Total Marks = 64/100

AREAS OF IMPROVEMENTS :-

Overall good attempt but, you need to practice more MCQs. We cant afford to loose marks in examination. For more practice use ICAI module, BOS portal and any other reference material you have.

You have good understanding of the concepts but you need to revise the following topics such as
1. Audit of Banks
2. SA 505
3. SA 230
4. Internal controls
These topics seems to be weak as answers written by you.

You are not able to complete the test in given time, Do give more test to improve speed, accuracy, presentation skills and concept clarity. It will also give you understanding where you are lacking.

Start new question on new page. Do not alter the sub parts of the questions, follow the sequence given by ICAI. In some questions you not follow these format.

Quote SA name & number if you are confirmed, if you are not confirmed avoid the quoting unless on wrong quoting you will loose entire marks even provision written is correct.

Make summary notes and revise them regularly, it will help you to retain easily for longer period of time.

KEEP GOING!!

q.no.4c = 4

Q.4 C

Before starting your answer, Don't use any kind of god signs like OM, SHRI etc.

Ans In the Given Case the relative of the CA Sudhakar hold Shares in the Company who passed away without children, named him as the nominee for these Shares which has Substantial value. Is the Case of Self Interest threat 1

In Self Interest threat - It occurs when Auditing firm, its partners, its associate hold Shares or any interest in the client Company.

In ~~these Case~~ these Case CA Sudhakar follow the below Steps to deal the Situation and Safeguard his Independence.

1) To maintain the faith on the Quality of audit by the public, Auditor must be and appear to be Independent 0.5

2) In the Case of audit, key fundamental principal are Integrity, objectivity and professional Skepticism, which necessary requires the auditor to be Independent 0.5

You can also give reference of SA 200 in this case, it will make good impression on examiner.

3 The auditor shall Before accepting the audit, must Conscientiously consider. whether threat of Independent exist. 0.5

4 If threat of Independent exist, auditor shall either desist from the task or put safeguard that eliminate such threat. 0.5

5. If the auditor is unable to put safeguards adequately, auditor shall not accept the audit 0.5

In the Given Case, If CA Sudhakar is unable to ~~put~~ eliminate threats of Independence he shall not accept the audit. 0.5

Very good presentation, all the key points are covered here.

SA name and number are correct and provision written also correct, it shows how you know about the concept.

Q. 4(A)

q.no.4a = 4

As per SA - 560 "Subsequent Audit Events" Subsequent Events may be defined as

1) Events occuring between the date of financial Statement and Date of auditor report.

2) The facts that become known to the auditor after the date of auditor's report.

1

In the Given Case, A huge fire had Broken out in one of plants of the company located near nashik on 25 June 2023, damaging substantial part of machinery & WIP resulting in loss of 5 cr.

But due to Unaware of the Incident he is in process of finalizing his report in first fortnight of July 23.

Events occuring Between the date of financial Statement and date of auditor report.

1) Audit procedures to be performed by him to obtain sufficient appropriate audit Evidence are as follows.

Writing SA number is key part of the question once you write key part examiner are impressed with your answer.

1. Obtain an understanding, how the management identified the events 0.5

2. The procedures to be performed by mgmt to identified events. 0.5

3. Read the minutes of the meeting, if any 0.5

4. Read the ~~latest~~ interim financial Statement of Entity 0.5.

2) Auditor's responsibility

~~The auditor is not responsib~~

Obtain sufficient appropriate audit evidence that events occuring between the date of FS and date of auditor's report require any adjustment or disclosure have been appropriately made.

If auditor :- -

Determine the events require adjustment has that has been disclosed in the FS.

1

Obtain written representation from mgmt that proper disclosure is made in FS

Good presentation made by you

q.no.4b = 6

Q. 4(B)

In the case of NGO, audit programmee to audit the receipts of donation & remmittence of the Collected fund.

Receipt of donation

NO NEED OF THIS

1) Internal Control System
2) Custody of receipt Book
3. Bank Reconcitation
4. ~~Receipt~~ Cash Receipts

Answer written by you is perfect, but you can save time by writing the answer directly through heading and explain in brief. unless depend on your speed if time permits

0.5

1) Internal Control System - There is a proper Internal Control System, and Segoration of duty specially in the case of receipt of donation, and kept it in custody. 0.5

2) Custody of receipt Book. - Receipt Book are maintained properly, whether there they have any unusal transaction or receipt are made 0.5

3) Bank Reconcilation - Audit shall check the transaction with ~~ste~~ of Bank with receipt Book 0.5

Writing answer in point wise manner, helps you in good presenatation.

