

# Internship Report On





Inspiring Excellence

**"Presenting financial statements according to BAS 1: A study on organization of ACNABIN Chartered Accountants."**

**Prepared For:  
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## Letter of Transmittal:

August 1, 2018

To

Mr. Riyashad Ahmed

Assistant Professor, BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report on ACNABIN Chartered Accountants (BAS 1)

Dear Sir,

With due respect, it is an honor to submit the internship report of **“Presenting financial statements according to BAS 1 : A study on organisation of ACNABIN Chartered Accountants”**. I have completed my internship from well-known chartered accounting firm in Bangladesh which is ACNABIN Chartered Accountants.

My main motive was to prepare this term paper according to your instruction and guideline for this specific course. I made sincere efforts to study related materials, documents, observe operations performed about Bangladesh Accounting Standard and firm’s policy of audit operation and tried my best to enrich this report by providing what I have learned throughout the internship program and compiled this report as per the requirements. I hope that I have been able to relate the fundamental things with realistic applications considering my level of experience and competency.

Hence, I am submitting my internship report, hoping that you will appreciate my instructive and comprehensive approach. Thank you for encouraging me for working on this interesting topic. Kindly accept my report and oblige thereby.

Sincerely yours,

RIYADH MORSHED

ID: 14104101

## **Acknowledgement:**

I would like to start this report by acknowledging my gratefulness to the Almighty Allah. I would like to thank to every single person who has encourage me by doing a favor in the preparation of this internship report. I wish to thank them for their support, guidance and belief in every step.

First, I would like to take the opportunity to say my gratitude towards Mr. Riyashad Ahmed, Assistant Professor, BRAC Business School, for his endless support, inspiration and guidance during this internship. Secondly, I am grateful to partner of ACNABIN CHARTARD ACCOUNTANTS Muhammad Aminul Haque, FCA for giving me the opportunity of working as an internship student. Thirdly, I must remember to express my heartiest gratitude to my direct supervisor Mahmudur Rahman, FCA and Senior Manager of Audit Mr. Tushar Kanti Poddar. Simultaneously, I would like to thank my other colleagues of ACNABIN CHARTARD ACCOUNTANTS who provided me with enormous insights and helped me to learn the situation of the current business world.

Finally, I am grateful to BRAC University, which is the reason I am standing here on the peak of earning my bachelor's degree successfully.

## **Executive Summary:**

ACNABIN Chartered Accountants is one of the biggest and reputed CA firm in Bangladesh. The organization provided different types of services related to audit, taxation and advisory. The organization's main task about audit is they need to evaluate whether the enterprise are publish their financial statements correctly or not. Similarly the firm try to find any error or fraud which are made by the enterprise. These types of practices make the organization's employee, trainee or articaleship students more skillful and experienced and the organization's name is becoming prudent in this particular industry.

For presenting financial statements each organization need to follow the guidelines of various accounting standards. In our country we follow GAAP, BFRS, BAS and other guidelines which is very helpful to make any statement appropriate. Every accounting Standard is important for presenting a statement but I have focused on BAS which indicates Bangladesh Accounting Standards. I am specifically working on the standard 1 or BAS 1 which is explained about the presenting of financial statements. Basically, all organizations are following this particular standard because it is highly applicable in the practice of accounting methods.

BAS 1 consists with few features which are related to reporting financial statements. The features are materiality, offsetting, matching, going concern, descriptive analysis, and accrual basis principles and the topics are explained broadly in the report. On the other hand BAS 1 describes about how any financial statement should be presented like Balance Sheet, Income Statements or Cash Flow Statements which are also explained in the report.

During the internship program, I got the opportunity to work closely at audit and assigned to prepare a report. While preparing the report lots of challenges I faced and tried to construct this report with the amount of resources I had. The report contains a comprehensive explanation about BAS 1. I have built-in some findings, regarding on the issue of BAS 1 . Lastly, some recommendations also given for any further research regarding this topic.

## Table of Contents:

<b>Introduction</b> .....	1
Background .....	1
Objectives .....	2
<b>Literature Review</b> .....	3
<b>Company Profile</b> .....	5
Introduction .....	5
Operational Organogram of ACNABIN.....	6
Profile of the Firm .....	7
Service Provided by ACNABIN.....	7
Services Provides to the Industry.....	8
Mission.....	9
Vision.....	9
Strategic Intent .....	9
Values.....	9
<b>Features of BAS 1</b> .....	10
Materiality.....	10
Offsetting Principal .....	13
Matching Principal .....	15
Comparative Information .....	16
Going Concern.....	18
Accrual Basis principal.....	20
Other Principals of BAS 1 .....	21
<b>Lesson learned at Internship Program</b> .....	24
<b>Survey</b> .....	26
<b>BAS 1 Guidelines Relationship with Audit Committee &amp; Independent Director</b> .....	32
<b>Findings</b> .....	34
<b>Recommendation</b> .....	36
<b>Reference</b> .....	37
<b>Appendix</b> .....	38

**Introduction:** Bangladesh economy is charging towards record growth because of growth of the industry, business and ideas of making the country better. In our country business is growing rapidly and joining different kind of stakeholders in particular organization. For making transparency between the organization and public, audit is very important tool to make that possible. Government also concern about that matter and according to company act 1994 clearly states that every organization need to audit their company and there will be two portion of that procedure internal and external audit. As a student of Accounting & Finance student in BBA program I have decided to work in Chartered Accountancy firm for gaining better knowledge in this filed. I have done my internship from ACNABIN Chartered Accountant which is a well reputed CA firm in Bangladesh. The organization has helped me to know the policy of audit and how the operation of audit run in particular organization. There are several guidelines which are followed by other organization like Bangladesh Accounting Standards, Bangladesh Financial Reporting Standards, and Generally Accepted Accounting Principles etc. and as an auditor I have measure how the company has completed their accounting entries and made statements of accounts. In my report I have worked on Bangladesh Accounting Standard (BAS 1) and I have tried to find out how organizations maintain it and how chartered accounting firm evaluate it or find any observation about the organization base on the guidelines. I believe that as an internship student I prepared the report accurately and it will help to other students for further study.

**Background:** To imply academic knowledge in real world, Internship period gives us the opportunity of practical work to link with academic learning of four years of BBA program. The title of my internship report is "**Presenting financial statements according to BAS 1: A study on organization of ACNABIN Chartered Accountants.**" To make this report I use my internship experience, academic knowledge and my supervisor directions those help me to complete this report with the best informative and efficient way.

**Objectives:** In the Four years long Bachelors of Business Administration (BBA) program of BRAC University I have learnt many things which are really applicable in corporate world and I have tried to implicate that in that area. Primarily, my objective was to find out how auditors evaluate an organization when they work with presenting the financial statements and how the organization follow the guidelines of BAS 1. The survey is an important part for the measurement of put into use the BAS 1 guidelines of the organization. Along with the primary objectives I have also include few secondary objectives which are very important for understanding in details about the guidelines of BAS 1. The secondary objectives are discussed below:

- The process of applying the features of BAS 1 which are going concern, materiality, accrual basis accounting, matching, comparative information, offsetting.
- Complete examples of how should follow the guidelines of BAS 1 by taking the example of listed company with Dhaka Stock Exchange (DSE).
- The relationship between the audit committee and the numbers of guidelines followed by the organization. Here, the relationship is measured for understanding how both variables are connected with each other.
- The analysis of survey which is related with BAS 1 and organization who are the practitioner of these guidelines.



**Literature Review:** In 2018 one of the biggest financial scandal happened in the history. It occurs in India and the name of the organization is Satyam Computer Service. According to India slaps PwC with 2-year audit ban (Lyengar, 2018) the fraud was about more than 1 billion dollar. American business related online newspaper website CNN money confirms that The Securities and Exchange Board of India (SEBI) has told that PwC auditor failed to find errors of Satyam computers and PwC has banned for 2 years in India. PricewaterhouseCoopers or PwC is well reputed London based audit firm which operates different countries with different services. The organization has failed to detect the fraud of Satyam Computers. The CEO of the organization Byrraju Ramalinga Raju confessed about the manipulation of financial statements of the organization. For these effect the shareholders of the organization faced a big loss on their shares. The organization was found guilty for making false invoices and statements of accounts and PwC couldn't found the fraud where this is the main task of an audit firm. As we know IAS or International Accounting Standards also is about reporting financial statements. Every audit firm has to check the organisation's report base on this standards.

