



Wednesday, January 08, 2020

Mr

Name of the Company

PO Box 12345, Office 123,
Good View Building, Fantastic Street,
Bur Dubai, United Arab Emirates
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Dear Abcdef,

Re: List of Audit Requirements (Annexure A)

To enable us to provide you unparalleled service and to avoid any audit delays, please find enclosed a list of our audit requirements. Keeping these documents ready for our auditor will enable us to complete the audit in the shortest possible duration. During the process of compiling the information required for these documents, you will automatically be able to address any shortcomings within the accounting system.

Please note that this list is not specifically prepared for your organisation. We have sought reference to similar records already available with us as well as accounting and auditing procedures followed in your industry. It is possible that certain information is not mentioned by us, but taking into account the special and distinct manner in which your business functions, you may have some additional information. Please provide the same to us also.

Some requirements in the list are essential elements of audit and our audit cannot be commenced unless the same are made available. We can wait till the other requirements are completed but in any case these are required before the audit is finalised.

In case of any doubts or assistance, please contact the undersigned.

Thanking you with best regards.

Yours sincerely,

For Prudential Auditing

Dhawal G Nandedkar
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Annexure A to our letter dated 08 January 2020

List of Audit Requirements

- 1. Cash and bank**
 - 1.1 Bank Confirmations for 31 December 2019 (the request letter format enclosed)
 - 1.2 Copy of bank facilities letter
 - 1.3 Cash and bank reconciliation – to be made by your accountant
 - 1.4 Cash balance certificate signed by cashier / accountant
 - 1.5 Arrange 1.1 and 1.2 prior to audit commencement
- 2. Inventories (if applicable to your Company)**
 - 2.1 Stock statement with physical quantity, rates and value
 - 2.2 Quantitative details of opening stock, purchases, consumption and closing stock
 - 2.3 Stock certificate stating the total value, the valuation method used and a declaration whether the physical verification was done or not
 - 2.4 Stock ageing report, if available
 - 2.5 Copies of insurance policies
 - 2.6 Arrange 2.1 and 2.2 prior to audit commencement
- 3. Debtors & receivables**
 - 3.1 Schedule of deposits with original deposit receipts for our verification
 - 3.2 Schedule of prepayments with details of annual charges, prepaid period and other relevant detailed information
 - 3.3 Debtors (see 3.4 also) list with ageing report and subsequent collections
 - 3.4 Send balance confirmation request to selected parties with higher outstanding and those having long overdue balances (confirmation format is attached)
 - 3.5 Schedule of staff advances with their confirmations (format attached)
 - 3.6 Arrange 3.1, 3.2 and 3.3 prior to audit commencement
- 4. Creditors**
 - 4.1 Creditors list with ageing report and details of subsequent payments
 - 4.2 Reconciliation with statements from major creditors
 - 4.3 List of old un-claimed balances
 - 4.4 Send balance confirmation request to selected parties with higher outstanding and those having long overdue balances (Confirmation format is attached)
 - 4.5 Schedule of accruals
 - 4.6 Schedule of employee benefits payable with date of joining, basic salary, date of last leave and passage availed, leave salary payable, air passage payable and gratuity payable
 - 4.7 Copies of rent agreements for land, office premises, staff accommodations
 - 4.8 Copies of insurance policies for all premises (where available)
 - 4.9 Arrange 4.1, 4.4 and 4.6 prior to audit commencement



5. Contingent liabilities and commitments

- 5.1 List of bank guarantees utilised as well as outstanding
- 5.2 List of unused letters of credit
- 5.3 Capital commitments
- 5.4 Purchase commitments pending

6. Fixed assets

- 6.1 List of date-wise additions to fixed assets (along with copies of invoices)
- 6.2 List of disposals with cost, accumulated depreciation, sale proceeds and profit or loss on sale of assets
- 6.3 Update fixed assets register
- 6.4 Calculation for provision for annual depreciation
- 6.5 Record of physical verification of the fixed assets and calculation to write off cost and cumulative depreciation of assets discarded, lost and missing
- 6.6 Copies of insurance policies
- 6.7 For assets that are held by other parties on your behalf, documents to rely on, to determine whether ownership can be established
- 6.8 Arrange 6.1, 6.2 and 6.5 prior to audit commencement or obtain assistance to prepare

7. Related concerns

- 7.1 List of balances of related concerns whether shown separately or included in trade debtors / creditors
- 7.2 Total of sales, purchases, expenses transactions with related concerns
- 7.3 Confirmation of balances by sister concerns or reconciliation of accounts
- 7.4 Arrange 7.2 prior to audit commencement

8. Owners equity

- 8.1 Allocation of capital
- 8.2 Confirmation of owner's loan / current account balances

9. Vehicle loan & other loans

- 9.1 Vehicle-wise details of loan Total loan, interest, number of PDCs outstanding
- 9.2 Balance confirmations from banks / financial institutions
- 9.3 List of vehicles supported by list from traffic department
- 9.4 Without full details in this section, audit will not be commenced

10. Accounting records

- 10.1 The final Trial Balance (obtain our assistance, to prepare) [Trial balance to have opening balances, current debits and credits (without netting them off) and closing balances]
- 10.2 System backup (if software compatible to our requirements) or hard copy of the ledger accounts or to have an access to the PC display
- 10.3 Accounting voucher files and records
- 10.4 Copy of the previous year financials if audited by another auditor
- 10.5 Without full details in this section, audit will not be commenced



11. Comparison of income, cost of sales, contribution ratio and overheads of the current year with the previous year and explanations on the major variances. With special relevance to your business, ratio of input and to output of, consumables and fuel consumption to deliveries and other significant ratios.

12. **Others**

12.1 Copy of trade license, memorandum of association, amendments, agreement with local sponsor

12.2 Copy of last year's audited statements (since from another auditor)

12.3 List of pending legal cases filed by / against the company

12.4 No of employees as on the last date of the year supported by list from Ministry of Labour and Social Affairs (labour department)

12.5 Copies of insurance policies for employees

12.6 Details of prior year adjustments

12.7 A Letter of Representation signed by the Management

12.8 Arrange 12.1, 12.2, 12.4 and 12.5 prior to audit commencement

13. **Disclosure requirements for IAS 32 (Additional Details to be Provided)**

13.1 Credit risk: Country-wise break-down (summary) of trade debtors outstanding at the balance sheet date – this may also be grouped according to continents wherever convenient (e.g. African / European countries), subsequent realisation, ageing, etc.

13.2 Separate listing of outstandings from individual customers being more than 10% of the total debtors

13.3 Concentration of debtors within industries, if any

13.4 Exchange rate risk: Any financial assets (bank balances, receivables) and financial liabilities (bank borrowings, payables) in foreign currencies are separately listed

13.5 Forward foreign exchange contracts

13.6 Details of foreign currency contracts outstanding at the balance sheet as under:

Currency	Period	Average exchange rate	Amount to be paid

13.7 Fair values of long term investments / loans receivable or payable