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CA EXAM FEEDBACK

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Audit · 15-09-2026

22.12 / 56 **39.5%**

12 questions evaluated

6 not attempted

Examiner's actual mark: 24

This score is an **AI estimate**, built by reading your handwriting and comparing it to the official model answer — it's for self-study, not an official grade. Each question below shows what you actually wrote, and the examiner's real mark is shown wherever it's known.

Question-by-question

Question 1a

3.25 / 5

Nest & Co., Chartered Accountants, while conducting an internal review of its system of quality control, identified certain deficiencies...

65.0%

Examiner: 5 / 5

Show full question

Nest & Co., Chartered Accountants, while conducting an internal review of its system of quality control, identified certain deficiencies in its monitoring process. The firm had not carried out any periodic inspection of completed audit engagements for the past two years, as the managing partner considered such inspections unnecessary in the absence of any major audit failure. Further, despite several amendments to professional standards and regulatory requirements during the year, the firm had not evaluated whether its quality control policies and procedures required modification.

The responsibility for monitoring the system had been assigned to an inexperienced staff member who lacked sufficient authority to initiate corrective action. In addition, two complaints alleging non-compliance with professional standards were received during the year but were not formally investigated. In another engagement, a deficiency identified during a review was merely communicated to the personnel concerned, without taking remedial action or performing any follow-up.

With reference to SQC 1, examine whether the firm's monitoring process is appropriate. Discuss the relevant requirements that the firm should consider.

What you wrote

1(a)

SQC-1 : Quality Control for firms that Perform Audit and Review of Historical financial information and other assurance and Related Service Engagements

As per SQC-1, the firm is required to maintain Monitoring process which include

- (i) Design and Implementation of firm Quality Control Policies and procedure. (QCPP's)
- (ii) Assess whether there are New Development in the firm Quality Control Policies and procedure. New Development appropriately reflected in firm QCPP's
- (iii) Assign Responsibility of monitoring process to a partner/person with appropriate Experience & authority.
- (iv) Identify whether deficiency in the design and Control identified.
- (v) take appropriate remedial Action

- Against the person who did not confirm to firm QCPP's
- when deficiency in the firm Quality Control identified.

In the given case,

The CA firm Nest & Co., during the course of Internal Review identified deficiency in its monitoring Process.

In the firm,

There was absence of Periodic inspection of audit Engagement for past 2 years (which seems a reasonably long period)

The Responsibility of monitoring process - assigned to In Experienced staff member - who lacked sufficient authority to initiate corrective action

further, for the identified deficiency - No remedial action was taken.

Thus, the above points indicate about the Violations or deficient in the firm monitoring process.

The firms Monitoring process is NOT appropriate

As stated in the provisions of SQC-1 the firm should devise proper Monitoring process in compliance with the provision of SQC-1 and guidelines issued by ICAI & SQC-1.

How to improve

- Include the fundamental SQC 1 requirement that a firm must ensure its quality control policies are relevant, adequate, operating effectively, and complied with in practice, which requires ongoing evaluation and periodic inspections of completed engagements.
- When listing the factors involved in evaluating the monitoring process, explicitly mention 'dealing with complaints and allegations of non-compliance' in addition to taking remedial action.
- In the application section, address all case facts. You missed pointing out the firm's failure to update policies for new developments and their failure to formally investigate the two complaints received.

Missing

Stating the SQC 1 requirement that quality control policies should be relevant, adequate, and operating effectively, which requires ongoing evaluation including a periodic inspection of a selection of completed engagements. (1)

The student did not state the general SQC 1 requirement that quality control policies and procedures must be relevant, adequate, operating effectively, and complied with, which requires ongoing evaluation and periodic inspections.

Covered

Identifying the monitoring factor: Deciding whether the quality control system has been appropriately designed and effectively implemented. (0.5)

The student explicitly listed evaluating the "Design and Implementation of firm Quality Control Policies and procedure" as a monitoring factor.

Covered

Identifying the monitoring factor: Examining whether new developments in professional standards, legal, and regulatory requirements are reflected in the policies. (0.5)

The student mentioned "Assess whether there are New Development in the firm Quality Control Policies and procedure" and whether they are reflected.

Covered

Identifying the monitoring factor: Entrusting the responsibility of the monitoring process to a partner or personnel with sufficient and appropriate experience and authority. (0.5)

The student included "Assign Responsibility of monitoring process to a partner/ person with appropriate Experience & authority."

Partial

Identifying the monitoring factors: Dealing with complaints and allegations of non-compliance, and taking appropriate remedial action against non-conforming personnel or when deficiencies are identified. (0.5)

The student mentioned taking appropriate remedial action against persons who do not conform and when deficiencies are identified, but omitted the requirement to deal with complaints and allegations of non-compliance.

Partial

Application to the case: Pointing out the firm's specific failures (e.g., no periodic inspections, failure to update policies for new developments, monitoring assigned to inexperienced staff, ignoring complaints, and lacking remedial actions for deficiencies). (1)

The student pointed out the absence of periodic inspections, inexperienced staff, and lack of remedial action, but failed to mention the failure to update policies for new developments and the failure to investigate complaints in their application to the case.

Covered

Conclusion: Stating that Nest & Co. has not complied with SQC 1 monitoring requirements and needs to strengthen its monitoring process to properly identify, investigate, and address deficiencies. (1)

The student correctly concluded that there were violations/deficiencies, the monitoring process is "NOT appropriate," and the firm needs to devise a proper monitoring process in compliance with SQC 1.

Question 1b

2.5 / 5

Suryodaya Industries Ltd., a listed company, is engaged in manufacturing and distribution of consumer products. During the audit of its...

50.0%

Examiner: 4 / 5

Show full question

Suryodaya Industries Ltd., a listed company, is engaged in manufacturing and distribution of consumer products. During the audit of its financial statements for the year ended 31 March 2026, the auditor, M/s Mehta & Co., Chartered Accountants, identified the following two matters:

(i) The company has significant goodwill arising from an earlier acquisition. During the year, management performed an impairment assessment of the goodwill involving significant assumptions relating to projected cash flows, growth rates and discount rates. The assessment involved a high degree of management judgment and was considered by the auditor to involve a higher risk of material misstatement. The audit team devoted considerable time to evaluate the assumptions and methodology used by management and also involved an auditor's expert to assist in evaluating the valuation methodology and certain significant assumptions. The matter was extensively discussed with those charged with governance.

(ii) On 15th April 2026, a major fire occurred at one of the company's warehouses, resulting in substantial damage to inventory and property. Since the fire occurred after the reporting date, no adjustment was required to the financial statements for the year ended 31st March 2026. The company has, however, appropriately disclosed the nature and estimated financial effect of the event in the notes to the financial statements. The auditor has no disagreement with management regarding the accounting or disclosure of the event and there is no material uncertainty concerning the matter. Nevertheless, considering the magnitude of the fire and its potential impact on the company, the auditor believes that the matter is fundamental to users' understanding of the financial statements.

Distinguish, with reasons, how each matter should be addressed in the auditor's report.