<b>FINANCIAL STATEMENT YEAR 2008-09 (Q2)</b>		
	<b>ACTUAL</b>	<b>INFLATED</b>
<b>REVENUE</b>	2112	2700
<b>PROFIT</b>	61	649
<b>CASH &amp; CASH BALANCE</b>	321	5361
<b>A/C INTEREST</b>	NIL	376.5
<b>LIABILITY</b>	1230	0
<b>DEBTORS</b>	2161	2651

### **Satyam Computer's manipulation of Financial Statements**

The Institute of Chartered Accountants of Bangladesh (ICAB) is the national professional body of Bangladesh and the purpose of the organization is regulating the profession of accountants and for matters connected therewith. So the organization work for all the matters which is highly related with accounting and who are related with this accounting procedures. This organization is also concern about the standards of IFRS and IAS the both foundation is important which are high quality, understandable, enforceable and generally accepted globally. Bangladesh Accounting

Standards also came from those standards and which are maintained in our country and it is emerging in the small organizations. ICAB works details with this standards and try to measure that which are more applied in the corporate accounting procedures and they have published a document where we can say that which standards are highly active and followed by the all organization.

**2.4 Compliance of International/Bangladesh Reporting Standards (IFRSs/BFRSs) :**

Name of the Accounting Standards	Ref. No.	Status of Application
First-time Adoption of International Financial Reporting Standards	IFRS/BFRS-1	Not applicable
Share-based Payment	IFRS/BFRS-2	Not applicable
Business Combinations	IFRS/BFRS-3	Not applicable
Insurance Contracts	IFRS/BFRS-4	Not applicable
Non-current Assets Held for Sale and Discontinued Operations	IFRS/BFRS-5	Not applicable
Exploration for and Evaluation of Mineral Resources	IFRS/BFRS-6	Not applicable
Financial Instruments: Disclosures	IFRS/BFRS-7	Applied
Operating Segments	IFRS/BFRS-8	Not applicable
<b>Presentation of Financial Statements</b>	<b>IAS/BAS-1</b>	<b>Applied</b>
Inventories	IAS/BAS-2	Applied
Cash Flow Statements	IAS/BAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS/BAS-8	Applied
Events After the Balance Sheet Date	IAS/BAS-10	Applied
Construction Contracts	IAS/BAS-11	Not applicable
Income Taxes	IAS/BAS-12	Applied
Property, Plant and Equipment (summary)	IAS/BAS-16	Applied
Leases	IAS/BAS-17	Applied
Revenue	IAS/BAS-18	Applied
Employee Benefits	IAS/BAS-19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	IAS/BAS-20	Not applicable
The Effects of Changes in Foreign Exchange Rates	IAS/BAS-21	Applied
Borrowing Costs	IAS/BAS-23	Applied
Related Party Disclosures	IAS/BAS-24	Applied
Accounting and Reporting by Retirement Benefit Plans	IAS/BAS-26	Not applicable
Consolidated Financial Statements	IAS/BAS-27	Not applicable
Investments in Associates	IAS/BAS-28	Not applicable
Interests in Joint Ventures	IAS/BAS-31	Not applicable
Financial Instruments: Presentation	IAS/BAS-32	Applied
Earnings per Share	IAS/BAS-33	Applied
Interim Financial Reporting	IAS/BAS-34	Not applicable
Impairment of Assets	IAS/BAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS/BAS-37	Applied
Intangible Assets	IAS/BAS-38	Applied
Financial Instruments: Recognition and Measurement	IAS/BAS-39	Applied
Investment Property	IAS/BAS-40	Not applicable
Agriculture	IAS/BAS-41	Not applicable

Few difference has been observed without IAS and post adaption of IAS in few organization which are related to interpretation, litigation and enforcement (Barth, Landsman & LANG, 2008). The research had found that organizations with following the IAS has better management and has more value relevance of accounting amounts. IFRS also has few gaps in terms of measuring the cost of the farming products (Barker & Teixeira, 2017). According to IAS 2 cost of inventory items have to measure in the way of normal inventory cost but how the inventory will be measured when it is related with the cost of fruits like grapes or mangoes. That's why we need to work with BAS1 more accurately because industry is different as well as the treatment of accounting.

## Company Profile

### Information of ACNABIN

**Introduction:** According to Bangladesh Bank CA firm list ACNABIN is the firm which in the top ten of the list. In the past the organization had become the leading and most influential CA firm in Bangladesh with global recognition. At present ACNABIN has ten partners who are providing various financial services to different organizations which are auditing, accounting, reviewing, business consulting, business process outsourcing, technology solutions, training and taxation. The organization shows growth, leadership, collaborations and a learning institution and become an example of all other partnership institution of our country.

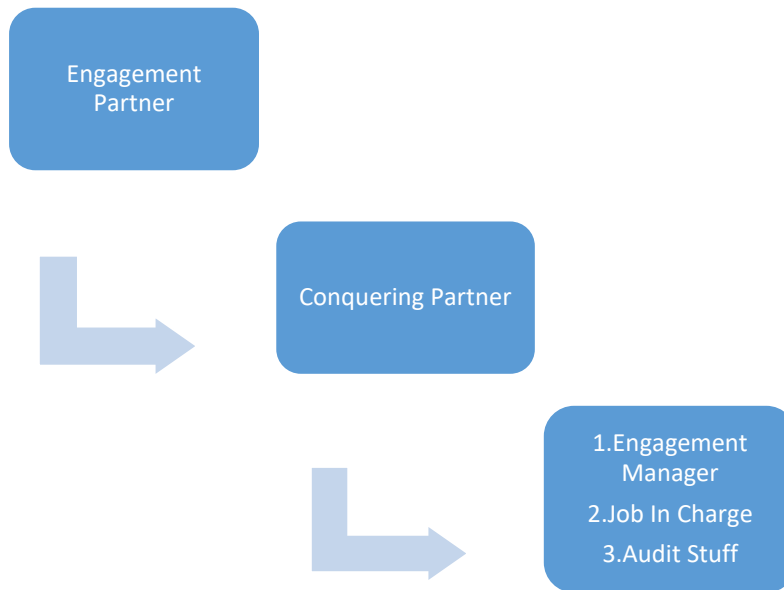
At the starting of their operation the organization mainly providing the service of market survey, review and consultancy for their client. Here, the clients are related with various types of activities which are very necessary for the growth of the economy of Bangladesh. The organizations are mainly related with industry, trade, finance, microfinance, education, health, social services, and agriculture in the private, public and NGO sectors throughout Bangladesh. ACNABIN also worked for many international organization like various UN agencies.

In 2002 ACNABIN affiliated with Arthur Andersen, LLP but currently, ACNABIN is an independent member firm of Baker Tilly International and this multinational firm has network with 125 countries.

ACNABIN has been appointed by various governmental and non-governmental organizations to carry out consultancy services for donor aided development projects. Many of those engagements involved projects funded by international agencies such as the World Bank, UNDP, UNICEF, UNFPA, WFP, CIDA, DFID, FAO, ILO, IFAD, NORAD, SIDA, USAID, UNCDF, ODA, European Commission (EC), LWF/DWS, KfW-Germany, BftW, GTZ, Stromme Foundation, CARE International, DANIDA and Save the Children.

ACNABIN is now on practice more than 30 years in the relevant field and this is the largest partnership firm in the country with providing the quality services towards the clients.

