

SA 701

575.1 In which circumstances, auditor should think/consider about Key Audit Matter Paragraph?

- For audits of complete sets of general-purpose financial statements of listed entities
- Required by law or regulation
- Auditor decides to communicate key audit matters (significant public interest)
- All of the above

575.2 SA 705 (Revised) prohibits the auditor from communicating key audit matters when the auditor disclaims an opinion on the financial statements, unless:

- Such reporting is required by law or regulation.
- Such reporting is required in public interest
- Any of the above
- None of the above

575.3 What do you mean by Key audit matters?

Key audit matters means –

- Those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current and previous period.
- Those matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period.
- Those matters that, in the management's judgment, were of most significance in the audit of the financial statements of the current and previous period.
- Those matters that, in the management's judgment, were of most significance in the audit of the financial statements of the current period.

575.4 Identify the correct one:

- Key audit matters are selected from matters which are neither communicated with those

charged with governance nor with management.

- Key audit matters are selected from matters communicated to management but not to those charged with governance.
- Key audit matters are selected from matters communicated with those charged with governance.
- None of the above

575.5 Choose the correct one:

Determining Key Audit Matter involves?

- Making List of matters communicated to TCWG
- Identify matters which need significant auditor's attention
- Identification of item of most significance
- Correct period item

Options:

- 1 & 4
- 3 & 4
- 1,2 & 4
- 1,2,3 & 4

575.6 Which from the following shall never be considered for Identification of matters which need significant auditor's attention?

- Significance of Risk
- Significance of Management Judgement
- Significance of event or transaction
- None of the above

575.7 Those matters that, communicated with those charged with governance and in the auditor's professional judgment, were of most significance in the audit of the financial statements of the current period, the auditor shall mandatorily describe each key audit matter in the auditor's report without any exceptions.

- True, there exist no exceptions to such disclosure
- False, there exist exceptions to such disclosure

575.8 Which from the following are the circumstances in Which a Matter Determined to Be a Key Audit Matter Is Not Communicated in the Auditor's Report.

1. Law or regulation precludes public disclosure about the matter
 2. Adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits (entity has publicly disclosed information about the matter)
 3. Adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits (entity has not publicly disclosed information about the matter)
 4. Law or regulation does not preclude public disclosure about the matter
- Options:
- a) 1 & 3
 - b) 1 & 4
 - c) 2 & 4
 - d) None of the above

575.9 Identify the incorrect one:

1. If matter is Qualified under SA 705 - Don't include in KAM just give reference of Basis of Qualification in KAM para.
2. If matter is Adverse under SA 705 - Don't include in KAM just give reference Basis of Qualification in KAM para.
3. If Disclaimer is given under SA 705 - Don't give KAM para as audit was not conducted
4. If matter is referred in EMP / OMP under SA 706 and Matter of EMP / OMP is also KAM include it in KAM

Option:

- a) 1, 2, 3
- b) 1, 3, 4
- c) 1,2,3,4
- d) None of the above