What you wrote

Q-> 1(b)

(i) The Auditor is required to follow the provisions and guidelines as given in SA-700, forming and opinion and Reporting on financial statements.

while Performing audit there may be certain matters that in the Auditor's

Professional Judgement were most significant in the audit of current Period financial statement that needs to be communicated with the TCWG/management. Such matters are reported as key Audit matters (KAM) as per SA 701 to enhance the degree of confidence of intended users of financial statements and to Enhance the communicate value of the financial statements.

Key Audit matters are Identified from matter communicated to TCWG, while identifying those matter Auditor should consider the following points -

- (i) Area of High Assessed Risk of material Misstatement (ROMM)
- ii) significant Events / Transactions Identified during the Audit.
- iii) Effect of significant Event & transactions on the auditor's Professional Judgement.

Thus, Based upon these facts - matter concerning "Impairment of GOODWILL" should be reported by as a KAM under the respective Heading Key Audit Matter paragraph.

Q. Part (ii)

[EOM]

SA 706 - Emphasis of matter paragraph and other matter (OM) paragraph :-

EOM paragraph are the matter that in the Auditor's Professional Judgement most significant in the Audit of FS of current period.

Matters that are appropriately presented and disclosed in the financial statements but its is necessary to draw user attention, fundamental to user understanding of financial statement.

In the given case, Event of Occurance of fire after the reporting date on 15/4/26 is an Non adjusting Event. Appropriate disclosures

has also been presented in the financials.
sufficiency appropriate Evidence has been
obtained and based upon discussion with
management the auditor is satisfied
with the disclosure which concludes
there is No material uncertainty.

However, since the matter is fundamental
to user's understanding of the
financial statement the same
should be present under the
heading - Emphasis of matter paragraph
in the Audit Report .

How to improve

- State explicitly that when a matter is reported as a Key Audit Matter (KAM), the auditor's report must include an explanation of *why* the matter was considered a KAM and *how* it was addressed in the audit.
- When recommending an Emphasis of Matter (EOM) paragraph, explicitly mention the requirement to include a clear cross-reference to the relevant note or disclosure in the financial statements.
- Always explicitly state that adding an Emphasis of Matter (EOM) paragraph does not modify the auditor's opinion on the financial statements.
- Provide a concluding paragraph that directly contrasts the two matters as requested by the prompt ("Distinguish..."). Clarify the conceptual difference and mention that an EOM does not automatically become a KAM unless it independently satisfies SA 701.

Covered

Reference SA 701 and define Key Audit Matters (KAMs) as matters of most significance in the audit, selected from matters communicated with TCWG, involving significant auditor attention, high risk, or significant auditor judgment. (1)

The student correctly references SA 701, defines KAM, mentions communication with TCWG, and notes factors like significant auditor judgment and high assessed ROMM.

Partial

Analyze Matter (i): Conclude that the goodwill impairment assessment involved significant judgment and audit effort, making it a Key Audit Matter. State that it should be communicated in the KAM section with an explanation of why it was a KAM and how it was addressed. (1)

The student correctly concludes that the goodwill impairment matter should be reported as a KAM. However, they failed to mention that the KAM section must explain *why* it was considered a KAM and *how* it was addressed in the audit.

Partial

Analyze Matter (ii): Identify the fire as a non-adjusting subsequent event. Conclude that since it is appropriately disclosed and fundamental to users' understanding, the auditor should include an Emphasis of Matter (EOM) paragraph under SA 706, cross-referencing the disclosure. (1)

The student correctly identifies the fire as a non-adjusting event, notes it is appropriately disclosed and fundamental to users' understanding, and correctly prescribes an EOM paragraph under SA 706. However, they missed mentioning the requirement to cross-reference the relevant disclosure.

Missing

State that the Emphasis of Matter paragraph does not modify the auditor's opinion. (0.5)

The student did not state that an Emphasis of Matter paragraph does not modify the auditor's opinion.

Partial

Provide the core distinction: Goodwill impairment is a KAM under SA 701 because it required significant auditor attention/significance, whereas the fire is an EOM under SA 706 because it is a fundamental matter that is already appropriately disclosed. (1)

The student evaluates both matters separately and correctly assigns KAM to one and EOM to the other, implicitly distinguishing them. However, they do not provide an explicit core distinction summarizing why one falls under SA 701 and the other under SA 706 as requested by the rubric.

Missing

Clarify that including an EOM paragraph does not automatically make a matter a KAM; a matter can be both only if it independently satisfies the requirements of both SA 701 and SA 706. (0.5)

The student does not mention the interaction between EOM and KAM or clarify that an EOM does not automatically make a matter a KAM.

Question 1c

0.5 / 4

M/s RST & Co. are the statutory auditors of LMN Ltd., a listed entity. The auditor's report on the financial statements for the year...

12.5%

Examiner: 0 / 4

Show full question

M/s RST & Co. are the statutory auditors of LMN Ltd., a listed entity. The auditor's report on the financial statements for the year ended 31st March 2026 was dated 20th May 2026. CA Rituraj, the auditor, had read all the other information that was expected to be included in the annual report and had not identified any material misstatement therein as at that date.

The annual report was subsequently finalised and published on 30th June, 2026. On 5th July, 2026, the auditor became aware that the published annual report contained a statement that the company had successfully commissioned a new manufacturing plant in April, 2026 and that the plant had contributed significantly to the company's revenue for the year ended 31st March 2026.

The auditor notes that the statement is factually incorrect. The plant was actually commissioned only in April 2026, and therefore it could not have contributed to revenue for the year ended 31st March 2026. With reference to SA 720 (Revised), explain the responsibilities of M/s RST & Co. in this situation.

What you wrote

1(C)

SA 720 - Auditor's Responsibility relating to Other Information

i) The Auditor is not responsible to report on the matter contained in other information, however he is Responsible to Read and consider other information and Evaluate whether such information has been accurately - presented, Disclosed, Accounted and Reported in the financial statement .

ii) The Preparation of other financial information is the Responsibility of the Management .

iii) Generally,

The Auditor is not responsible for the information obtained after the date of Audit Report. However, it should request management to provide appropriate information to the auditor before finalisation of Audit Report.

If such information are not available upto the date of signing of Audit Report, to provide it to Auditor when the same has been finalised.

(iv) If an information comes to Notice of Auditor that seems to be incorrect / material misstated the auditor should take appropriate action including preventing Reporting / communicating such inform. to the users of financial statement.

How to improve

- Apply the requirements to the specific facts of the case. The answer completely lacks any reference to the scenario provided (the manufacturing plant commissioning date and revenue contribution) and fails to evaluate if this specific issue constitutes a material misstatement.
- State the exact procedures required by SA 720 when a material misstatement in Other Information is found after the auditor's report date. You must explicitly mention asking management to correct the misstatement, and detailing what to do if it is corrected (perform necessary procedures) versus if it is not corrected.
- Include the requirement to communicate with Those Charged With Governance (TCWG). If management refuses to correct the misstatement, the standard explicitly requires the auditor to escalate the matter to TCWG before taking further appropriate action to notify users.

Partial

Reference SA 720 and state the auditor's responsibility to read and consider other information to identify material inconsistencies. (0.5)

The student references SA 720 and mentions the responsibility to read and consider other information, but does not explicitly state that the purpose is to identify material inconsistencies with the financial statements or the auditor's knowledge.