## Operational Organogram of ACNABIN:



ACNABIN CHARTERED ACCOUNTANTS: PARTNERS		
NAME	DESIGNATION	EMAIL ADDRESS
<b>ABM Azizuddin, FCA</b>	Senior Partner	<a href="mailto:aziz@acnabin-bd.com">aziz@acnabin-bd.com</a>
<b>Iftekhar Hossain, FCA</b>	Senior Partner	<a href="mailto:i.hossain@acnabin-bd.com">i.hossain@acnabin-bd.com</a>
<b>A.S.M Nayeem, FCA, FCCA</b>	Senior Partner	<a href="mailto:nayeem@acnabin-bd.com">nayeem@acnabin-bd.com</a>
<b>Mohammad Nurun Nabi, FCA</b>	Senior Partner	<a href="mailto:nabi@acnabin-bd.com">nabi@acnabin-bd.com</a>
<b>ATMA Bari, FCA, FCEA</b>	Senior Partner	<a href="mailto:atmabari@acnabin-bd.com">atmabari@acnabin-bd.com</a>
<b>Md. Moniruzzaman, FCA</b>	Partner	<a href="mailto:monir@acnabin-bd.com">monir@acnabin-bd.com</a>
<b>Md. Mominul Karim, FCA</b>	Partner	<a href="mailto:mominulkarim@acnabin-bd.com">mominulkarim@acnabin-bd.com</a>
<b>Md. Reajul Islam, FCA</b>	Partner	<a href="mailto:reaz@acnabin-bd.com">reaz@acnabin-bd.com</a>
<b>Muhammad Aminul Hoque, FCA</b>	Partner	<a href="mailto:amin@acnabin-bd.com">amin@acnabin-bd.com</a>
<b>Md. Rokonuzzaman FCA</b>	Partner	<a href="mailto:rokon@acnabin-bd.com">rokon@acnabin-bd.com</a>

## Profile of the Firm:

<b>Profile of the Firm:</b>	
<b>Firm Name</b>	<b>ACNABIN CHARTERED ACCOUNTANTS</b>
<b>Registration Date</b>	February , 1985
<b>Telephone</b>	(880-2) 8144347-52
<b>Fax</b>	(880-2) 8144353
<b>Email</b>	acnabin@bangla.net
<b>Web</b>	www.acnabin.com
<b>Address</b>	BDBL Bhaban (13th Floor), 12 Kawran Bazar C/A, Dhaka-1215
<b>Branch Office</b>	Jahan Building No. 7 (1st Floor, North Side)
	59 Agrabad Commercial Area
	*Chottogram-4100, Bangladesh

## Service Provided by ACNABIN:

<b>Advisory Services</b>	<b>Consultancy</b>
Formation, incorporation, liquidation and winding up of companies	Management Accounting Services
Preparation and filing of Annual Return	Management Consultancy
Preparation of AGM minutes	Structured financing advisory
Preparation of Directors' minutes	Business planning and project feasibility studies
Formation and registration of companies and close corporations	Standard operating procedures (SOP)
Maintenance of statutory records	Fixed assets management
Conversions of companies and close corporations	Accounts receivables management
Amendments to and registration of statutory details	Payroll management
Increase of share capital	Project appraisal
Change of company name	Inventory Management
Change of Articles & Memorandum	Performance measurement
Preparation of Special resolutions	Business Valuation
Advice on secretarial matters relating to the Companies Act.	Process Improvement Services
Management of Litigation	Cost Management Services
Management of Legal Disputes	
License Issues;	
Legal Opinion on Laws, Licenses, AOA etc.	

<b>Service Provide By ACNABIN</b>	
<b>Audit &amp; Assurance</b>	<b>Tax and legal advice</b>
Statutory audit	Corporate & individual tax planning
Internal audit	Personal Income Tax
Special audit	Deferred tax computation and application
Cost audit	Indirect tax
Compliance audit	Tax investigations
Forensic audit	Capital gain tax
Management audit	Designing VAT Management System and Compliance Audit
Performance audit	Tax compliance and preparation of various tax returns
Forensic audit	Assistance in handling queries & requests for information from tax authorities
Interim audit	Tax assessments and appeals
Review engagement	Preparation of income tax returns
NGOAB audit	Import Duty and Customs cases
Donor audit	Inheritance tax planning
	International tax services
	Tax effective remuneration planning
	Tax investigations

Services Provides to the Industry :

<b>Industry Category for Services</b>				
<b>Manufacturing</b>	<b>Commercial</b>	<b>Finance</b>	<b>Energy</b>	<b>Non-profit org.</b>
1.Apparel 2.Chemical 3.processing 4.Engineering 5.Cement 6.Fabricated 7.products 8.Pharmaceuticals 9.Jute goods/garments/textiles, etc. 10.Food products Manufacturing	1.Courier and cargo services 2.Hospitals 3.Airlines 4.Hotels	1.Banking 2.Investment 3.Insurance 4.Capital Market 5.Security Service	1.Oil and gas 2.Power & Power Generation 3.Telecommunication 4.Mining 5.Energy	1.NGOs 2.Charitable organization 3.Universities 4.Foundations

## **Mission, Vision, Goals of ACNABIN:**

### **Mission:**

We adhere to the strictest principles of client confidentiality. The sensitive and competitive nature of proprietary information-and the maintenance of trust-demands it. We have built our success on such principles. We do our utmost to earn-and keep-client trust.

### **Vision:**

We go beyond the traditional auditor and client relationship by becoming your Trusted Business Advisor.

### **Strategic Intent:**

We want to become trusted leader in the market ensuring highest level of professional ethics and competencies. While securing safe & trusted position in the market for financial institutions, telecommunications, foreign branch & liaison offices and NGOs/NPOs, we still see wider space for us to get involved in other sectors in the country and in the region.

### **Values:**

“Our culture is driven by the Baker Tilly Internal core values:

- To lead by example
- To deliver quality services with integrity
- To communicate openly, to act ethically
- And to foster a community built around civic responsibilities and teamwork.

**We are passionate about helping our clients, while at the same time developing our people’s potential**

## Features of BAS 1

### Materiality:

Materiality is basically a professional judgment that how much money an auditor can consider as material. There can be discrepancy between the amount of financial statements and other income or expenses of any company. May be for small businesses materiality does not make any difference but for the businesses which make big revenues in a fiscal year they need it for their own risk avoidance. For example, for a business like Computer Source Ltd. get a discrepancy of 1 thousand BDT, no practical effect will be realized. The misstatement will be consider as error but the management decision will be effected. But if we consider a big organization like Grameenphone, billions of dollar the organization disburse and turn into profit every year. So for the big organization money like 1 million dollar is very important for their decision making process. Investors or creditors benefits are highly depended on the decision of the management and if they don't consider misstatement may be the decision go wrong.

An auditor's main objective to find the material amount to consider the amount as a material. If any discrepancy found in the audit process and the discrepancy amount exceed the amount of material it would be consider as misstatement or fraud in the particular enterprise. Materiality is an important concept in auditing because it helps an auditor to find the loophole any particular area of the organization which is consider as not ignorable.

Firstly an auditor gather the statements of organization's asset, income and equity and then evaluate the material amount. Material amount varies with the size of the enterprise. Different enterprise has different materiality range. It is not necessary that all the amount should found in the asset, it could be calculated from the income or operating income from a particular enterprise.

However applying the materiality starts with the planning stage where particulars of financial statements selects for materiality test and then select a performance measurement or standard for the materiality test. In the evaluation stage auditor find the misstatements made by the enterprise management. After collecting the misstatement figure accumulate the value and compare it with the material amount.

There are few example of materiality test to better understanding of the procedure.



Material amount Selection		Material amount Selection		Material amount Selection	
Asset Value	Material Amount	Income Vaule	Material Amount	EBIT Vaule	Material Amount
Less than 5 Crore	1% of total asset	Less than 1 Crore	.5% of Total Income	Less than 1 Crore	1% of Total Income
5 to 10 Crore	1.25% of total asset	1-5 Crore	1% of total Income	1-5 Crore	3% of total Income
10 to 30 Crore	1.5% of total asset	More than 5 Crore	3% of total Income	More than 5 Crore	5% of total Income
30 to 60 Crore	2% of total asset	The material amount is always subjective and varies auditor to auditor. So, different particular can be accepted and amount percentage can also be changed where it is needed.			
More than 60 Crore	2.5% of total asset				

Particular	Amount (BDT)
Current Asset	
Cash	2100000
Short term Investment	1000000
A/C Receivable	1200000
Inventory	1000000
Supplies	700000
<b>Total Current Asset</b>	<b>6000000</b>
Non-Current Asset	
Land (after dep.)	10000000
Building (after dep.)	8000000
Equipment (after dep.)	5000000
<b>Total Non-Current Asset</b>	<b>23000000</b>
<b>TOTAL ASSET</b>	<b>29000000</b>

Calculation of Materiality Amount		
Total Asset	Percentage	Materiality Amount
29000000	1%	290000

<b>All Particular Materiality Calculation</b>		
<b>Particular</b>	<b>Percentage of Total Asset</b>	<b>Particular Material Amount</b>
Cash	7%	21000
Short term Investment	3%	10000
A/C Receivable	4%	12000
Inventory	3%	10000
Supplies	2%	7000
Land (after dep.)	34%	100000
Building (after dep.)	28%	80000
Equipment (after dep.)	17%	50000
<b>Total</b>	<b>100%</b>	<b>290000</b>

## Offsetting Principal:

According to BAS 1 paragraph 33 any asset or liability, income or expense cannot be offset by any enterprise. Bangladesh Accounting Standard says that no account should be offset if BAS don't permit it. Offsetting principal is very important because we need to identify that which are the expense account and which are the revenue account.

