



The Institute of Chartered Accountants of India

Code: IN5AE695942  
 Subject : 05 Auditing and Ethics

Total Marks: 70  
 Marks Obtained : 53

Group No. II Paper No. 5  
 Subject Audit  
 Number of Answer Books used : Main + ..... additional sheets  
 Date Seal 22 MAY 2025

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 695942

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
 SEAL  
 MAY, 2025

Paper Code	B	A B C <input checked="" type="radio"/> E F G H I J K L M N O P Q R S T U V W X Y Z
	B	A <input checked="" type="radio"/> C D E F G H I J K L M N O P Q R S T U V W X Y Z
	7	A B C D E F G H I J K L M N O P Q R S T U V W X <input checked="" type="radio"/> Z
	1	

MCQ Booklet Serial No. 6808466 Paper No. 5 Level of Exam inter  
 Foundation  Intermediate  Final

MCQ Answers			
1	A B C <input checked="" type="radio"/>	11	A B <input checked="" type="radio"/> D
2	A B <input checked="" type="radio"/> D	12	A B C <input checked="" type="radio"/>
3	<input checked="" type="radio"/> B C D	13	A <input checked="" type="radio"/> C D
4	A B <input checked="" type="radio"/> D	14	<input checked="" type="radio"/> B C D
5	<input checked="" type="radio"/> B C D	15	A B <input checked="" type="radio"/> D
6	A <input checked="" type="radio"/> C D	16	A B C D
7	<input checked="" type="radio"/> B C D	17	A B C D
8	<input checked="" type="radio"/> B C D	18	A B C D
9	A B C <input checked="" type="radio"/>	19	A B C D
10	A B <input checked="" type="radio"/> D	20	A B C D
		21	A B C D
		22	A B C D
		23	A B C D
		24	A B C D
		25	A B C D
		26	A B C D
		27	A B C D
		28	A B C D
		29	A B C D
		30	A B C D

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2	2	2	2	2	2	2	2	2	2
3	3	3	3	3	3	3	3	3	3
4	4	4	4	4	4	4	4	4	4
5	5	5	5	5	5	5	5	5	5
6	6	6	6	6	6	6	6	6	6
7	7	7	7	7	7	7	7	7	7
8	8	8	8	8	8	8	8	8	8
9	9	9	9	9	9	9	9	9	9

**INSTRUCTIONS TO THE CANDIDATE FOR FILLING THE MCQ ANSWER FIELDS**

- Use only H.B. Pencil to Darken the appropriate Circle.
- Write and darken the correct MCQ Booklet Serial No. as printed on your question booklet which will be taken as final for evaluation. In case any candidate fills in this information wrongly, Institute will not take any responsibility for rectifying the mistake.
- Please darken the complete circle.
- If you want to change your Answer, erase the darkened circle completely and make a fresh mark.
- Please do NOT make any stray marks on the OMR cover page.
- Rough work must NOT be done on the OMR cover page.
- Mark your answer only in the appropriate space against the number corresponding to the question.

How to mark answers	
CORRECT METHOD	WRONG METHOD
(A) <input type="radio"/> (B) <input checked="" type="radio"/> (C) <input type="radio"/> (D) <input type="radio"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Q. No.	To be ticked <input checked="" type="checkbox"/> by the candidate against the Questions answered ( Descriptive Type )		
1	<input checked="" type="checkbox"/>	8	<input type="checkbox"/>
2	<input checked="" type="checkbox"/>	9	<input type="checkbox"/>
3	<input checked="" type="checkbox"/>	10	<input type="checkbox"/>
4	<input type="checkbox"/>	11	<input type="checkbox"/>
5	<input checked="" type="checkbox"/>	12	<input type="checkbox"/>
6	<input checked="" type="checkbox"/>	13	<input type="checkbox"/>
7	<input type="checkbox"/>	14	<input type="checkbox"/>
Total		Total	



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03

Q. 6. C

Whether Company covered under Section 135 of The Companies Act, 2013 following Matter shall be disclose :-

1. Amount of Expenditure incurred required to be incurred by the Company during the period.
2. Amount of Expenditure incurred by the Company during the period.
3. Shortfall at the end of the year.
4. Total previous year Shortfall.