Missing

State the provision for when a material misstatement is found after the auditor's report date and is corrected (auditor shall perform necessary procedures). (0.5)

The student does not state the provision regarding what to do if the other information is corrected by management (performing necessary procedures).

Partial

State the provision for when the misstatement is not corrected (communicate with TCWG and take appropriate action considering legal rights/obligations to bring it to users' attention). (0.5)

The student mentions taking appropriate action to communicate to users, but misses the crucial step of communicating with Those Charged With Governance (TCWG) if the misstatement is not corrected.

Missing

Apply facts: Identify that the statement is factually incorrect (since an April 2026 commissioning cannot contribute to March 2026 revenue) and state that the auditor must evaluate if it constitutes a material misstatement. (0.5)

There is no application to the case facts. The student fails to mention the incorrect statement about the manufacturing plant and does not evaluate it as a material misstatement.

Missing

Case Action/Conclusion: Conclude that the auditor should discuss the matter with management and formally request them to correct the Other Information. (1)

The student does not conclude that the auditor should discuss the matter with management and request a correction in this specific case.

Missing

Case Action/Conclusion: Conclude that if management refuses to make the correction, the auditor should communicate the matter to TCWG and take appropriate further action as required by SA 720. (1)

The student does not state that if management refuses to correct the misstatement, the auditor must communicate with TCWG and take further action.

Question 2a

4.62 / 5

M/s Aarav & Associates, a firm of Chartered Accountants, has three partners, CA Aarav, CA Bhavna and CA Chirag. During the year 2026-27,...

92.4%

Examiner: 4 / 5

Show full question

M/s Aarav & Associates, a firm of Chartered Accountants, has three partners, CA Aarav, CA Bhavna and CA Chirag. During the year 2026-27, the partners accepted and signed the following tax audit assignments:

Particulars | CA Aarav | CA Bhavna | CA Chirag

--- | --- | --- | ---

Tax audit assignments signed in individual capacity under section 44AB(a)/(b) | 20 | 22 | 12

Tax audit assignments signed as partner of M/s Aarav & Associates under section 44AB(a)/(b) | 42 | 30 | 45

Tax audits relating to persons covered under section 44AE | 4 | 3 | 5

Tax audits relating to persons covered under section 44AD | 3 | 2 | 4

Revised tax audit reports issued during the year | 2 | 3 | 1

CA Aarav contends that since the firm has three partners, the limit of 60 tax audits can be shared among the partners and, therefore, he can accept additional tax audit assignments. CA Bhavna, on the other hand, argues that the tax audits under sections 44AE and 44AD should also be included while determining the limit of 60.

With reference to Chapter VI of the Council General Guidelines, 2008, examine the above contentions and determine whether CA Aarav, CA Bhavna and CA Chirag have complied with the prescribed limit of tax audit assignments. Also state whether the revised tax audit reports are to be considered for this purpose.

What you wrote

Q2(a)

As per chap VI of the Council general guidelines 2008,
Each Auditor is allowed only to sign
60 Tax Audit Report on there indiviual
profesional capacity. further for counting the
limit of 60 Tax Audit only Tax Audit u/s
44AB should be considered and Revised Tax
Audit Report should not be considered.

In the given case,

- The contention of CA Aarav that 60 Tax Audit can be shared among the partners in any Ratio is not CORRECT

- CA Bhavna contention that Tax Audit u/s 44AE and 44AD - should also be considered is also INCORRECT

As per the Data shared:

For calculating limit chap VIA of 60

Tax Audit assignment

CA Aarav Conducts $20+42 = 62$, which

Exceeds the limit. He should take action to maintain limit

further, CA Bhavna Conducts Total $22+30 = 52$ Tax Audit

CA Chirag Conducts Total $12+45 = 57$ Tax Audit

Both are within limit, they can take more assignment till count reaches to 60.

How to improve

- Explicitly state in the opening general rule that the limit of 60 tax audits per member aggregates assignments accepted in an individual capacity and as a partner of a firm.
- Clearly state the general rule that tax audits under sections 44AE, 44ADA, and 44AD are excluded from the limit, rather than only implying it by negating the case facts.

Partial

States the general rule: the limit is 60 tax audit assignments per member per financial year, aggregating assignments accepted in individual capacity and as a partner of a firm. (0.5)

The student mentions the limit of 60 but fails to explicitly state that this aggregates assignments accepted in an individual capacity and as a partner of a firm, though they correctly calculate it later.

Covered

States that the limit of 60 assignments per partner cannot be distributed or shared between partners. (0.25)

The student addresses this by stating that CA Aarav's contention that the limit can be shared among partners is incorrect, which covers the substance of the rule.

Partial

States that tax audits under sections 44AE, 44ADA, and 44AD are excluded from the limit of 60. (0.25)

The student implies this by stating that only audits under section 44AB are considered, and by stating CA Bhavna's contention is incorrect, but does not explicitly state the exclusion of sections 44AE, 44ADA, and 44AD as a general rule.

Covered

States that revised tax audit reports are not taken into account for calculating the limit. (0.25)

The student explicitly states that Revised Tax Audit Reports should not be considered.

Covered

Calculates the counted assignments for CA Aarav ($20 + 42 = 62$) and concludes he is in non-compliance. (0.75)

The student calculates CA Aarav's assignments as $20 + 42 = 62$ and concludes it exceeds the limit.

Covered

Calculates the counted assignments for CA Bhavna ($22 + 30 = 52$) and concludes she has complied. (0.75)

The student calculates CA Bhavna's assignments as $22 + 30 = 52$ and concludes it is within the limit.

Covered

Calculates the counted assignments for CA Chirag ($12 + 45 = 57$) and concludes he has complied. (0.75)

The student calculates CA Chirag's assignments as $12 + 45 = 57$ and concludes it is within the limit.

Covered

Evaluates CA Aarav's contention, concluding it is incorrect because the limit applies individually to each member and cannot be shared. (0.75)

The student explicitly evaluates CA Aarav's contention and concludes it is not correct.

Covered

Evaluates CA Bhavna's contention, concluding it is incorrect because audits under sections 44AE and 44AD are specifically excluded from the limit. (0.75)

The student explicitly evaluates CA Bhavna's contention and concludes it is incorrect.

Question 4a

0.0 / 5

Star Textiles Ltd. has adopted an ESG framework for its operations. The Company has recently appointed a new contractor for its...

0.0%

Examiner: 0 / 5

Show full question

Star Textiles Ltd. has adopted an ESG framework for its operations. The Company has recently appointed a new contractor for its manufacturing facility. The contractor offered significantly lower costs than the existing contractor. During the due diligence process, the Company became aware that the contractor had previously faced allegations relating to unsafe working conditions and non-payment of statutory benefits to workers.

The management nevertheless decided to appoint the contractor, stating that the contractor was an independent entity and that the lower cost would improve the Company's profitability. The Company did not undertake any further assessment of the contractor's labour practices or require the contractor to comply with its ESG requirements.