In Some cases Offsetting is allowed by the BAS 1. Losses and gains are the accounts which we can offset from any existing entry form the ledger. The reason behind is loss or gain is totally related with the account. For example, If any asset will be sold and enterprise gain some profit, the organization will be record it in the same existing account. This is also applicable for contra asset account because we are deducting it from the existing account. We are not making any different ledger for the gain or losses.

If any enterprise offset any amount from the ledger we will unable to identify the amount and cannot find where the amount come from. So every amount of income or expenses need to entry individually and record it in a manner that every person can understand it and can judge it in their way.

BAS 1 and paragraph 35 also says that any inventory loss or doubtful receivable can not be an example of offset. On the other hand it also says that asset, liability, income and expense have to be in separate accounts and material amount can be offset and the material amount varies to individual enterprise and it should be fixed according to the size of the organization.

So, offsetting principal can be applied when there is gain or loss from any specific account. Similarly, material amount should be considered but mostly every head have to be kept in separate account for better understanding about the activities of the organization of individuals.

Company X Has the following **Rent Expenses** in the year of 2017 and in this year they get their **income from house rent**. The enterprise decided to offset the income from the expenses for that particular year.

**House Maintenance Expense**

Date	Particular	Debit	Credit	Balance
1-Jan	Opening Balance			0
21-Jan	Repair Expense	150000		150000
25-Jan	Maintenance Expense	50000		200000
12-Mar	Guard Salary Expense	100000		300000
23-Jul	House Rent Income		160000	140000
4-Aug	Electricity Bill	20000		160000
15-Nov	Guard Salary Expense	100000		260000
1-Dec	Repair Expense	10000		270000
14-Dec	Electricity Bill	18000		288000
31-Dec	Ending Balance			288000

So, here we can see that the actual expense of house maintenance is misstated because of income is included in the expense account. From the ending Balance 160000 should be added. Here there is problem of income also because of misstated amount of income also be shown on the statement. Moreover we can say for every account we have to maintain separate account for getting actual value of each statement.

### Matching Principal:

According to BAS 1 paragraph 26, every income and expenses should be listed in the journal entry with that particular year. Bangladesh Accounting standards set a principal for all the organization that every income or expense entry should be made within this particular year. For that specific situation some new entry may be need for clear justification. The principal is slightly connected with accrual basis of accounting because accrual basis also provide the information of year to year in the entries of statements.

Company X have to pay salary amount 1, 00,000 for the month of December at 15 January. So, the Journal entry:					
Date	particular	Debit	Credit		
31-Dec	Salary Expense	1,00,000			
	Salary Payable (Provision A/C)		1,00,000		
<ul style="list-style-type: none"><li>• Here, we can see the provision account which is made for recognizing it in the same year when it had occurred.</li><li>• Provision account is made for recording for the same year.</li><li>• If the provision account will not be made, the expense of the December month will be considered as an expense of the month for January. So, it will be unable to recognize the expense for that particular year.</li></ul>					

## Comparative Information:

If a stakeholder of a company want to know the information about the particular company, the stakeholder will look for the annual report of the company. Annual report consist with the Comprehensive income statement, the balance sheet and other important financial statements of the company. Here, if we closely observe about the annual report and all the statements consist with that fiscal year's financial information and merge the financial information of previous year.

BAS 1 clearly says that, “numerical information and descriptive information should be provided for better comparative study.” Bangladesh Accounting Standards highly encourage to provide the information of previous year not only in numeric value but also in the descriptive form. Numerical value can help the person to understand the change of status objectively and descriptive information can help to stakeholders to take subjective judgment about that particular organization.

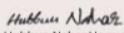
**Numerical** value for comparison is important for organization to grabbing the trust of the stakeholder. Previous year's information works like an evidence of details information of changes in the same organization. Annual report is the appropriate place for publishing the information where the end user can find the difference by their own. For examples, ratios, total shareholders, number of employees, market value of the share and most importantly the Comprehensive income statement, the balance sheet, change in equity and the cash flow statements.

**Descriptive** comparison is also an important part for stakeholders to evaluate the organization's performance. In the descriptive comparison, organization can describe the performance of their production or service and make comparative judgment about their performance. On the other hand they can evaluate the income , expense or their strategy of their organization year by year. The most important thing is that how they are contributing the society by their service, these type of descriptive information is also helps the user to understand more about the organization.

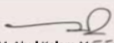
This is a structure of comparative numerical and descriptive information for an annual report for a particular organization. It can help us to judge about the company's performance compare to previous year.


	Notes	Amount in Taka	
		2015-16	2014-15
Net Sales Revenue	22.00	217,313,142	228,739,935
Cost of Goods Sold	23.00	(172,540,655)	(183,537,272)
<b>GROSS PROFIT</b>		<b>44,772,487</b>	<b>45,202,663</b>
<b>OPERATING EXPENSES</b>			
Administrative Expenses	24.00	(14,521,512)	(13,773,473)
Selling & Distribution Expenses	25.00	(2,761,032)	(3,090,524)
<b>Operating Profit</b>		<b>27,489,943</b>	<b>28,338,666</b>
Financial Expenses	26.00	(2,787,155)	(4,162,003)
<b>Profit Before Contribution to WPPF</b>		<b>24,702,788</b>	<b>24,176,663</b>
Contribution to WPPF		(1,176,323)	(1,150,809)
<b>PROFIT BEFORE TAX</b>		<b>23,526,465</b>	<b>23,025,854</b>
<b>Tax Expenses:</b>			
Current Tax	20.00	(3,854,327)	(3,453,878)
Deferred Tax	14.00	325,357	(35,465)
<b>Net profit after tax for the year</b>		<b>19,997,495</b>	<b>19,536,511</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>19,997,495</b>	<b>19,536,511</b>
<b>Basic Earning Per Share</b>	27.01	<b>1.12</b>	<b>1.09</b>
<b>Basic Earning Per Share (Restated)</b>		<b>1.12</b>	<b>1.09</b>


The accompanying policies & explanatory notes 1-31 form an integral part of the Financial Statements.

  
 Hubbun Nahar Hoque  
 Chairperson

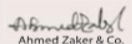
  
 Mahmudul Hoque  
 Managing Director

  
 M. Abul Kalam Mafundar  
 Chief Financial Officer

  
 Md. Abul Bashir  
 Director

  
 M. Jahangir Alam  
 Company Secretary

Signed as per our separate report of same date.

  
 Ahmed Zaker & Co.  
 Chartered Accountants

Place: Dhaka  
Date: 27th October, 2016

### Comparative information (numerical) of previous year: 2014-2015

**Delta Spinners Limited**  
THIRTY-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY  
**Report of the Directors**  
TO THE SHAREHOLDERS

**Bishmillahir Rahmanir Rahim**

Assalamu Alaikum

I, on behalf of the Board of Directors of our Company welcome you all to this Thirty-seventh Annual General Meeting. It is a great pleasure to note that you have kindly made it convenient to attend this meeting.

I shall now present the operational performances of the Company for the year 2016-2017.

**PRODUCTION PERFORMANCES OF 2016-2017**

The main product of the Company is cotton yarn. In the table below, year-wise production of the factory and its capacity utilization figures for the five years from 2012-2013 to 2016-2017 have been furnished. From the year 2012-2013, the Company shifted its production program towards higher counts of yarn which automatically reduces actual production quantity because spinning machinery utilizes higher machine capacity to produce higher counts. Thus during the years 2012-2013 & 2013-2014, the production figures though show lower quantity, but in reality, the capacity utilization had been higher. It is to be stated here that the operational performance during the second and third quarters of the financial year 2014-2015 was significantly low due to political turmoil that prevailed in the country. During the period of second to fourth quarter of the financial year 2015-2016, the capacity utilization came down due to the fact that many production machineries had to be laid down for replacement with better parts, as the factory underwent BMRE process. Consequently, capacity utilization had been about 79%. The production figure, however, did not come down as because of production of medium count of yarn during the year. During the year under review, i.e., during 2016-2017 the capacity utilization has increased to 83%, i.e., by 4% from the previous year. But due to further shifting to higher counts of yarn, the absolute production figure shows marginal increase. In the table below, actual production as well as capacity utilization has been shown to provide a comparative picture of production performance during the last five years.

