

<b>Client</b>	<b>Year-end</b>	
<b>Prepared by</b>	<b>Date</b>	<b>W/P reference</b>

## I Audit Objectives

List the audit objectives related to this process. Describe whether each is considered critical (Y/N) and conclusions reached on each audit objective based on test work performed in the Audit Programme.

<ul style="list-style-type: none"> <li>▪ To ensure that the interest rate swap is fair valued at the year-end and fair value differences are appropriately accounted.</li> </ul>	Yes	
<ul style="list-style-type: none"> <li>▪ To carry out tests to ensure completeness, existence and accuracy of interest expense and interest accrual.</li> </ul>	N	
<ul style="list-style-type: none"> <li>▪ To carry out tests to ensure completeness, owbership, valuation, existence and accuracy of bank balances and overdrafts.</li> </ul>	N	
<ul style="list-style-type: none"> <li>▪ To carry out tests to ensure completeness, valuation, existence and accuracy of trade payables.</li> </ul>	N	
<ul style="list-style-type: none"> <li>▪ To carry out tests to ensure completeness, existence and accuracy of admin expenses and accrued and prepaid expenses.</li> </ul>	N	
<ul style="list-style-type: none"> <li>▪ To carry out tests to ensure completeness, existence and</li> </ul>	N	

accuracy of shareholders equity.		
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***Financial statement caption(s)***

List the [financial statement caption\(s\)](#) and period end balances related to the audit objectives in the Audit Programme, or reference to an appropriate lead sheet.

- Bank and overdraft balances.
- Interest expense and MTM on Swaps.
- administration expenses.
- Trade payables and accrued expenses.
- Prepaid expenses
- Shareholders equity.

## II Risk of Significant Misstatement and Procedures

Complete all of the following information for each [audit objective](#).

### Audit objective: Refer note 1

#### *Summary of business understanding*

Prepare a [summary of business understanding](#) of the issues that led to the identification of the audit objective. For financial statement implications related to process-level business risks, include the process, the financial statement implication and assertion(s) and a concise description of the risk. For significant classes of transactions, list the process, financial statement assertion(s) and describe the significant class of transactions.

<b>Process and w/p ref</b>	<b>FS implication (PLBR only) and assertion(s)</b>	<b>Description</b>
Finance & risk management	CEA Interest expense and accrued expenses	Interest expense and accruals
Finance & risk management	CEA cash and bank, overdraft	Cash and bank, overdraft
Finance & risk management	CEA admin expenses, Accrued expenses, prepaid expenses	Admin expense, accruals and prepaid expenses
Finance & risk management	Other assets / liabs V Equity V (hedge)	MTM on hedges
Finance & risk management	Shareholders equity CEA	Shareholders equity

#### *Assessment of risk of significant misstatement and rationale*

[Assess the risk of significant misstatement](#) (ROSM) for the audit objective (H, M or L) and provide a rationale for the assessment. Update the assessment and rationale, as appropriate, based on procedures performed.

<b>ROSM</b>	<b>Rationale</b>
Low (for all non-critical objectives)	<i>Residual business risk</i> Refer controls identified in the PAD.
Medium (for IRS MTM)	<i>Residual business risk</i> This is a strategic business risk. The company obtains fair value of the swaps from the bank at the year-end. However currently there is no mechanism with the company to check the authenticity of the fair values.

***Support of assessment of risk of significant misstatement***

Document procedures to be performed to [support the assessment of risk of significant misstatement](#), including tests of the operating effectiveness of controls.

<b>#</b>	<b>Nature and extent of audit procedures</b>	<b>Timing</b>	<b>Done by and date</b>	<b>W/P ref</b>
1	Carry out walk through tests for cash / bank payments and receipts to confirm the understanding of the documented systems in the PADs.	PA (Interim)		
2	TEST THE OPERATING EFFECTIVENESS OF FOLLOWING CONTROLS identified in the PADs:	PA (Interim)		
2.1	Ensure by inquiry, observation and review that all bank accounts are operated on approval of the board of directors and payments are made based on approved authority limits. (EA)			
2.2	Ensure by inquiry and review that monthly bank reconciliations are being reviewed by the Financial Controller. (CEA) Carry out this test for 2 months in a year.			
2.3	Ensure by review that all the payments are supported by and accounted for based on payment vouchers which have pre-printed serial numbers. (C)			

#	Nature and extent of audit procedures	Timing	Done by and date	W/P ref
2.4	Ensure by inquiry and review that periodical reconciliations of dealer accounts (accounts payable mainly consist of dealer accounts) are prepared and are reviewed by the head of finance. (C,A,E)			
2.5	The executive committee meets on a monthly basis and the board of directors meet on a quarterly basis. Review the minutes of the board of directors and excom.			
	Update and amend, if appropriate, the assessment of risk of significant misstatement and the rationale.			