Subsequently, the Company learnt that the contractor had engaged a number of workers through informal arrangements without adequate documentation of their employment terms. The management continued to maintain that such matters were the contractor's responsibility and need not be considered by the Company for its ESG reporting.

- (i) Identify the ESG Pillar primarily involved in the above situation. (1 Mark)
- (ii) Explain the relevance of the identified Pillar to the Company's decision. (2 Marks)
- (iii) State two ESG-related concerns arising from the Company's approach. (2 Marks)

What you wrote

4(a)

~~Social~~

(i) ESG Pillar - Governance

(ii) Non Compliance

How to improve

- Correctly identify the ESG pillar based on the case facts. Labour practices, working conditions, and worker benefits relate to the 'Social' pillar, not 'Governance'. Ensure you do not cross out the correct answer.

- Provide detailed explanations for the relevance of the identified pillar, addressing the company's responsibility for its supply chain and business relationships rather than just stating 'Non Compliance'.

- Ensure all parts of the question are attempted. You completely missed answering part (iii) regarding the ESG-related concerns.

Incorrect

Identify the ESG Pillar primarily involved as the Social (S) Pillar, noting its relation to labour practices and human rights. (1)

The student crossed out 'Social' and incorrectly identified the pillar as 'Governance'.

Missing

Explain that the Social Pillar requires an entity to consider impacts from its business relationships, meaning ESG risks from contractors and suppliers are relevant and not confined to direct employees. (1)

The student only wrote 'Non Compliance', which does not explain the relevance of the Social Pillar to business relationships and supply chain impacts.

Missing

Explain that the contractor's status as an independent entity does not make its labour practices irrelevant, and conclude that the Company should have undertaken appropriate due diligence and monitoring. (1)

The student did not explain that independent entity status does not absolve the company of ESG considerations.

Missing

State the first concern: Labour and human-rights risk, citing the Company's prioritization of cost over risk assessment and how unsafe conditions/non-payment indicate potential violations. (0.75)

The student did not state the first concern (labour and human-rights risk).

Missing

State the second concern: Supply-chain and reputational risk, noting that appointing the contractor despite known allegations exposes the Company to reputational damage and the risk of making misleading or incomplete ESG disclosures. (0.75)

The student did not state the second concern (supply-chain and reputational risk).

Missing

Provide an overall conclusion that treating the contractor's ESG practices as entirely irrelevant simply because it is an independent entity is inconsistent with a comprehensive assessment of the Social dimension of ESG. (0.5)

The student did not provide any conclusion.

Question 4b

3.5 / 5

CA Sameer, a Chartered Accountant in practice, has been appointed as the statutory auditor of XYZ Ltd. for the financial year 2025-26....

70.0%

Examiner: 3 / 5

Show full question

CA Sameer, a Chartered Accountant in practice, has been appointed as the statutory auditor of XYZ Ltd. for the financial year 2025-26. While finalising the terms of his professional engagement, he proposes to charge a fixed statutory audit fee of ₹ 8 lakh. In addition, he proposes to charge a further fee equivalent to 2% of the amount by which the profit of XYZ Ltd. increases as a result of audit adjustments made during the course of the audit.

The management of XYZ Ltd. agrees to the proposal, stating that the additional amount would become payable only if the audit results in an increase in the reported profit.

Separately, CA Sameer is engaged by ABC Ltd., which is not his audit client, to provide litigation-support services in connection with a commercial dispute. For this assignment, he proposes to charge a fee which would become payable only upon the successful outcome of the litigation.

With reference to the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, 1988, examine the permissibility of the above fee arrangements.

What you wrote

Q 4(b)

As per first schedule, Part 1, clause 10
of ' The chartered Accountant Act 1949

A chartered Accountant in practice
shall be held guilty of Professional
Misconduct if,
He charges or offers to charge,
accepts or offer to accept in the course
of his Profession fees based upon Percentage
of Profit or contingent upon future transactions

In the given case,
CA sameer is the statutory Auditor of XYZ for
FY 2025-26.

His terms of Professional Engagement include :

- fixed statutory fee of ₹ 8 lakh.

- Further fee 2% based on Profit related to Audit adjustment

The management agreed with a condition that it should result in increase in Reported Profit.

Further, CA Sameer is also engaged by ABC Ltd which is Non Audit client for litigation support service for commercial dispute. fees based upon succesful outcome of litigation.

As per the provision, this is permitted to charge fees based upon outcome of litigation / % of Tax demand Reduced.

However, CA sameer will be held guilty for charging 2% of addition fees from XYZ Ltd.

How to improve

- Explicitly cite Regulation 192 of the Chartered Accountants Regulations, 1988. This regulation is crucial because it provides the legal basis and specific exceptions allowing contingent fees for certain services.
- Correct the wording of Clause (10) of Part I of the First Schedule. The clause prohibits fees that are "contingent upon the findings or results of such employment," not "contingent upon future transactions."
- When analyzing the ABC Ltd. scenario, explicitly state that litigation-support for a non-audit client is a non-assurance service that falls under the specific exceptions provided by Regulation 192, rather than just stating it is permitted.

Partial

State the general rule under Clause (10) of Part I of the First Schedule: it is professional misconduct for a CA in practice to charge fees based on a percentage of profits or contingent upon findings/results. (1)

The student correctly cites Clause (10) of Part I of the First Schedule and mentions fees based on a percentage of profits, but incorrectly writes "contingent upon future transactions" instead of "contingent upon the findings or results of such employment".

Missing

Mention Regulation 192 of the CA Regulations, 1988, which restricts such fees subject to prescribed exceptions. (0.5)

The student does not mention Regulation 192 of the CA Regulations, 1988, nor the fact that it provides exceptions.

Covered

Apply to XYZ Ltd.: Note that while the fixed fee is fine, the 2% additional fee is directly linked to the findings/results of the statutory audit. (1)

The student notes that the 2% fee is based on profit related to audit adjustments, successfully applying the rule to the facts for XYZ Ltd.

Covered

Conclude for XYZ Ltd.: The fee arrangement is not permissible and constitutes professional misconduct. (0.5)

The student clearly concludes that CA Sameer will be held guilty for charging the 2% additional fee from XYZ Ltd.

Partial

Apply to ABC Ltd.: Identify that litigation-support for a non-audit client is a non-assurance service that falls under the exception permitted by Regulation 192. (1)

The student identifies that the fee based on the successful outcome of litigation for ABC Ltd. is permitted, but fails to identify this as an exception under Regulation 192 or explicitly mention it as a non-assurance service exception.

Covered

Conclude for ABC Ltd.: The contingent fee is permissible and does not constitute professional misconduct. (1)

The student correctly concludes that charging fees based on the outcome of the litigation is permitted for ABC Ltd.

Question 4c

2.0 / 4

Sky Infrastructure Pvt. Ltd. is bidding for a long-term government project involving construction of smart highways. As part of the...

50.0%

Examiner: 1 / 4

Show full question

Sky Infrastructure Pvt. Ltd. is bidding for a long-term government project involving construction of smart highways. As part of the bidding documents, the company is required to present Prospective Financial Information (PFI) for the next five years to demonstrate its financial viability. CA Jigar has been engaged to examine the Prospective Financial Information. While examining the PFI, CA Jigar observes that the Management has assumed zero increase in construction material costs over five years, even though industry reports predict a steady 6-8% annual increase due to inflation. Further, the company has based its revenue projections on the assumption that it will win two additional large contracts, even though bids are yet to be submitted. Elaborate on the duties of CA Jigar while examining the Prospective Financial Information.