**Year-wise Production of Cotton Yarn**

Year	Production Quantity Actual (in lac kg)	Capacity Utilization (in %)
2016-2017	25.83	83%
2015-2016	25.36	79%
2014-2015	24.80	82%
2013-2014	24.98	91%
2012-2013	25.39	93%

Comparative information (descriptive)

## Going Concern:

This is one of the most important feature of BAS 1. Organization's objective is to sustain and develop their business as large as possible. For making a sustainable business organization need to generate revenue and take fruitful decision for the long run perspective. For that purpose Bangladesh Accounting Standards sets some standard for recognizing a business according to their chance of sustainability in the foreseeable future.

If any organization making revenue consistently and if it has sufficient asset compare to its liability or long term loan we can consider that the organization has full filled the requirement for the feature of going concern of BAS 1. Though different organization have different cases and we need to judge it base on the basic understanding about that particular organization.

On the other hand, the opposite scenario has been observed for a particular organization that another treatment will be needed for the feature of going concern issue. If the organization can't generate profit for consecutive few year, the chance of bankruptcy of that company will be very high. In this cases an auditor or financial advisor need to evaluate the company's financial position. They need to measure that the company could run their operation in the long run or not.

BEXIMCO SYNTHETICS LIMITED

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period of 18 months ended 30 June 2016

	Notes	Amount in Taka			
		Jan 2015 - June 2016 (18 months)	Jan - June 2016 (6 months)	Jan - Dec 2015 (12 months)	Jan - Dec 2014 (12 months)
<b>Revenue</b>	21	<b>1,379,008,993</b>	<b>401,436,672</b>	<b>977,572,321</b>	<b>1,187,413,298</b>
Cost of Revenue	22	(1,256,478,028)	(362,727,451)	(893,750,577)	(1,066,299,550)
<b>Gross Profit</b>		<b>122,530,965</b>	<b>38,709,221</b>	<b>83,821,744</b>	<b>121,113,749</b>
<b>Operating Expenses</b>		<b>(31,179,764)</b>	<b>(11,740,507)</b>	<b>(19,439,257)</b>	<b>(20,978,142)</b>
Administrative Expenses	23	(23,906,232)	(9,313,917)	(14,592,315)	(15,290,059)
Selling Expenses	24	(7,273,532)	(2,426,590)	(4,846,942)	(5,688,083)
<b>Profit from Operations</b>		<b>91,351,201</b>	<b>26,968,714</b>	<b>64,382,487</b>	<b>100,135,607</b>
Finance Cost	25	(188,882,556)	(57,317,538)	(131,565,018)	(128,471,845)
<b>Loss before contribution to WPPF</b>		<b>(97,531,355)</b>	<b>(30,348,824)</b>	<b>(67,182,532)</b>	<b>(28,336,239)</b>
Contribution to Workers' Profit Participation/Welfare Funds	26	-	-	-	-
<b>Net Loss before Tax</b>		<b>(97,531,355)</b>	<b>(30,348,824)</b>	<b>(67,182,532)</b>	<b>(28,336,239)</b>
Income Tax Expense	27	(4,839,277)	(2,089,950)	(2,749,327)	(1,449,695)
<b>Loss After Tax for the year</b>		<b>(102,370,632)</b>	<b>(32,438,774)</b>	<b>(69,931,859)</b>	<b>(29,785,933)</b>
Other Comprehensive Income		-	-	-	-
<b>Total Comprehensive Loss for the year</b>		<b>(102,370,632)</b>	<b>(32,438,774)</b>	<b>(69,931,859)</b>	<b>(29,785,933)</b>
<b>Earning Per Share (EPS)</b>	28	<b>(1.18)</b>	<b>(0.37)</b>	<b>(0.81)</b>	<b>(0.34)</b>
Number of Shares used to compute Earning Per Share		86,712,359	86,712,359	86,712,359	86,712,359

The notes are an integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 06 October 2016 and signed for and on behalf of the Board:

### Beximco Synthetics: Profit or loss statement



The example is given for the clear explanation of going concern feature evaluation. As we can see the situation of this company is not very well for the two consecutive years. The company has made loss in the year of 2015 and 2016 and the amount is not ignorable. Here, we can say that according to the standard of BAS 1 we cannot follow the going concern feature directly. Firstly, we need to assess that the company is going to bankrupt or not and for that we need to understand the balance sheet value of the organization. According to BAS 1 an auditor or financial advisor should find the source of financing of that organization. Few calculations will be needed to evaluate the financial position of the organization like debt to asset ratio, profitability ratio and times interest earned ratio. This information can help to understand the chance of bankruptcy of the organization.

<b>Going Concern Feature Evaluation For Beximco Synthetics</b>		
	<b>Year 2017</b>	<b>Year 2016</b>
<b>Particular</b>	<b>Amount (BDT)</b>	
Total Asset	3,241,016,042	3,376,774,729
Total Debt	1,445,030,508	1,353,329,951
EBIT	-86,867,706	91,351,201
Interest Expense	139,480,416	188,882,556
Gross Profit	-69,352,950	122,530,965
Sales	407,051,438	1,379,008,993

<b>Going Concern Feature Evaluation For Beximco Synthetics</b>			
<b>Ratios</b>	<b>Percentage</b>		<b>Comment</b>
	<b>Year 2017</b>	<b>Year 2016</b>	
<b>Debt to Asset Ratio</b>	44.59%	40.08%	44.58% of the total asset financed by the debt which is higher than the previous year.
<b>Times Interest Earned Ratio</b>	-62.28%	48.36%	In 2017 the company can not pay their Interest expense by their operational income.
<b>Profitability Ratio</b>	-17.04%	8.89%	In 2017 the company lost 17 TK for every 100 TK. And in the previous year the performance was not so good compare to the industry.
<b>Decision</b>	After analysis of the ratio we can say that the company has a chance of Bankruptcy due to their bad performance & uncertainty of repayment of their financing		

### Accrual Basis principal:

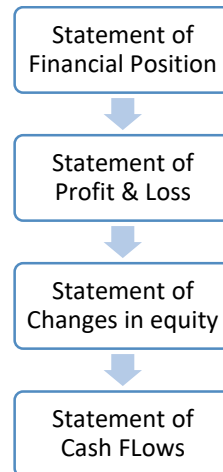
BAS 1 paragraph 25 say that an enterprise should record it's all statements in accrual basis principal which means when any revenue and expense occur that will be recorded immediately. The policy is opposite of cash basis accounting because in cash basis revenue and expense are recognized when cash are received or paid. In accrual basis accounting revenues and expenses are recognized before the cash paid so income statement shows the receivable and payable amounts in the revenue and expense heads.

Accrual basis accounting is very effective because actual profitability can be shown by this principal and there is a consistency of recording of cost of goods sold and the earned revenue but in the cash basis there will be large gap of earned revenue and sold goods. The principal is also helpful to understand that the revenue earned and expenses are occur in the same year but in the cash basis accounting only received cash consider as revenue so there is a chance of misstatement of revenue recognition. Accrual basis accounting is also helpful to understand whether it is following the matching principal or not. Matching principal indicates that revenue and expense amount are considered in the same year and there is a consistency of presentation of the financial statements.

<b>Difference Between Accrual basis and Cash Basis</b>		
<b>Revenue/Expense Recognition</b>	<b>Accrual Basis Accounting</b>	<b>Cash Basis Accounting</b>
Recognition as Revenue	Account Receivable	Only when Cash is Received
Recognition as Expense	Accounts Payable	Only when Cash is Paid
Here we can see the difference between the accrual basis accounting and cash basis accounting. If we consider the cash basis accounting the profitability of the enterprise will not be shown correctly and according to BAS 1 paragraph 25 every enterprise should follow the Accrual Basis Accounting Principal.		

## Other Principals of BAS 1 :

- **Financial Statements** has a sequence which are followed by the all the enterprises of our country. Financial Statements are in numeric numbers and it's better understanding all the organization follow the rules for better judgment of the organization. The sequence is given in the following.



**Sequence of reporting Financial Statements**

- **Reporting of Financial Statements**, BAS 1 sets up few principal for more accuracy of the presentation of the statements and making a fair judgments about the enterprise performance. All the principals about disclosure of financial statements describe in the BAS 1 guidelines and which are described in the paragraph of 44 to 48, 49 to 51 and 52. These principals can be called as other principals because these are needed to present the statements in the well manner and a well-structured policy which includes Timeliness of presenting financial statements, Identification of the statements and Reporting Period of the financial statements. The principal should be followed by each enterprise and these principal is also similar with the GAAP structure.

