

Results

Final New - Advanced Auditing & Professional Ethics

Test-4 (Unscheduled)

Details: Test-4 (Unscheduled)

Duration: 75 mins

Marks: 40

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Instructions

All the questions are compulsory

Properly mention test number and page number on your answer sheet

In case of multiple choice questions, mention option number only

Working notes are compulsory wherever required in support of your solution

Do not copy any solution from any material.

Attempt as much as you know to fairly judge your performance.

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Your overall performance is good. Revise all your previous topics at least once in a week rather allocate a day in a week for revision and evaluating your performance. This will help you memorize topics and bind out shortcomings in your preparation.



expert shall be in addition to annual reports required by the statutory standards.

- a) Supplementary audit under section 143(6) of the Companies Act 2013.

The CAG may in addition to the audit may carry out another audit within 60 days from the date of receipt of the audit report.

The supplementary audit shall be done by such person or persons as authorized and for the purpose of audit they may acquire additional information in such form as may direct.

- a) Comment upon or supplement the audit under section 143(6) of the Companies Act 2013

Any comments in addition to the audit report shall be given to all the persons entitled to receive the copies of audited financial statements and shall be placed at the AGM of the meeting at the same time and same place.

- a) Test audit under Section 143(7) of the Companies Act, 2013

The CAG may in case of any company covered under subsection (5) or subsection (7) of Section 139 of the Companies Act 2013 if he considers necessary may order test

thus all the responsibility of it department and not the auditor to investigate the case.

4.5 Marks

Q) Audit of government companies

Appointment of auditors under section 139(5) and section 139(7) read with section 145(3) of Companies Act 2013

Statutory auditors of government companies are appointed and re-appointed by CGA.

In case of private companies the appointment and re-appointment of auditors and their remuneration are decided by the shareholders at the annual general meeting.

You have attempted this question with great accuracy. Good job.

In case of government companies the remuneration is left to the company to decide based on their guidelines by the CGA in this regard.

1) The CGA may direct the appointed auditor in the manner in which the accounts of the company are to be audited and the auditor has to submit a report to the CGA of India.

The report shall contain decisions, actions taken thereon and the effects on the accounts and financial statements. The

on the basis of the books and records produced before him by assessing authority shall and can.

In the instant case, in the assessment procedure of M/s and Mr. Income Tax Officer noticed some irregularities. Thereafter he started investigation of Books of accounts audited and signed by Mr. Old, a practicing Chartered Accountant.

While going through the books he found that M/s and Mr. used to maintain two sets of Books of accounts, one is the official set and the other covering all transactions.

Income Tax Department filed a complaint with the Institute of Chartered Accountants of India saying Mr. Old negligently upon his duties.

Mr. Old the auditor is not responsible for the preparation of books of accounts of the assessee. He is responsible only for the opinion expressed him only on the official set of books produced before him.

Therefore in this situation, he is not guilty of gross negligence which he performed his duties with due care and competence.

a leading advocate & he had made a provision of Rs. 7 crores towards Income Tax liability.

The assessing authority worked out the liability at Rs. 15 crore. It is observed that the opinion of the advocate is inconsistent with the legal position to certain revenue items.

Therefore it's possible that the auditor did not seek reasonable assurance as to the appropriateness of the revenue data, assumptions, and methods used by the expert.

S.1 506 further envisages the auditor to make discussions with the management and expert in case of inconsistency in legal opinions.

Therefore the auditor should have enquired the expert's opinion and insisted upon making a ~~judgement~~^{decision}.

4 Marks

g) Liabilities of an Auditor

"It is the auditor's responsibilities to audit the statement of accounts and prepare tax returns on the basis of accounts produced before him.

This is an error-free answer. Good job!

If she is satisfied with the books of accounts & documents can give his opinion

3 Marks

(a) Examples of some of situations when review of quality review may qualify the audit.

- a) non compliance with technical standards.
- b) quality control system deficiency.
- c) non compliance with relevant rules and regulations.
- d) non compliance with quality control policies and procedures.
- e) non existence of adequate training programs.

4 Marks

(b) Standards on Auditing 500: "Audit Evidence and SAB 20" using the work of an auditor's expert, issued by the Institute of Chartered Accountants of India discuss the auditor's responsibilities in relation to the evaluation of audit evidence and in using the work of an expert.

Audit evidence can be in the form of financial statements, and valuations.

Your speculative approach is remarkable.

However, it is the responsibility of the auditor to ensure that the evidence is prima facie reliable as is the sole responsibility of the auditor to provide opinion on the financial statements.

In the given case, the legal opinion

by the Central Government on recommendation by ICAI and in consultation with NFRS and notified as Companies (Indian Accounting Standard Rules) 2015.

a) Standards issued by ICAI including:

i) guidelines / Notifications / circulars / announcements / pronouncements / professional standards issued from time to time by the Council or any of its Committees

b) Statements

c) Guidance Notes

d) Standards on Internal Audit

e) Engagement standards

f) Framework for preparation and presentation of financial statements, ^{achieving Excellence Together} prior to the standards on quality control, auditing, review, other assurance and related services framework.

ii) Provisions of the various statutes or regulations which are applicable in the context of specific engagements being carried out including instructions, guidelines, notifications or issued by regulatory bodies as concerned in the assurance engagements.

- v) Are the procedures effective and economical?
- vi) Has the enterprise undertaken research and development programmes or has they run any procedure for improving products reducing costs or increasing profits?

(87)) (c)
 2) (d)
 3) (d)
 4) (c)
 5) (c)
 6) (b)
 * 7) (d)

10 Marks

5 Marks

(82) Technical, Ethical and Professional Standards as per Statement on Peer review means.

i) Accounting standards issued by ICAI or any notified by Central Government of India that are applicable to entities other than companies under the Companies Act 2013

This makes it apparent that you've been giving time to your studies.

ii) Accounting Standards prescribed under section 133 of the Companies Act 2013 by the Central Government based on the recommendations of ICAI and in consultation with NFRA and notified as accounting standards Rules 2006.

iii) Indian Accounting Standards prescribed under section 133 of the Companies Act 2013

4 Marks

Identifying Uncheduled Test-4

①

comprehensive audit

Areas covered under comprehensive audit include project formulation, organizational effectiveness, capital, "capacity utilisation, project formulation, idle capacity, cost, materials etc.

- i) The overall capital costs of the project compared with the approved planned costs? Any substantial increases noticed and the reasons thereof?
- ii) Are the control measures adequate and are there any deficiencies?
- iii) Have the production policies adequate or are there piling up of inventory and raw materials?
- iv) Has the production or outputs budget reached or exceeded?
- v) Are the project formulation and planning efficient or or there any defects?

This work stands the expectations of an examiner.