

Chapter wise test series for 15 Days Hard Challenge

Chapter 2 - Audit Planning

(20 Marks)

1. Surya and Chand Ltd is a manufacturing company engaged in the production of miscellaneous electrical goods. Trilochan and Co. has been appointed as the auditors to carry out its audit. Auditor thinks that planning an audit would involve establishing the overall audit strategy for the engagement and developing an audit plan. Also, Adequate planning benefits the audit of financial statements in several ways. Analyse and Advise explaining the benefits of adequate planning. (4)
2. W, the auditor of SKM Ltd asks its finance and audit head to prepare audit strategy for conducting audit of SKM Ltd. W also insist him to draw detailed audit procedures also. On the request of auditor W, complete audit strategy as well as audit procedures are prepared by finance head of the company. Subsequently, auditor realizes that effectiveness of the audit is compromised and it was his responsibility to prepare the overall audit strategy. Comment. (4)
3. Evidence is the very basis for formulation of opinion and an audit programme is designed to provide for that by prescribing procedures and techniques. Analyse and explain with the help of example of evidence in respect of Sales. (4)
4. In establishing the overall audit strategy, the auditor shall identify the characteristics of the engagement that define its scope. Explain with example. (4)