Here few principals are discussed which are very important for reporting financial statements and with a view point as an auditor it is also a mandatory task to fulfill the requirement of the principals of BAS 1.

<b>Principals of Reporting Financial Statements</b>			
<b>No</b>	<b>Identification Of Financial Statements</b>	<b>Timeliness</b>	<b>Reporting Period</b>
<b>1</b>	All the Statements in the same Published documents.	An Enterprise should issue all the statements within six months of the Balance sheet Date.	If period more than one year is consider, need to explain the reason of selecting another period.
<b>2</b>	The statements will distinguish with other information.		The comparative amounts of Change In Equity, Cash Flow and related notes are not comparable.
<b>3</b>	Each component of financial statement should be Clearly Identified.		
<b>4</b>	The Statements Covers only one enterprise or Group of Enterprise.		
<b>5</b>	The level of precision used in the presentation		
<b>6</b>	The reporting currency of the values		
<b>7</b>	Separate Pages may not be used for one statement.		

- **Enterprise other Disclosure** is also mentioned in BAS 1 paragraph no. 102. The Enterprise need to disclose about the legal information of the whole organization which are:

<b>No.</b>	<b>Other Disclosure of the Enterprise</b>
1	Legal form of the Enterprise
2	Country of incorporation
3	Address of the Register Office
4	Description of Enterprise's principal activity
5	Name of the parent Enterprise
6	Number of employee end of the period

- **Two ways of measuring expenses** is described in the guideline of BAS 1 paragraph no. 80, 81 and 84. In the guideline clearly says that there are two process of measuring production expenses. One is function of production expense and another one is nature of production expense. Both of them can be calculated for measuring the cost of goods sold but nature of the production expense do not provide the elaborate information about the whole expense of the operation. On the other hand function of production expenses provide the clear idea of expenses related to total production expenditure. In the following describes the difference between two different criteria.

<b>Calculation Of Production Expenses</b>	
<b>Function of Expense</b>	<b>Nature Of Expense</b>
Operating Expenses	Beginning Inventory (+)
Direct Labor(+)	Purchases (+)
Direct Material(+)	Ending Inventory (-)
Rent of production building(+)	Cost of Goods Sold
Electricity bill of Production (+)	
Cost of Goods Sold	
<p>Here we can see Function of expense providing the detail information about the production expense but nature of expense only can calculate the expenses which has occurred but it cannot provide valid information that's why management level cannot make any decision with nature of expense.</p>	

## Lesson learned at Internship Program:

**Audit at Bangladesh Bank** was one of the important task at ACNABIN. Statutory audit was completed at Bangladesh Bank Sylhet branch. The audit has an objective of finding any kind of discrepancy at the organization. As audit assistant our job was to observe all the department on the organization and find the result and publish it as observations. Bangladesh Bank Sylhet branch is reputed organization which is controlled by the Bangladesh Government.

Bangladesh Bank has few area to generate revenue for their organization. Their one of the most important task is TT which means **Telegraphic Transfer**. This is the process when other banks need money or store the money at the Bangladesh Bank. This is the operation controlled by Bangladesh Bank and it maintained well by the management team. If any other Commercial Bank try to borrow money from the central bank they make a telephone call and all the process are completed by the telephone. Other commercial bank situated in Sylhet can borrow money from Bangladesh Bank Sylhet Branch or Head office of the bank and commercial bank can also store money at Bangladesh Bank Sylhet Branch.

The Other Operation which are controlled by Bangladesh Bank is **Sanchaypatra**. This is a kind of liability of Bangladesh Bank and it is completed by other division of the branch. As we know sanchaypatra is a liability for the organization and here it is for the government. Sanchaypatra is currently selling for the scheme of **Troimashik** and **five years**. The organization currently providing sanchaypatra of different amount which are 5000, 10000, 50000, 100000, 500000, 1000000 and 2500000. The operation is held in two ways. One when Bangladesh Bank sells the sanchaypatra of their own to their demanding customer and another when the Bangladesh Bank give it to other Bank on their requirements. When Bangladesh Bank sells sanchaypatra they bring it from the vault and record it and after end of the transaction they need to adjust in the current register account. Another process is maintained by the organization when they send the sanchaypatra to another commercial banks. Firstly the commercial banks orders a specific amount of the sanchaypatra and if they can sell it they need call Bangladesh bank and make a confirmation of selling of the Sanchaypatra in 72 hours and if the Bank is outside the city they will get the time of 130 hours and if the time exceed the Bangladesh Bank charge significant amount of penalty for that specific sanchaypatra.

Bangladesh Bank is an organization for detail learning for a student. The organization maintained the documents in well-manner and the documents of Tax and Vat helps us to understand more about the government exchequer. This is a process where we can learn how the tax and vat are deducted from a particular enterprise for their given services. Here I have learnt how to check the document and calculated the accounts whether the organization is able to maintained it or not. All the document works like evidence of their accuracy. ACNABIN is the organization which teach me the process of working with the documents and make a proper report and acknowledge the observation we get from the organization.

**Audit at Cathay Pacific Airways** is another task I have done in my internship period. Cathay Pacific is Hong Kong based Airway Company which has a branch office in Bangladesh. The organization run their operation with the help of **IATA and GAS**. IATA or International Air Transport Association is a trade association which control all the ticket selling process for the all airlines company globally. The organization take percentage for each selling tickets. GAS or Global Aviation Service is another organization which run all the operation for Cathay Pacific Airways and they also take commission for their selling tickets. The organization also have to maintain a connection with **CAAB** or the Civil Aviation Authority of Bangladesh. This government organization has the power of providing the permission of Takeoff or landing of any air vehicles and they charge a percentage of all operation made by all airways company.

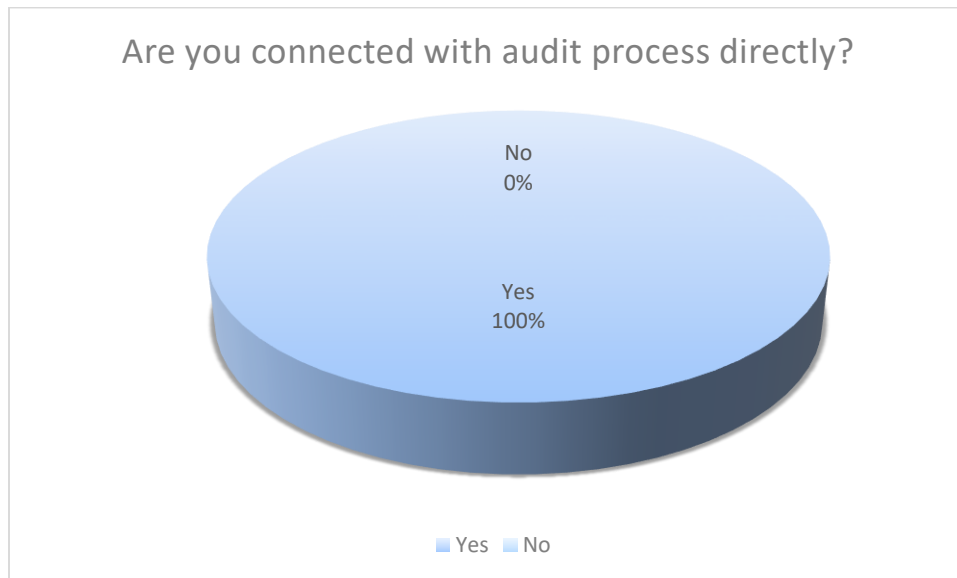
Cathay Pacific Airways is not also serve for the passenger but also serve cargo services for their clients. The organization deals with various logistics company which are related with freight transport and also passengers. In the process of audit of receipt and payment of Cathay Pacific Airways I have learnt about the whole operation of the organization. The process of maintaining information is very rich of that particular organization. They have individual department for maintaining all the separate operation.

Audit is not only a process of finding the observation of an organization but also analyzing the in a proper way for better getting better knowledge about that particular organization. So, In a way I am pretty much successful for gathering the knowledge properly about the organization I have worked as audit assistant.

