

## Paper 6 Auditing and Assurance (Old Course)

1. Which of the following is not an assertion about presentation and disclosure:
  - (a) Occurrence and rights and obligations
  - (b) Completeness
  - (c) Classification and understandability
  - (d) Existence
  
2. Determining a percentage to be applied to a chosen benchmark (in relation to materiality) involves the exercise of \_\_\_\_\_
  - (a) Independence
  - (b) Professional Judgement
  - (c) Professional skepticism
  - (d) All of the above
  
3. Which of the following factors is (are) considered in determining the sample size for tests of control?
  - (a) Projected error
  - (b) Tolerable error
  - (c) Expected error
  - (d) Both (b) and (c)
  
4. Which of the following is not an analytical procedure?
  - (a) Tracing of purchases recurred in the purchase book to purchase invoices.
  - (b) Comparing aggregate wages paid to number of employees
  - (c) Comparing the actual costs with standard costs
  - (d) All of them are analytical procedure
  
5. The agreed terms of the audit engagement shall be recorded in
  - (a) an audit engagement letter
  - (b) an audit engagement letter or other suitable form of written agreement
  - (c) any suitable form of written agreement
  - (d) None of the above

6. If law or regulation prescribes in sufficient detail the terms of the audit engagement ,
- (a) the auditor need not record them in a written agreement, except for the fact that such law or regulation applies and that management acknowledges and understands its responsibilities.
  - (b) the auditor need not record them in a written agreement
  - (c) the auditor needs to record them in a written agreement
  - (d) None of the above
7. SA-700 requires the use of specific headings, which are intended to assist in making auditor's reports that refer to audits that have been conducted in accordance with SAs more recognizable. Which of the following is that specific heading :
- (a) Key audit matters
  - (b) Basis of opinion
  - (c) Date
  - (d) All of the above
8. The auditor shall express \_\_\_\_\_ opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.
- (a) Adverse
  - (b) Qualified
  - (c) Disclaimer
  - (d) None of the above
9. What are analytical procedures?
- (a) Substantive tests designed to assess control risk
  - (b) Substantive tests designed to evaluate the validity of management's representation letter
  - (c) Substantive tests designed to study relationships between financial and non-financial data
  - (d) All of the above
10. Analytical procedures issued in the planning stage of an audit, generally:
- (a) helps to determine the nature, timing and extent of other audit procedures
  - (b) directs attention to potential risk areas
  - (c) indicates important aspects of business
  - (d) All of the above
11. Tolerable error, is the maximum monetary error that the auditor is prepared to accept in the population and still conclude that audit objective has been achieved, is directly related to

- (a) Sample size
- (b) Audit risk
- (c) Materiality
- (d) Expected error

12. Which of the following is source of Non Sampling risk :

- (a) Human Mistakes
- (b) Applying audit procedures not appropriate to the objectives of audit
- (c) Misinterpreting the sample results
- (d) All of the above

13. A request from the client for the auditor to change the engagement may result from-

- (a) a change in circumstances affecting the need for the service,
- (b) a misunderstanding as to the nature of an audit or related service originally requested
- (c) a restriction on the scope of the engagement, whether imposed by management or caused by circumstances.
- (d) All of the above

14. Once the overall audit strategy has been established, \_\_\_\_\_ can be developed to address the various matters identified in the overall audit strategy, taking into account the need to achieve the audit objectives through the efficient use of the auditor's resources.

- (a) audit strategy
- (b) audit plan
- (c) audit plan and audit strategy
- (d) audit note book

15. \_\_\_\_\_ refers to the record of audit procedures performed, relevant audit evidence obtained, and conclusions the auditor reached.

- (a) Audit documentation
- (b) Audit File
- (c) Audit Note Book
- (d) Completion Memorandum

16. The completion of the assembly of the final audit file after the date of the auditor's report is

- (a) an administrative process that does not involve the performance of new audit procedures but certainly involves the drawing of new conclusions.
- (b) an administrative process that involves the performance of new audit

procedures or the drawing of new conclusions.

- (c) an administrative process that does not involve the performance of new audit procedures or the drawing of new conclusions.
- (d) a statutory process.

17. Audit programmes, Analyses, Issues memoranda., Summaries of significant matters. are examples of :

- (a) Audit Evidence
- (b) Audit Documentation
- (c) Audit File
- (d) Final Audit File

18. The auditor shall assemble the audit documentation in \_\_\_\_\_ and complete the administrative process of assembling the final audit file on a timely basis after the date of the auditor's report.

- (a) audit note book
- (b) completion memorandum
- (c) audit file
- (d) any of the above

19. \_\_\_\_\_ refers to an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.

- (a) Professional skepticism
- (b) Professional Judgement
- (c) Integrity
- (d) Objectivity

20. According to SA 210 "Agreeing the Terms of Audit Engagements", The auditor shall agree the terms of the audit engagement :

- (a) with management and those charged with governance, as appropriate.
- (b) with management
- (c) with those charged with governance
- (d) with management or those charged with governance, as appropriate.