What you wrote

Q 4(c)

SAE 3400 : Assurance Engagement to Report on Examination of Prospective financial Information :-

Duties of CA Jigar while Examining the Prospective financial Information :-

- (1) Prospective financial information have been properly prepared and presented as per the applied criteria on Material Basis
- (2) Management Best estimate assumption are not un Reasonable and Hypothetical assumption are consistent.
- (3) Proper Disclosure as per applied criteria

How to improve

- Explicitly state the auditor's overarching duty is to "obtain sufficient appropriate evidence" regarding the PFI, rather than just listing what needs to be checked.
- Clarify that the PFI must be prepared specifically "on the basis of the assumptions", and that disclosures must explicitly indicate whether those assumptions are best-estimate or hypothetical.
- Include the requirement that the PFI must be prepared on a consistent basis with historical financial statements using appropriate accounting principles.
- Mention that the principles laid down in other Standards on Auditing should be applied to the extent practicable when examining PFI.

Partial

Reference SAE 3400 ("The Examination of Prospective Financial Information") and state the overarching duty to obtain sufficient appropriate evidence. (0.5)

The student referenced SAE 3400 but did not explicitly state the overarching duty to "obtain sufficient appropriate evidence".

Covered

State the duty to obtain evidence that management's best-estimate assumptions are not unreasonable, and hypothetical assumptions are consistent with the purpose of the information. (1)

The student correctly stated that management's best-estimate assumptions must not be unreasonable and hypothetical assumptions must be consistent.

Partial

State the duty to obtain evidence that the prospective financial information is properly prepared on the basis of the assumptions. (0.5)

The student stated the PFI is "properly prepared" but missed stating it must be prepared specifically "on the basis of the assumptions".

Partial

State the duty to obtain evidence that the PFI is properly presented and material assumptions are adequately disclosed (including whether they are best-estimate or hypothetical assumptions). (1)

The student mentioned "proper disclosure" and "properly presented" but failed to specify that material assumptions must be adequately disclosed including a clear indication of whether they are best-estimate or hypothetical.

Missing

State the duty to obtain evidence that the PFI is prepared on a consistent basis with historical financial statements, using appropriate accounting principles. (0.5)

The student did not mention that the PFI should be prepared on a consistent basis with historical financial statements.

Missing

Mention that principles laid down in other Standards on Auditing should be applied to the extent practicable. (0.5)

The student did not mention applying principles from other SAs.

Question 5b

1.0 / 5

Vega Insurance Brokers Ltd. is preparing its financial statements for the year ended 31st March 2026. The company has recognised a...

20.0%

Examiner: 1 / 5

Show full question

Vega Insurance Brokers Ltd. is preparing its financial statements for the year ended 31st March 2026. The company has recognised a material provision for incurred-but-not-reported (IBNR) insurance claims, which involves significant estimation uncertainty and actuarial judgement.

Management engaged an independent actuary to determine the IBNR claims reserve. The actuary provided a report containing the amount of the reserve along with the actuarial assumptions and methodology used.

During the audit, the engagement team decided to rely on the amount certified by the actuary and incorporated it into the audit working papers without evaluating the actuary's competence, capabilities and objectivity. The team also did not obtain an understanding of the work performed by the actuary or evaluate the reasonableness of the significant actuarial assumptions, citing the tight reporting deadline.

As the audit partner, you are required to advise the engagement team regarding the requirements to be complied with before relying upon the actuary's work as audit evidence.

What you wrote

5(b)

SA 620 using the work of Auditor's Expert :

Requirements to be complied before using Expert's work

- 1) Evaluate Competence & capability of expert's work if he is not a member of ICAI.
- 2) Evaluate the objectivity of Expert's work.
- 3) Assess the knowledge of Expert work based on his past working paper, published Report.
- 4) Discuss with other's who are familiar with the work of Expert.
- 5) Exercise his Professional Judgement when Relying upon the work of Expert, including his Reports, Calculations, assumptions used.

How to improve

- Identify the correct standard: Since the actuary was engaged by management, the actuary is a "Management's Expert" governed by SA 500 (Audit Evidence), not an "Auditor's Expert" governed by SA 620.
- Apply the standard to the case facts: Do not just list theoretical points. You must explicitly address the case details, such as the materiality of the IBNR reserve, the invalidity of the "tight reporting deadline" excuse, and conclude on whether the engagement team's approach was appropriate.
- Complete the theoretical requirements of SA 500: Explicitly state the requirement to obtain an understanding of the expert's work, and detail that evaluating the appropriateness of the expert's work includes assessing the reasonableness of their findings, methods, and the completeness/accuracy of their source data.
- Use a structured format for case study answers (e.g., Applicable Standard, Provisions, Application to Facts, Conclusion) to ensure you do not skip the application and conclusion steps.

Incorrect

Reference SA 500 'Audit Evidence' and state the general principle for using information prepared by a management's expert. (0.5)

The student incorrectly identified SA 620 (Auditor's Expert) instead of SA 500 (Management's Expert).

Covered

State the requirement to evaluate the competence, capabilities, and objectivity of the management's expert. (0.5)

The student correctly identified the need to evaluate competence, capabilities, and objectivity.

Missing

State the requirement to obtain an understanding of the work of the expert. (0.5)

The student did not mention the requirement to obtain an understanding of the expert's work. (Assessing knowledge based on past papers relates to competence, not understanding the specific work performed).

Partial

State the requirement to evaluate the appropriateness of the expert's work, detailing that this includes assessing the reasonableness of findings, assumptions, methods, and source data completeness/accuracy. (1)

The student mentioned evaluating the reports, calculations, and assumptions used, but missed evaluating the reasonableness of findings, methods, and source data completeness/accuracy.

Missing

Apply the standard to the case facts: Note that the IBNR reserve is material/significant and therefore the auditor cannot merely rely on the actuary's certification; they must actively evaluate the actuary's competence and the reasonableness of the work/assumptions. (1)

The student did not apply the standard to the case facts regarding the IBNR reserve.

Missing

Address the team's justification: State that a tight reporting deadline does not excuse the auditor from SA 500 compliance. Mention the need to perform additional procedures, such as involving another expert under SA 620, if sufficient appropriate evidence cannot be obtained. (1)

The student did not address the engagement team's justification regarding the tight reporting deadline.

Missing

Provide the final conclusion: The engagement team's approach of accepting the certified figure without required evaluation is incorrect/not in accordance with SA 500. (0.5)

The student did not provide a final conclusion on the engagement team's approach.

Question 5c**0.0 / 4**

CA Rudra, a Chartered Accountant in practice, was approached by Jin Ltd. to assist the company in improving its internal operations. The...