## Survey:

This Questionnaire made for those auditors who are in practice in field for years and has knowledge about how the audit process are done by any individual with in any organization. Audit process is done in a way that the organization can find their lacking in their management and the questionnaire is made in a way that an auditor can evaluate whether they able to find the lacking of the organization or not. This survey has done by 20 respondents who are directly engage with audit procedure and there are 10 questions. All the information of the respondent is considered as confidential. The details of survey is given below:

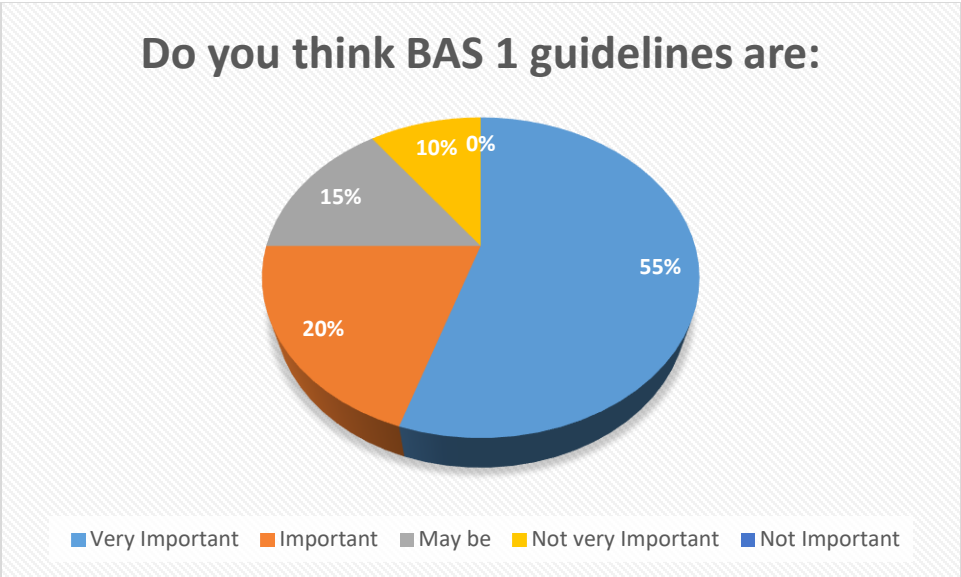
No.1	Are you connected with audit process directly?		
	Options	Yes	No
	Answers	20	0
	Percentage	100%	0%





No. 2	Do you think BAS 1 guidelines are:
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Options	Very Important	Important	May be	Not very Important	Not Important
Answers	11	4	3	2	0
Percentage	55%	20%	15%	10%	0%



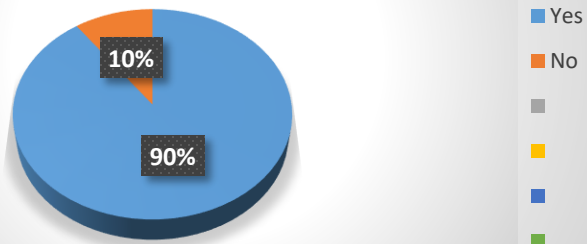
No.3	How much the organization cooperate with the Auditor related to procedures, rate in scale of 10?
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Scale	1	2	3	4	5	6	7	8	9	10
Answers						2	1	5	10	2

No.4	According to your audit experience do you agree that all the organization maintain the guideline of BAS 1
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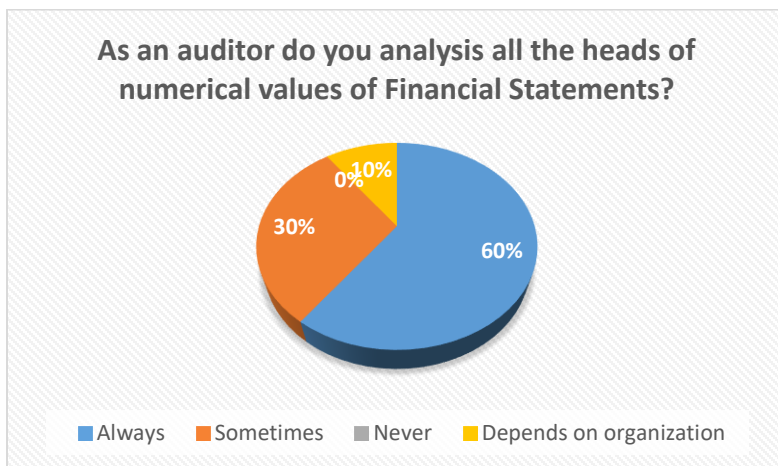
Options	Yes	No
Answers	18	2
Percentage	90%	10%

According to your audit experience do you agree that all the organization maintain the guideline of BAS 1



No.5	As an auditor do you analysis all the heads of numerical values of Financial Statements?
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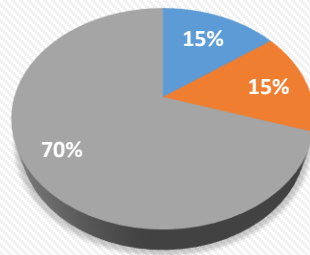
Options	Always	Sometimes	Never	Depends on organization
Answers	12	6	0	2
Percentage	60%	30%	0%	10%



No.6	Do Features of BAS 1 guideline help you to make fair judgment of the organization?
------	--

Options	Yes	May Be	No
Answers	3	3	14
Percentage	15%	15%	70%

**Do Features of BAS 1 guideline help you to make fair judgment of the organization?**

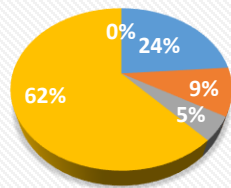


■ Yes ■ May Be ■ No

No.7	The chance of finding misstatement of Financial Statement by following BAS 1 guidelines
------	---

Options	Very High	High	Neutral	Low	Very Low
Answers	5	2	1	13	0
Percentage	24%	9%	5%	62%	0%

**The chance of finding misstatement of Financial Statement by following BAS 1 guidelines:**

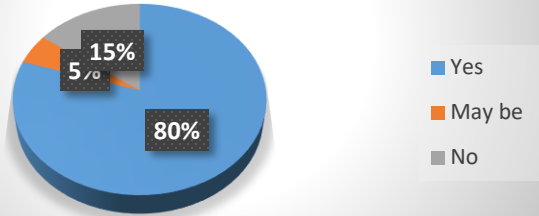


■ Very High ■ High ■ Neutral ■ Low ■ Very Low

No.8	Do you thing BAS 1 guidelines need any modification for betterment of auditing purpose?
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Options	Yes	May be	No
Answers	16	1	3
Percentage	80%	5%	15%

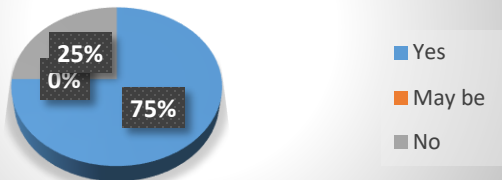
**Do you think BAS 1 guidelines need any modification for betterment of auditing purpose?**



No.9	Do you think BAS 1 should be included with more guidelines for presenting financial statements?
------	---

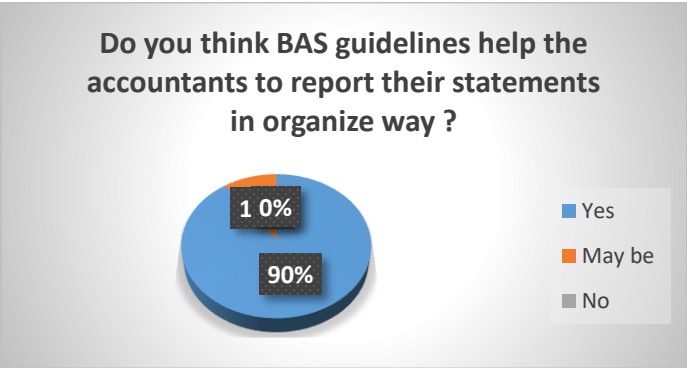
Options	Yes	May be	No
Answers	15	0	5
Percentage	75%	0%	25%

**Do you think BAS 1 should be included with more guidelines for presenting financial statements?**



No.10	Do you think BAS guidelines help the accountants to report their statements in organize way ?
-------	---

Options	Yes	May be	No
Answers	18	2	0
Percentage	90%	10%	0%



## BAS 1 Guidelines Relationship with Audit Committee & Independent Director:

For the regression analysis the example has been taken from the annual report of the textile industry. Here I have included 30 textile based organizations information which are listed in Dhaka Stock Exchange (DSE). The information of guidelines are taken in based of which guideless are not followed in the annual report for example the company information, Descriptive comparison of the organization, number of the employee end of the period, the level of precession they have used in the presentation of financial statements etc. the analysis given below.