4) Cash Receipts - Ensure that there are proper System of maintaing Cash receipt in the form of donation. 0.5

5) Utilization of donation - whether the entity use applied the amount of ~~do~~ donation for the same purpose to be achieved. 0.5

Remittence of collected fund

1) Mode of remittence
2) Utilisation of donation
3) Identity
4) System of NGO Selection
5) Direct Confirmation

0.5

All key points are covered by answer

1) Mode of remittence - check that the amount of donation is remmittence through account payee cheeque and if any other form cheque the validity of them. 0.5

2) Utilization of donation - Whether the entity to whom donation are given use the amount of donation for the same purpose 0.5

3) Identity - Check the Identity of the NGO to whom Donation are given, they have valid or not. 0.5

4) System of NGO Selection - ver Check the System of NGO to Select other NGO to remmittence 0.5

5) Direct Confirmation - Auditor shall take direct Confirmation from the NGO to whom a remmittence is made. 0.5

Underline the key points, it will help the examiner while checking, if he finds all the key points then he will reward full marks

Try writing new que on new page

Q.1 | 1A

q.no.1a = 4

Whether any proceeding have been initiated or are pending against the company for holding any Benami property under the Benami transaction Act 1988, if yes following disclosure shall be made:-

1) Details of Benami property and year of acquisition. 1
2) Amount of Benami property. 0.5
3) Details of Benificiaries 0.5
4) If amount is stated in the Books, then give reference to in the Balance sheet 1
5) If amount is not stated in the Books give disclosure of the fact. 0.5
6) Nature of proceeding, status of same and Company proceeding on the same. 0.5

q.no.3c = 2

Q.3 | 1c

In the case of ratio, disclosure required to be made in accordance with Schedule III of Companies Act 2013.

1) Current ratio
2) Liquidity ratio
3) Inventory turnover ratio

You answer is incomplete as you not written credit facility part and disclosure part also not proper. So 3 marks is deducted for that.

4) Debt - Equity Capital ratio
5) Capital Gearing ratio 2
6) Trade receivable turnover ratio
7) Interest Coverage ratio
8) Net profit ratio.

In the given table, disclosure of ratios are not made as per the requirement of the companies act 2013. They do not require to disclose previous year ratio. They need to disclosure is made shown above does not specify to disclose ratio of previous year also.

You have written only disclosure part, part which are MISSING in the answer as follows:-
RELATED TO CREDIT FACILITY
The type of credit facilities referred to in above situation given by banks to meet working capital
requirements of business which are repayable on demand are known as "cash credit
facilities/overdraft" facilities. The amount of 1.85 crores outstanding as on 31st March, 2023
reflects borrowings of the company and it would be classified as "short-term borrowings" as
loans repayable on demand from banks under current liabilities in balance sheet of the
company. Borrowings shall further be subclassified as secured.

q.no.3c = 4

SA name and number is proper as written by you.

Q.3 | c

As per SA - 230 "Audit Documentation" and SQC 1, The auditor shall assemble the documentation in an audit file and complete the administrative process of ~~completing~~ assembling the final audit file on timely Basis after the date of auditor's report 1

As per SQC 1 ~~Audit~~ Auditor shall complete the administrative process of assembling the final Audit file on within ~~30 days~~ after the date of auditor's report

Time period is 60 days for assembly of audit file. not 30 days

The assembling the audit documentation is an administrative process and it is not a new audit procedure is made and obtain any Evidence.

however, the changes may be made in the audit documentation, if it pertain to administrative process & examples are

1) Deleting or discarding superseded documentation or

2) Sorting, collating or cross referring of working papers

1

Page No.

Entire question is correct only 30 days pert is wrong, so 1 mark is deducted for this.

3) Signing off on the Completion of ~~checklist~~ of administrative Process.

1 obtained,

4) Audit Evidence are that are discussed ~~by~~ with Engagement team members, before the date of auditor report. 1

(Document ation of)

1

The audit documentation shall need to retain the Company 7 years from the date of auditor's report.

q.no.3a = 2

Q.3

SA name and number is correct

As per SA - 505 " External Confirmation "

In the given Case, CA I seek to obtain external Confirmation | from trade receivable & CA I has delegated the process of choosing the trade receivables, designing request and receiving responses from Customers to internal audit department

CA I his wrong in his approach, CA I shall not delegate such ~~~~ process of Confirmation to Internal audit department

2

~~Ext~~ As per SA - 505, External Confirmation are made of two types.