0.0%

Examiner: 0 / 4

Show full question

CA Rudra, a Chartered Accountant in practice, was approached by Jin Ltd. to assist the company in improving its internal operations. The company requested him to review its existing organisational structure, prepare job descriptions for various positions, evaluate the workload of employees and design an appropriate employee incentive scheme. CA Rudra agreed to provide these services for a professional fee. He was not appointed as the statutory auditor or internal auditor of Jin Ltd.

Examine whether acceptance of such assignment by CA Rudra amounts to professional misconduct.

What you wrote

Q 5(c)
Clause 9

As per the provisions of the first schedule, Part-1, of The chartered Accountant Act 1949. A chartered Accountant in practice shall be held guilty of Professional Misconduct under clause 9 if

Accepts appointment as an Auditor of the company without ascertaining whether the first complying with the provisions of
Sec 139 - 141 of the Companies Act 2013.
Sec 225 of the Companies Act 1952.
related to the Appointment of the auditor.

In the given Case,
CA Rudra CAIP accept to Provide Services to Jin Ltd relating to improving its internal operations. However, the provisions related to its appointment has not been followed.

Thus, CA Rudra will be held guilty under clause 9 of part 1 - first schedule.

How to improve

- Recognize that the assignment involves Management Consultancy Services (MCS) rather than an audit appointment, and cite Section 2(2)(iv) of the CA Act which permits a CA in practice to render such services.
- Do not apply Clause 9 of Part I of the First Schedule here. Clause 9 strictly applies to accepting an appointment as an auditor, whereas the case facts explicitly state CA Rudra was not appointed as the statutory or internal auditor.
- Change your conclusion to state that CA Rudra is not guilty of professional misconduct, as the services requested (reviewing organizational structure, job descriptions, workload evaluation, and incentive schemes) fall within the permissible scope of MCS.

Missing

State that under Section 2(2)(iv) of the CA Act, the Council permits a Chartered Accountant in practice to render "Management Consultancy and other Services". (1)

The student does not mention Section 2(2)(iv) or Management Consultancy Services.

Missing

Mention that the definition of Management Consultancy and Other Services includes reviewing organizational structure, preparing job descriptions, evaluating workloads, and setting up incentive plans. (1)

The student does not mention the definition of Management Consultancy and Other Services or its inclusion of the listed activities.

Missing

Apply the provision to the case by stating that the services proposed to be rendered by CA Rudra fall within the permissible scope of Management Consultancy and Other Services. (1)

The student incorrectly applies Clause 9 relating to audit appointments, completely missing the application of the MCS provision.

Incorrect

Conclude that CA Rudra is not guilty of professional misconduct for accepting the assignment. (1)

The student concludes that CA Rudra is guilty, which is the opposite of the correct conclusion.

Question 6a

2.75 / 5

CA Rig, a recently qualified practicing Chartered Accountant, got his first audit assignment of KaM (P) Ltd. for the financial year...

55.0%

Examiner: 1 / 5

Show full question

CA Rig, a recently qualified practicing Chartered Accountant, got his first audit assignment of KaM (P) Ltd. for the financial year 2025-26. He obtained all the relevant appropriate audit evidence for the items related to Statement of Profit and Loss. However, while auditing the Balance Sheet items, CA. Rig failed to obtain sufficient audit evidence, such as confirmations, for the outstanding Accounts Receivable amounting to ₹ 230 lakhs, continued as it is from the last year, on the affirmation of the management that there is no receipts and further credits during the year.

Relying merely on the management's affirmation that there were no receipts or further credits during the year, CA Rig excluded the audit of accounts receivable from his audit program, assuming that the amount pertained to the prior year, which had already been audited by the predecessor auditor. Comment on the appropriateness of CA Rig's approach.

What you wrote

6(a)

SA 505 External Confirmations

SA 510 - Initial Audit Considerations (including)
opening balance

As per the Standards on Auditing a chartered accountant should always remain alert through the audit and Exercise his own professional Judgement.

Evaluate the matter which indicate Existence of material misstatement or fraud.

He should obtain sufficient and appropriate Audit Evidence and seek written Confirmation for all the matters Concerning

documentation requirement of the audit.

Even balances relates to Prior year, Auditor should Exercise his professional Judgement seek Audit Evidence to Evaluate its accuracy.

In the given Case CA Rig's approach is NOT correct.

He cannot rely on the management affirmation. Nor can he Excuse himself assuming that the amount pertained to prior year.

He should seek valid written Confirmation if same is not provided he should try to perform Alternate Audit procedure, Discuss the matter with those charge with Governance, If the same still remains Unresolved Consider its implication in the Audit Report Including withdrawal if permitted under law & Regulations.

How to improve

- Clearly state the specific objectives of SA 510 regarding opening balances: to obtain sufficient appropriate audit evidence about whether opening balances contain misstatements that materially affect the current period's financial statements, and whether accounting policies have been consistently applied.
- Incorporate a conclusion on professional misconduct. Mention that failing to perform audit procedures and relying solely on management affirmations amounts to gross negligence and failure to exercise due diligence under the Code of Ethics.
- Cite SA 580 ('Written Representations') and explicitly state the principle that management representations do not provide sufficient appropriate audit evidence on their own.
- Mention that audit evidence for opening balances of current assets and liabilities is ordinarily obtained as part of the current period's audit procedures (e.g., checking subsequent receipts for receivables).

Partial

Cite SA 510, 'Initial Audit Engagements – Opening Balances' and state the auditor's objective regarding opening balances (to check for material misstatements and consistency of accounting policies). (0.75)

The student mentions SA 510 but gives generic statements about remaining alert and evaluating accuracy, rather than stating the specific SA 510 objectives regarding opening balances (checking for misstatements and consistency of accounting policies).

Missing

Explain that while the auditor can ordinarily rely on the previous auditor's closing balances, audit evidence for opening balances of current assets is usually obtained during current period audit procedures. (0.75)

The student does not explain that audit evidence for current asset opening balances is typically obtained through current period audit procedures, nor do they mention the reliance on the predecessor auditor's closing balances.

Partial

Cite SA 580, 'Written Representations' and state that management's written representations do not provide sufficient appropriate audit evidence on their own. (0.75)

The student correctly states that the auditor cannot rely solely on management's affirmation, but fails to cite SA 580 ('Written Representations') and state the formal principle that representations do not provide sufficient evidence on their own.

Covered

Apply the theory to the facts: state that CA Rig inappropriately excluded the verification of Accounts Receivable relying merely on management's affirmation and the predecessor auditor's work. (1.25)

The student successfully applies the theory to the facts, noting that CA Rig cannot excuse himself by assuming the amount pertained to the prior year or by relying on management's affirmation.

Partial

Conclude that CA Rig's approach was inappropriate, he should not have excluded the audit procedure, and he is guilty of professional misconduct for gross negligence or failure to exercise due diligence. (1.5)

The student concludes that CA Rig's approach is incorrect and that he should have performed alternate procedures. However, they entirely miss the conclusion that CA Rig is guilty of professional misconduct (gross negligence / failure to exercise due diligence).

Question 6b

2.0 / 5

Comet Logistics Ltd. outsources its entire payroll processing function to an external service organisation, ProPay Solutions, which...