### Regression Analysis of Member of Audit Committee & Number of guidelines not followed

<i>Regression Statistics</i>								
Multiple R	0.235654375							
R Square	0.055532985							
Adjusted R Square	0.02180202							
Standard Error	0.827489327							
Observations	30							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	1.127319588	1.12732	1.646350316	0.20997559			
Residual	28	19.17268041	0.684739					
Total	29	20.3						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	3.56443299	0.255533239	13.949	3.95524E-14	3.040996878	4.087869102	3.040997	4.087869102
X Variable 1	-0.208762887	0.162701729	-1.2831	0.20997559	-0.54204227	0.124516497	-0.54204	0.124516497

### Regression Analysis of Member of Audit Committee & Number of guidelines not followed

<i>Regression Statistics</i>								
Multiple R	0.280945568							
R Square	0.078930412							
Adjusted R Square	0.04603507							
Standard Error	0.59235433							
Observations	30							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	1	0.841924399	0.841924	2.39944	0.132608733			
Residual	28	9.824742268	0.350884					
Total	29	10.66666667						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	1.43814433	0.182922264	7.862052	1.45E-08	1.063445059	1.812843601	1.063445059	1.812843601
X Variable 1	0.180412371	0.116469265	1.549013	0.132609	-0.058164103	0.418988845	-0.058164103	0.418988845

Here, the regression analysis has done for two cases for the BAS 1 guidelines. The target of this regression is to find out the variance between the organization employees and the factors of BAS1 which are not followed by the organization. On the other hand there are two analysis has been made for better understanding which department has what variances. Here the **Independent variable** is **number of the members audit committee** and **number of independent directors** for two different analysis of regression. On the other hand **Dependent variables** are the **number of BAS 1 guidelines which are not followed** by the organizations. Here, the non-following guidelines are taken by analyzing the information in the annual report.

Independent variable is the number of member of audit committee and the reason of choosing that audit committee has the responsibility of evaluating of all the governance in the organization. They also has the responsibility to taking care of the annual report where they report all their information in details. Similarly, another independent variables are the number of the independent directors who are also responsible to evaluate the organization's governance.

In the analysis my main focus on the value R square which indicates the relationship of the independent and dependent variable. Similarly it describes the positive relationship. So, from the first analysis of **Member of Audit Committee & Number of guidelines not followed** the value I got is .055 which indicates that there is a very weak relationship between the dependent and independent variable and the relationship positive of that particular regression analysis. Second analysis was the **Member of Audit Committee & Number of guidelines not followed** and the value I got from the analysis is .07 which indicates also a weak relation between the two variables and the relationship is positive. If we analyze between two regressions we can see that the number of guidelines not followed has a stronger relationship with the member of audit committee.

**Findings:** The first thing is BAS 1 is taken from the International Accounting Standards and that's why it is similar with the IAS 1. I believe the culture of business is quite different compare to the other organizations. So the accounting body of Bangladesh can make a few change according to the condition of our business culture which is very important to understanding the interpretation of each factor which are much related with the financial statements.

On the other hand BAS 1 has few features which is not described in details. The features of BAS1 are off setting, going concern, descriptive analysis, accrual basis accounting, matching etc. If we look to the each features all are describes in definition. In the guidelines each components of Financial statements describes in details like Income Statement, Balance Sheet, Cash Flow Statements. The guidelines are well defined and each matter describes with examples. If we look at the features it is not given with example. If we take a feature of going concern, it is described in the paragraph 23-24 in BAS 1 guideline. Here, the main thing is the feature is described but do not described about the other aspect of this feature. In going concern BAS 1 indicates organization need to describe whether it is mentioning about their organization's financial position. If financial condition is not very good BAS 1 suggest to analyze debt repayment schedule or profitability ratio. But according to me there are many analysis we can do with the information we get from the statements.

For erasing the fraud or error issue an auditor have to be always sincere about their audit procedure. Here in the secondary research I have found that many of the big audit organization has the issue of identifying of the fraud and there many cases happened in our neighbor country India. Every head of income or expense should be evaluate by the auditors.

In the report I have prepared a survey where a question was "Do you thing BAS 1 guidelines need any modification for betterment of auditing purpose?" and 80% of the respondents has answered yes in the survey. So we can say that there are few complication or trouble are facing and which can be solved by the authority. The main modification can be the details of the features of the guidelines of BAS 1.

Another Question was asked to respondents that "Do you think BAS 1 should be included with more guidelines for presenting financial statements?" and 75% respondents answered yes. Which means existing guidelines are not enough for the users.



Another question was asked to the respondents that “How much the organization cooperate with the Auditor related to procedures, rate in scale of 10 ?” and the respondents rates the cooperation according to their experience where we have found that only 2 person rate 10 out of 10. Here we can say that, not all the organization cooperate with the auditors correctly. Without the cooperation, help and discussion an auditor cannot do their job appropriately which can be a great problem for finding an appropriate solution for completing the audit. There are 2 respondent who rate 6 out of 10 which means those respondents has faced with very poor cooperation by the employees of the organization. This is a serious issue which need to be solved otherwise audit activities can not be completed by the responsible parties.

There were more questions which was asked to the respondents. If overall I summarize it, BAS1 is very applicable guidelines which can be used by the auditors vastly in the audit procedures. On the other hand respondents want few modification in the guidelines of BAS1. On the other hand respondent things that there is few chance of judging an organization based on the breech of BAS1 guidelines. So, in my finding I can say that BAS1 is appropriate in organization for procedure of auditing but for better judgment BAS1 can be included more details guidelines for adaptation of the users.

**Recommendation:** As a student of BBA program I have completed several course related to accounting and finance which has help me to understand the basic rules of financial activities. BAS 1 is related with financial statement recording on the other hand my internship program was in ACNABIN Chartered Accountants which is well reputed audit firm in Bangladesh. I surely have learnt various thing from the firm. My theoretical knowledge from the institution and practical knowledge of the firm has helped me to find the way where I can solve different types of problems and finding the solution of any error. So, from my survey and analysis from different cases I have come to a point where I want to provide a number of recommendation. The given recommendation can be helpful for the further study as well as the Practitioner of BAS1.

<b>No.</b>	<b>Related To</b>	<b>Recommendation</b>
1	BAS1	Each Feature of BAS1 should be more descriptive & it should be provide example of different cases.
2	Users	BAS1 guidelines should be adopted by each paragraph which can be helpful for the audit procedure.
3	Audit	Audit procedure need to be completed with all the guidelines of these independent organizations.
4	Users	Every Information of financial statements should be arranged by following the guidelines of BAS1 otherwise it will be considered as misstatement.
5	Organization	Adaptation of BAS1 can help the organization for better interpretation & accuracy of the statements.

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## Appendix:

- **Survey Questionnaire:**

Put mark on the of each question according to your answers.

1. Are you connected with audit process directly?

Yes	May be	No
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2. Do you think BAS 1 guidelines are:

Very Important	Important	May be	Not very Important	Not Important
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3. How much the organization cooperate with the Auditor related to procedures, rate in scale of 10

1	2	3	4	5	6	7	8	9	10
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4. According to your audit experience do you agree that all the organization maintain the guideline of BAS 1

Yes	No
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5. As an auditor do you analysis all the heads of numerical values of Financial Statements?

Always	Sometimes	Never	Depends on organization
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6. Do Features of BAS 1 guideline help you to make fair judgment of the organization?

Yes	Maybe	No
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7. The chance of finding misstatement of Financial Statement by following BAS 1 guidelines:

Very High	High	Neutral	Low	Very Low
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8. Do you think BAS 1 guidelines need any modification for betterment of auditing purpose?

Yes	May be	No
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9. Do you think BAS 1 should be included with more guidelines for presenting financial statements?

Yes	May be	No
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10. Do you think BAS guidelines help the accountants to report their statements in organized way?

Yes	May be	No
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- **BAS 1 Paragraph No. 10-46 & 86-104**

**Formula:**

- **Debt to Asset Ratio : Total Debt / Total Asset**
- **Times Interest Earned Ratio: Earnings Before Interest & Tax / Interest Expense**
- **Net Profit Margin: Net Profit / Sales**

