

**A. Purpose:**

The purpose of this memorandum is to list the Scope of Services that NDM Advisors LLP would provide to XYZ Pvt Ltd in connection to the Fixed Assets physical verification, asset tagging and asset reconciliation.

**B. Scope of Work:**

The scope of the services would be as follows:

- a) Scrutiny of the Fixed Asset Register ('FAR') as maintained by the Company and also identification of asset clusters, Identification numbers, duplicate entries and other sanity reviews for preparation of Physical Audit Plan. This also includes discussion with the management on the grouping, identification and locating assets.
- b) Conduct a thorough physical count of all fixed assets including but not limited to Land, Building, Plant & Machinery, Equipment, Vehicles, Computer & Peripherals, Furniture and Fittings and Infrastructure Projects, and record as a minimum the following information:
  - i. Asset tag/ ID number;
  - ii. Asset main Category;
  - iii. Asset sub Category;
  - iv. Location;
  - v. Business Unit / Department / Sub Department the asset belongs to;
  - vi. Useful life;
  - vii. Purchase date;
  - viii. Asset in use date;
  - ix. Manufacturing date;
  - x. Asset description, make, model, etc.;
  - xi. Purchase value;

- xii. Depreciation rate;
  - xiii. Accumulated depreciation;
  - xiv. Net book value; and
  - xv. Written off date.
- c) Creation of fresh bar-coded Asset Tags [paper or metallic as required by management] for all assets and affixation of the same to the assets. Details as required to be embedded on the tags to be finalized post discussion and approval from the management.
- d) Conduct a thorough written down value assessment of assets exercised basis the physical verification or accounting principles so as to accurately determining the carrying value of the assets listed under FAR as maintained by the Company and then inserting the following additional columns (indicative list):
- i. “Carrying Value” and insert the value under each specific asset; and
  - ii. “Impairment Value” and insert the under each specific asset where applicable and in compliance with IAS 36 Impairment of Assets which seeks to ensure that an entity's assets are not carried at more than their recoverable amount.
- e) Once the activities specified under above paragraphs have been carried out in full in terms of completeness and accuracy in accordance with the applicable IFRS standards, the below step would take place:
- i. Create a single, comprehensive and coherent new FAR and ensure data cleansing and then populate all applicable fields including, but not limited to the ones set out under paragraphs a) above.
  - ii. Develop a detailed Fixed Assets Policy and Procedures document specific for the business areas including but not limited to the following:
    - Process Maps / Flows;
    - Detailed sub-categorisation of assets such as Air Conditioning Unit, Air Starter Unit etc. thus making it specific rather than generic;

- Depreciation policy as per industry practice and as prescribed under the Accounting Standards;
  - iii. Review of applicability of all relevant Accounting Assets to the Company including but not limited to the following areas:
    - Property, Plant and Equipment;
    - Impairment of Assets; and
    - Investment Property.
  - iv. Listing out accounting entries to be made when recording an asset etc.
- f) Recommend all accounting entries to be made in connection to the correction of FAR keeping in view the impact and disclosure in Profit & Loss, Balance Sheet and any other financial report.
- g) Implementation of all the applicable actions as outlined above.

**C. Deliverables:**

- Excel model that includes the entire new Fixed Asset Register with all the details as per the scope outlined in this document;
- All applicable reports in word and PDF formats that include as a minimum (i) Findings, (ii) Conclusion, (iii) Recommendation and (iv) Appendices;
- Presentation to the Audit Committee on its findings and remedial action that has been taken to rectify all the short comings in the Fixed Assets Management of and the financial impact on books of accounts; and
- Any other applicable report that is reasonably expected from such a project.