TOTAL MARKS - 29 Overall attempt is fair. You have good conceptual knowledge of relevant part, presentation is fair. You can perform better. It is also advisable to mention applicable Engagement Quality Control Standards or Accounting Standards or Sections in audit paper whenever required. Answer should be crisp, precise and to the point to secure good marks. Days before examination date do not add any new topic in your schedule. Just focus on revision, revision and revision 10 marks 3 marks The bank is a consortion member og cash 15-2 credit focilities in \$50 croses so xatta that. The Bank's wown share is to works asing the last do quarters, against a webit in \$1.75 croses dowards indepent, the ceredite in Harb Alc sare do the dune cop 71.25 works only. when a consodium of banks acollectively lend make ladvances do a large constoner under the leadership cay the 'lead tourk', then each born may classify the sidvance given by it according to its own experience up secovery and adjust

You have correctly described this.

since in the day door quaters the compant

remains outstanding, the unterest uncome should be

reversed and the ladvage should be the classified

as a non-performing asset despite the certificate

ig the lead bank to classify the account as

tactors.

performing.

2 marks

0.5] 3A 402, Audit considerations retaining to an entity using a service organization, requires the auditor do perform the following audit procedures: i) Obsaining can understanding and the service provided by the service organization. 2) Understanding the controls actaing do the service provided by the service conganization. 3 Obtain sufficient and appropriate audit evidence relading do the auditor's ausered risk of moderial missbadements. 4) Further procedures when sufficient understanding cannot be abtained from user ending. you have good understanding of this question. 5) France, non- compliance using been segulations and uncorrected missiatements in relation to activities at the service of projection. Thus, merely checking the calculation by the printed payrou report is not sufficient as per SA 402 hence, it would be a violation by the auditing standards.

Banks are required to design, implement and 0-3 mountain a system of internal controls for mitigating risks and enturing compliance with the returnt laws and regulations. In the instant case, Peter, a peon, opens all mail and youwards it to the concerned person. Further, he does not have a signodure book so as do verify signatures can important communications Also, Prem has the sale posession was call bank forms (eg cheque books, draveller's cheques, demand idealt) for which the maintains mediculous records. The aforementioned oprocess care not un une with the implementation and maince and sound internal leanison policies: I All mail should only be opened by a neeponelible appicial. a) signatures con all aethers, advices and instructions recieved from other banks I branches I customers Should be verified with the signature book by a hoponsible applicat. You have good conceptual knowledge of this question. 3) All bank forms should be kept in the custody of an officer and another applical should ucrify the issuance and stock of such stationery.

small branch with shortage of manpower due to which they are not able to there the work and

seconds on a siegents basis and non-segregation as duties, is not denable as such tapses in indernal controls pare one sists of frauds.
Thus, dhe audital should shows the burne accordingly, in line with SA TOS.

Jection 640A col the Insurance Ad, 1938 and
the Insurance towns (Amerdment) Ad, 2015 hequire
every insurer and he insurer do maintain
an excess of the value of affect over the
value cop diabilities at all dimes, which shall
not be tess dhan 5011 of the amount of

Good attempted.

0-4

does not mordain the required level of sometiment of the plan of vaccion to carried the algorithms.

Section 640A further stodes about if an insurer?

The insurer your do comply rain the prescribed requirement by maintaining excess of value of cossess over camount of liabilities, it shall be deemed insolvent and may be wound up by the court on an application made by the authority.

Also, the solvery margin is bequired to be maintained drivinghout the year.
Thus, the conservior of bringenies that of maintaining solvery margin as per prescribed limits only on the solst day of Fy is not tenable.

3 marks

In the given case, AB 4d, a company other than a company in when the public is substantially interested, that herieved a consideration as 180/shake but issue of shakes whose face value (FU) is \$10 and whose fails market value (Form) is \$160/shake.

Phouisian:

0-6]

A danc audion has do furnish adetalls of shares issued and the previous year, in folm 300, in case, the assuee heveres any consideration for issue as such shares which is above its Form as per section 56(2)(b) of the Income tone Act, 1961.

You have explained nicely, whole concept.

The section burdher states that where a company in which the company in which the public are substitutely interested in , received, in any previous year, from any person being a resident, any consideration for issue of shores which exceeds the Fu of such shores, then the appregate consideration for issue up such shores which exceeds the Fu of such shores appregate consideration for issue up such shores which exceeds the image should be achargeble to income under the sheart, Income from when sher sources?

Conclusion:

As per the facts of the apprenentioned case and the helevant phonisions, the income generated by AB Ha, due to the clifferential consideration reversed remains for the shares income the linear the income tax under the



Thus, the stop auditor my AB Ud is heavithed to burnish the idetails my the shares sissued in John 300.

The condendion by ABHO dhat heposting is not required lince is as a normal issue of share, is not tenable.

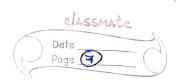
A component, may prepare its financial stadements (FS) on the bash of the parent's accounting prolices, as outlined in the group accounting maked, do facilitate the preparation of the aparent's consolidated financial stadements.

(CFS)

The group accounting manual normally contains all Accounting policies including belevant disclosure trequirements which are consistent with the financial treporting framework (FRFW) under which the CFS are prepared.

Thus, using group accounting spolices as financial accounting framework for components to report under, the sprincipal auditor should perform procedures necessary to addermine compliance of spour accounting policies with the GABP applicable do the parent's Fs.

A charge in the method of depreciation is
a charge in accounting estimate and not a
charge in accounting entry.
The entity should level a method of clep
and most closely should tolers a method of clep



The method selected thould be applied consistently from period do period, unless share in the expected pattern of consumption, in the bandalone and cfs.

and It to the (parent) case depreciated using sim while soud (substitiony) uses wow method.

According to TND AS 16 on Property, Plant and Equipment, each uport of an item of PPE with a cost which it significant in helation do the doll not should be deprectated seperately.

Thus, Rlos R cold, dhough accepting sim of depreciation but not giving effect do component accounting of dep do bigner value assets is in non-compliance with INO ASIA.