***Response to assessment of risk of significant misstatement***

Document procedures to be performed to [respond to the assessment of the risk of significant misstatement](#) (i.e. substantive procedures). Such procedures include [analytical procedures](#) and / or [tests of details](#). Consider the sufficiency and appropriateness of the substantive audit evidence that is planned to be obtained from analytical procedures before deciding whether it is appropriate to perform tests of details.

#	Nature and extent of audit procedures	Timing	Done by and date	W/P ref
2	<i>Analytical procedures</i>	RAPs (final)		
2.1	Compare interest expenses and other administration expenses with the prior year and obtain explanations for significant variances. (CA)			
2.2	Obtain and review the schedules of accruals and prepaid expenses and ascertain explanations for significant variances as compared to the previous year. (CAE)			
2.3	Update and amend, if appropriate, the assessment of risk of significant misstatement and the rationale.			

#	Nature and extent of audit procedures	Timing	Done by and date	W/P ref
3	<i>Tests of details</i>	RAPs (final)		
3.1	Recompute the interest expenses on bank overdrafts (CEA)			
3.2	Obtain bank confirmations in respect of bank balances (CAEO)			
3.3	Review bank reconciliation statements as of the year end and obtain explanations for the long outstanding items, if any. (CEA)			
3.4	For significant accounts payable balances, review confirmation/reconciliation or review subsequent payments after the year-end. (E,A,V)			
3.5	Review invoices and payments after the year-end to ensure that all liabilities for the year are provided for. (CA)			
3.6	Review other sources of unrecorded liabilities – minutes, bank confirmations, lawyers correspondences etc.- and ensure that all liabilities as of the year end have been provided for in the books. (C,A)			
3.7	Ensure that amounts provided for meet the requirement of IAS 37 provisions. A provision is recognised when company has a legal and constructive obligation as a result of past events and it is probable to settle the obligation. (C, A)			
3.8	Ensure that hedge accounting as required under IAS 39 has been followed for the interest rate swap.  Ensure that the IRS has been marked to market at the year-end (V) – Critical. Obtain independent MTM valuations from banks.			

#	Nature and extent of audit procedures	Timing	Done by and date	W/P ref
3.9	<p>Obtain complete details of the changes, if any, in the shareholding structure. (CEA). Consider the impact of the new company Tasheelat Real Estate Company formed in the year.</p> <p>Review the movements in share capital, reserves and accumulated profits during the year. Review movements in treasury shares and ensure that these are held in the name of the company and obtain confirmation from registrar. Also ensure that treasury share purchases are within prescribed limits of BCCL (CEA)</p>			
3.10	<p>Ensure that NMC, Tasheelat Insurance and Tasheelat Real Estate financial statements are consolidated on a line-by-line basis with ABC (single entity).</p> <ul style="list-style-type: none"> <li>▪ Obtain the financial statements of NAMCO for the purposes of consolidation. Agree all figures in the consolidation workings with the financials statements.</li> <li>▪ Agree all ABC figures in the consolidation workings with the audited figures per the audit file.</li> <li>▪ Ensure that all inter-company transactions and balances are eliminated, particularly the following: <ul style="list-style-type: none"> <li>- Inter company dues between NMC and ABC.</li> <li>- Inter company income in the form of interest income in ABC's books and interest expenses in the books of NMC. (A)</li> </ul> </li> </ul> <p>Ensure proper disclosure of all significant matters reflected in the financial statements of NMC in the consolidated FS of ABC.</p>			
3.11	<p>Ensure that proposed dividend is reflected as part of equity and not provisions (as per IAS</p>			

#	Nature and extent of audit procedures	Timing	Done by and date	W/P ref
	37) and ensure treatment as per IAS 10. (P)			
3.12	PRESENTATION:  Review accounting policies for appropriateness, consistency and compliance with the IAS and ensure adequate disclosure in the financial statements. (P)	RAPs (final)		
3.13	Ensure that contingent liabilities are appropriately disclosed in the FS and agree these with bank confirmations.			