40.0%

Examiner: 2 / 5

Show full question

Comet Logistics Ltd. outsources its entire payroll processing function to an external service organisation, ProPay Solutions, which maintains payroll records, computes salaries and processes statutory deductions on behalf of Comet Logistics Ltd. The auditor of Comet Logistics Ltd. needs to evaluate the design and operating effectiveness of controls at ProPay Solutions relevant to payroll processing.

Discuss the auditor's considerations under SA 402, including the relevance of a Type 1 and Type 2 report obtained from the auditor of service organisation.

What you wrote

[SA 402] Q6(b)

Audit Considerations relating to an Entity using Service Organisation.

Audit considerations are as follows:-

Type-1 Report

- (i) Controls are Suitably designed and Implemented
- (ii) Controls operates as per applicable criteria at specified date.
- (iii) Controls including control objectives are achieved

Type-2 Report

- (i) Controls operate throughout the specified period
- (ii) Controls properly and suitably Designed and Implement
- (iii) Controls including Control objectives are achieved and they are based upon applicable criteria.
- (iv) Controls are operating effectively

In the given case, Comet Logistics Ltd (the User Entity) Outsources its payroll processing function to Propay solution (the service organisation).

Hence, the auditor needs to

- (i) Evaluate the internal controls are operating effectively,
- (ii) They have been appropriately and suitably designed based upon criteria.
- (iii) Controls including control objectives are achieved.
- (iv) The Auditor Can Engage into discussion with the service Auditor, obtain Service Auditor's Report.
- (v) Auditor has the right to visit Service Auditor component and Evaluate his Competency.
- (vi) Assess based upon relationship the degree of interaction between User Entity and Service Organisation.

How to improve

- Correct your definition of a Type 1 Report. You incorrectly stated that it covers whether controls operate; a Type 1 Report only covers the description and design of controls as at a specified date, and provides no evidence on their operating effectiveness.
- State the foundational requirement of SA 402: the user auditor must obtain an understanding of the nature and significance of the services provided by the service organisation and their effect on the user entity's internal control.
- Provide a specific conclusion tailored to the scenario. State that since the auditor of Comet Logistics needs to evaluate operating effectiveness, a Type 2 report is required, as a Type 1 report is insufficient for this purpose.
- When mentioning the evaluation of the service auditor, expand beyond just their competency to include evaluating their independence, the adequacy of the period covered by their report, and whether any significant changes occurred subsequent to that period.

Missing

Referencing SA 402 and stating the requirement for the user auditor to obtain an understanding of the nature and significance of the service organisation's services and their effect on internal control. (0.5)

The student mentions the standard's name but fails to state the requirement to obtain an understanding of the nature and significance of the services and their effect on internal control.

Covered

Applying the standard to the facts by stating the auditor of Comet Logistics Ltd. needs to consider ProPay Solutions' controls relevant to payroll processing. (0.5)

The student applies the standard to the facts, noting that Comet Logistics outsources to ProPay and that the auditor needs to evaluate these controls.

Incorrect

Explaining that a Type 1 Report covers the description and design of controls as of a specified date, but is insufficient if the auditor needs evidence of operating effectiveness. (1)

The student incorrectly states that a Type 1 report covers whether 'controls operates as per applicable criteria'. A Type 1 report strictly covers design, not operating effectiveness.

Covered

Explaining that a Type 2 Report provides an opinion on both the design and operating effectiveness of controls over a specified period, offering relevant audit evidence. (1)

The student correctly identifies that a Type 2 report covers design, implementation, and operating effectiveness over a specified period.

Partial

Stating the requirement to evaluate the competence and independence of the service auditor, the adequacy of the report's period, and any subsequent significant changes in controls. (1)

The student mentions evaluating the service auditor's competency, but misses checking their independence, the adequacy of the report's period, and subsequent changes to controls.

Missing

Concluding specifically for Comet Logistics Ltd. that a Type 2 report is appropriate (and a Type 1 report is not by itself sufficient) because the auditor must consider both design and operating effectiveness. (1)

The student fails to explicitly conclude that a Type 2 report is required for Comet Logistics while a Type 1 report is insufficient for evaluating operating effectiveness.

Question 6c

0.0 / 4

Kinlab Ltd. is a manufacturing company planning to expand its business over the next few years. The management has approached an...

0.0%

Examiner: 3 / 4

Show full question

Kinlab Ltd. is a manufacturing company planning to expand its business over the next few years. The management has approached an investigator to assess the future maintainable turnover of the company for valuation purposes.

During the investigation, the investigator observed that the company's sales have increased steadily during the last three years but have fluctuated in certain product segments. The company is also planning to enter new domestic and international markets. At the same time, changes in Government policies and emerging economic conditions may affect the demand for its products. Further, new competitors are expected to enter the market, and some competing products are likely to be available at lower prices.

Based on the above facts, state the factors that the investigator should consider while assessing the future maintainable turnover of Kinlab Ltd.

What you wrote

Q 6 (c)

As per the first schedule, Part-I, clause 2
A chartered Accountant in practice is deemed
guilty of Professional Misconduct if

" He pays or allow or agrees to pay or
allow directly or indirectly any Share, commission,
Brokerage, fees or profit of his professional business to
any person other than the Partner, Retired Partner,
legal Representative of deceased Member or Member of
any other professional body Except as permitted
under Regulation 53A.

Thus, CA is not allowed to enter into arrangement
with articles [illegible] for any additional fees
[illegible] which is based upon % of his Share of
profit. Such conduct amounts to professional
guilty.

In the given Case,
Mr. Chetan offered his article fees 1% of
profit of firm as additional payment citing Poor

financial condition of article assistant. Such arrangement are not permitted.

CA Chetan would be held guilty of Professional Misconduct under clause 2 of part 1 of 1st Schedule of The Chartered Accountant Act 1956.

How to improve

- The answer provided addresses a completely different topic (Professional Ethics regarding sharing of profits) instead of the question asked (Factors to consider while assessing future maintainable turnover). Ensure you are answering the correct question.
- To answer the actual question, you must list and explain the factors for assessing future maintainable turnover: Trend, Marketability, Political and economic considerations, and Competition, tailoring them to the facts given in the case.

Missing

Mention 'Trend' as a factor, assessing whether past sales have increased consistently or fluctuated, and conducting a proper study of this phenomenon. (1)

The answer discusses professional misconduct and does not mention 'Trend' or past sales.

Missing

Mention 'Marketability' as a factor, questioning the possibility of extending sales into new markets versus being fully exploited, and emphasizing product-wise estimation. (1)

The answer discusses professional misconduct and does not mention 'Marketability' or new markets.

Missing

Mention 'Political and economic considerations', considering the impact of Government policies on extending markets internationally and the effect of emerging economic trends on home market sales. (1)

The answer discusses professional misconduct and does not mention 'Political and economic considerations'.

Missing

Mention 'Competition', evaluating the effect of new manufacturers entering the field, cheaper competing products, increasing demand for competing products, and whether the company's market share is constant or fluctuating. (1)

The answer discusses professional misconduct and does not mention 'Competition'.

Topics to revise

Question 4a

–5.0

- Identify the ESG Pillar primarily involved as the Social (S) Pillar, noting its relation...