For not mentioning the points you loose 3 marks. only 2 marks is awarded

Positive Confirmation request
Negative Confirmation request

As It defines as a request from the third party that directly respond to auditor whether they agree or disagree with the given Information.

It is the auditors responsibility to follow up the request, Sending to Conforming party, to directly respond to the auditor.

IN THE GIVEN CASE YOU NOT MENTIONED THESE POINTS

When using external confirmation procedures, the auditor shall maintain control over external
confirmation requests, including:
a) Determining the information to be confirmed or requested;
b) Selecting the appropriate confirming party;
c) Designing the confirmation requests, including determining that requests are properly
addressed and contain return information for responses to be sent directly to the auditor: and
d) Sending the requests, including follow-up requests when applicable, to the confirming party.

q.no.2c = 5 $\boxed{\text{Q2 (C)}}$ All the key points are covered here, and SA name and number is correct.

As per SA - 500 "Audit Evidence"
Reliability of audit Evidence obtained by performing audit procedures.

1) ~~Documentation of audit Evidence obtaine~~
Audit Evidence is obtained in documentation form whether in paper form, electronic or other media is more reliable than audit Evidence obtained orally. 1 Please avoid overwriting.

2) Audit Evidence obtained in original document is more reliable ~~are~~ than audit Evidence obtained through Photocopies, or in digital format. 1

3) The reliability of audit Evidence is increase when it is obtained from Independent Sources outside the Entity. 1

4) Audit Evidence obtained directly by the auditor is more reliable than audit Evidence obtained in indirecty. 1

Good presentation given by you.

1

5) Audit evidence obtained within the entity, its reliability increases when there are effective operating control in this regard.

q.no.2a = 4

Q.2(A)

Please write question in series like 2a then2b then 2c.

~~Raw on~~ Valuation of Inventory.

Raw material and Consumables

1) Evaluate what elements of cost are included eg in Carriage, duties etc. 0.5

2) follow up, inventory which are observe during the physical verification of Inventory is (damage or absolute) made, that are valued at NRV. 0.5

3) If Standard cost are usa, what are the Basis of standard, how they are compute with actual, analysis variance or deviation made & their accounting treatment. 1

Do not overlap the series, it will be difficult for the examiner to check.

All the key points are covered here

Work in progress

1. Verify the ~~how the~~ stage of production & value added, the

2 Determine the material amount exclude abnormal costs. 0.5

3 Determine the overhead Rate ~~cost~~ of allocation, in manufacturing environment include only direct material, direct labour. 0.5

4) Ensure that if company make any estimation to valuation of a WIP, under the Basis of estimation & appropriateness of estimation. 1

Make the line after completing the answer, it will shows your answer is finish.

24/30 MCQ

Q.

Case Scenario 3

Q.1 C B

Q.2 C ✓

Q.3 a ✓

Q.4 b ✓

Q.5 b ✓

Case Scenario 2

Q.1 a ✓

Q.2 C ✓

Q.3 C A

Q.4 b ✓

Q.5 b ✓

Case Scenario 1

d ✓

d B

b ✓

d ✓

b ✓

Good at MCQ part

you can do more better in MCQ part as it is most scoring try attempting all icai bos MCQs for better understanding and don't miss out small details be conceptually clear to score best q.no.6c = 5 | Q 6 | | c |

All the key concept are covered here and made as per law.

Propository audit → Auditor doing the Cases of Improper, avoidable expenditure with the existence of legal & regulatory

Expenditure Conforms to the following Points.

1) Expenditure is not prima facie audit ~~on~~ on the occassion of demand. 1

2) Every officer should apply the same vigilance in the case of expenditure Incurred from Public fund as the a person of ordinary as applied in the Case of Expenditure of his own. 1

writing answer in this format make your answer perfect.

3) No Authority shall Authorised the expenditure to pass an order that give to its own advantages. 1

4) however following expenditure should be made. 1

1. The amount of Expenditure is insignificant
2. A claim for the amount is enforced by law or regulation.

Page No.

Good presentation made by you in answer.

3. It is prosecance in the Company Custom of traditions. ✓ 2

4. It is not a Source of profit. ✓

Q 6 (B) q.no.6b = 0

Significant deficiencies - ~~Auditor~~ The deficiencies in internal control ~~should~~ is significant when it is important in the judgement of auditor.

Indication of Significant deficiences were made.

1)

As you LEAVE this question due to time management, please maintain th speed while writing your answer, it is possible as you writing more revision test or mock test, it will help you for maintaining the speed properly,