3. To perform test of details from selected sample.

**About Administrative expense**

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

* + Amortization of intangible assets
  + Audit fee
  + Business Development expenses
  + Canteen Expenses
  + Communication expenses
  + Compliance and related expenses
  + Depreciation.
  + Guest house expenses
  + Insurance expense
  + Miscellaneous expenses
  + Printing and stationery
  + Rates, taxes and licence renewal fee
  + Recruitment and training expenses
  + Rental expenses
  + Repair and maintenance
  + Salary and allowances
  + Security expenses
  + Travelling and conveyances
  + Vehicle and transportation
  + Canteen Expenses
  + Staff Welfare

**Approach followed by the Engagement Team**

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

1. We have obtained Administrative expense 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: AE 090;
2. We have obtained sample employment contract, increment letter, promotion letter, and related credit advise/bank statement which is maintained by the company and performed Test of details. Work ref: AE 280;

**Conclusion:**

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