Identify the ESG Pillar primarily involved as the Social (S) Pillar, noting its relation to labour practices and human rights.

- Explain that the Social Pillar requires an entity to consider impacts from its business...

Explain that the Social Pillar requires an entity to consider impacts from its business relationships, meaning ESG risks from contractors and suppliers are relevant and not confined to direct employees.

- Explain that the contractor's status as an independent entity does not make its labour...

Explain that the contractor's status as an independent entity does not make its labour practices irrelevant, and conclude that the Company should have undertaken appropriate due diligence and monitoring.

- State the first concern

State the first concern: Labour and human-rights risk, citing the Company's prioritization of cost over risk assessment and how unsafe conditions/non-payment indicate potential violations.

- State the second concern

State the second concern: Supply-chain and reputational risk, noting that appointing the contractor despite known allegations exposes the Company to reputational damage and the risk of making misleading or incomplete ESG disclosures.

- Provide an overall conclusion that treating the contractor's ESG practices as entirely...

Provide an overall conclusion that treating the contractor's ESG practices as entirely irrelevant simply because it is an independent entity is inconsistent with a comprehensive assessment of the Social dimension of ESG.

Question 6c

-4.0

- Mention 'Trend' as a factor, assessing whether past sales have increased consistently or...

Mention 'Trend' as a factor, assessing whether past sales have increased consistently or fluctuated, and conducting a proper study of this phenomenon.

- Mention 'Marketability' as a factor, questioning the possibility of extending sales into...

Mention 'Marketability' as a factor, questioning the possibility of extending sales into new markets versus being fully exploited, and emphasizing product-wise estimation.

- Mention 'Political and economic considerations', considering the impact of Government...

Mention 'Political and economic considerations', considering the impact of Government policies on extending markets internationally and the effect of emerging economic trends on home market sales.

- Mention 'Competition', evaluating the effect of new manufacturers entering the field,...

Mention 'Competition', evaluating the effect of new manufacturers entering the field, cheaper competing products, increasing demand for competing products, and whether the company's market share is constant or fluctuating.

Question 5c

-3.0

- Mention that the definition of Management Consultancy and Other Services includes...

Mention that the definition of Management Consultancy and Other Services includes reviewing organizational structure, preparing job descriptions, evaluating workloads, and setting up incentive plans.

- Apply the provision to the case by stating that the services proposed to be rendered by...

Apply the provision to the case by stating that the services proposed to be rendered by CA Rudra fall within the permissible scope of Management Consultancy and Other Services.

- Conclude that CA Rudra is not guilty of professional misconduct for accepting the...

Conclude that CA Rudra is not guilty of professional misconduct for accepting the assignment.

Question 1c

-2.0

- State the provision for when a material misstatement is found after the auditor's report...

State the provision for when a material misstatement is found after the auditor's report date and is corrected (auditor shall perform necessary procedures).

- Apply facts: Identify that the statement is factually incorrect (since an April 2026...

Apply facts: Identify that the statement is factually incorrect (since an April 2026 commissioning cannot contribute to March 2026 revenue) and state that the auditor must evaluate if it constitutes a material misstatement.

- Case Action/Conclusion

Case Action/Conclusion: Conclude that the auditor should discuss the matter with management and formally request them to correct the Other Information.

SA 500

-2.0

- Reference SA 500 'Audit Evidence' and state the general principle for using information...

Reference SA 500 'Audit Evidence' and state the general principle for using information prepared by a management's expert.

- Address the team's justification

Address the team's justification: State that a tight reporting deadline does not excuse the auditor from SA 500 compliance. Mention the need to perform additional procedures, such as involving another expert under SA 620, if sufficient appropriate evidence cannot be obtained.

- Provide the final conclusion

Provide the final conclusion: The engagement team's approach of accepting the certified figure without required evaluation is incorrect/not in accordance with SA 500.

Question 6b

-2.0

- Explaining that a Type 1 Report covers the description and design of controls as of a...

Explaining that a Type 1 Report covers the description and design of controls as of a specified date, but is insufficient if the auditor needs evidence of operating effectiveness.

- Concluding specifically for Comet Logistics Ltd

Concluding specifically for Comet Logistics Ltd. that a Type 2 report is appropriate (and a Type 1 report is not by itself sufficient) because the auditor must consider both design and operating effectiveness.

Question 5b

-1.5

- State the requirement to obtain an understanding of the work of the expert
State the requirement to obtain an understanding of the work of the expert.
- Apply the standard to the case facts
Apply the standard to the case facts: Note that the IBNR reserve is material/significant and therefore the auditor cannot merely rely on the actuary's certification; they must actively evaluate the actuary's competence and the reasonableness of the work/assumptions.

SQC 1

-1.0

- Stating the SQC 1 requirement that quality control policies should be relevant, adequate,...
- Stating the SQC 1 requirement that quality control policies should be relevant, adequate, and operating effectively, which requires ongoing evaluation including a periodic inspection of a selection of completed engagements.

SA 720

-1.0

- Case Action/Conclusion
Case Action/Conclusion: Conclude that if management refuses to make the correction, the auditor should communicate the matter to TCWG and take appropriate further action as required by SA 720.

Question 4c

-1.0

- State the duty to obtain evidence that the PFI is prepared on a consistent basis with...
- State the duty to obtain evidence that the PFI is prepared on a consistent basis with historical financial statements, using appropriate accounting principles.
- Mention that principles laid down in other Standards on Auditing should be applied to the...
- Mention that principles laid down in other Standards on Auditing should be applied to the extent practicable.

Section 2(

-1.0

- State that under Section 2(2)(iv) of the CA Act, the Council permits a Chartered...
- State that under Section 2(2)(iv) of the CA Act, the Council permits a Chartered Accountant in practice to render "Management Consultancy and other Services".

Question 6a

-0.75

- Explain that while the auditor can ordinarily rely on the previous auditor's closing...

Explain that while the auditor can ordinarily rely on the previous auditor's closing balances, audit evidence for opening balances of current assets is usually obtained during current period audit procedures.

Question 1b

-0.5

- State that the Emphasis of Matter paragraph does not modify the auditor's opinion
State that the Emphasis of Matter paragraph does not modify the auditor's opinion.

SA 701

-0.5

- Clarify that including an EOM paragraph does not automatically make a matter a KAM

Clarify that including an EOM paragraph does not automatically make a matter a KAM; a matter can be both only if it independently satisfies the requirements of both SA 701 and SA 706.

Regulation 192

-0.5

- Mention Regulation 192 of the CA Regulations, 1988, which restricts such fees subject to...

Mention Regulation 192 of the CA Regulations, 1988, which restricts such fees subject to prescribed exceptions.

SA 402

-0.5

- Referencing SA 402 and stating the requirement for the user auditor to obtain an...

Referencing SA 402 and stating the requirement for the user auditor to obtain an understanding of the nature and significance of the service organisation's services and their effect on internal control.

Not attempted

Questions 2b, 2c, 3a, 3b, 3c, 5a were not attempted and are excluded from the score above.

"What you wrote" is read from your handwritten script by AI and may contain misreadings. Marks shown per point are an AI estimate split across the question's official total — where your examiner's actual mark is also shown, that one is correct.