6cStep1 ✓ 4

6c ✓ 4

X



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04

Q. 6. B

<input checked="" type="checkbox"/>	1. Entrance to the cinema hall during the show only through printed tickets.
<input checked="" type="checkbox"/>	2. They are serially numbered into tickets.
<input checked="" type="checkbox"/>	3. Inventory of tickets is a custody of appropriate authority.
<input checked="" type="checkbox"/>	4. For advanced booking separate number of tickets are issued.

Audit team consider in above areas for verifying the internal control mechanism.

6b Step 1  4

6b  4

X

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05

05

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05

Matters that an F-Store  
consider when planning their  
Attendance at the Physical  
Inventory Counting.

1. The ~~question~~ ~~being~~ ~~addressed~~.

2.



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06

Q. 6. A

Matters that CA F should consider when planning their attendance at the physical inventory counting.

- 1- Stage of completion of work-in-progress. ✓
- 2- Nature of the inventory. ✓
- 3- Risk of material misstatement related to the inventory. ✓
- 4- Nature of the internal control related to the inventory. ✓
- 5- Timing of performance of entity physical inventory count. ✓
- 6- Whether entity maintain

6aStep1 ✓ 5

6a ✓ 5

6 ✓ 13

✗

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07

Q-5-A

AS per SA 299 "Joint Audit of Financial Statements", Advantages of Joint Audit

1. Sharing of Expertises.
2. Advantages of mutual consultations.
3. Lower workload.
4. Lower staff development cost.
5. Lower cost to carry out the work.
6. Improve service to the client.

5aStep1 ✓ 5

5a ✓ 5

✗



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08

Q. 5. c

Computation of drawing power for cash credit limit granted to S Ltd.

Particulars of current Assets - ₹.

A. Stock	
Reliable value of stock	50000
less: Creditors paid stocks	(15000)
	35000
less: Margin @ 20%	(7000)
<b>Total A</b>	<b>28000</b>
B. Debtors	
Value of debtors	45000
less: Ineligible debtors	(5000)
Eligible debtors	40000
less: Margin @ 50%	(20000)
<b>Total B</b>	<b>20000</b>

Total of A and B is = 48000

However drawing power does not exceed the sanctioned limit therefore drawing power is only 45000 ₹.

5cStep1 ✓ 3

5cStep2 ✓ 1

5c ✓ 4

X





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10

Q. 3. B

As per SA 701 "Communicating Key Audit Matters in the Auditor's Report"

- Definition of Key Audit Matter.
- Key Audit Matter are those matter that Auditor professional judgment is most significant to Audit of financial of current period.
- Key Audit Matter Selected from Matters communicated to those Charged Governance.

3bStep1



2

- Determine Key Audit Matters.

1. Areas of Higher Assessed Risk of Material Misstatement and Significant Risk identified AS per SA-315.

2. Significant Auditor's judgment relating to the areas in the Financial Statement that involved significant management judgment including Accounting estimates

P.T.O

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11

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that's may gives high estimation uncertainties.

3- Significant events and transaction occurs

3- effects of Significant events and transaction that have been occurs during the periods.

that's may gives high estimation uncertainties.

3- effects of Significant events and transaction that have been occurs during the period.

3bStep2 ✓ 3

3b ✓ 5

✗



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12

Q. 3. C

with reference to SA 210 Auditor will establish that whether the preconditions for an Audit are present.

<input checked="" type="checkbox"/>	1. Whether Applicable financial reporting was acceptable.
<input checked="" type="checkbox"/>	2. Obtain Agreement to fulfill his responsibilities regarding:- <ul style="list-style-type: none"><li>• preparation of financial statements as per applicable financial reporting frameworking and achieving fair presentation.</li><li>• and such for internal control were management consider necessary to enabling the preparation of financial statement financial statement are whole from material misstatement.</li></ul>
<input checked="" type="checkbox"/>	3. providing one or more following. <ul style="list-style-type: none"><li>• Access all the information relating to the preparation of financial state ment.</li></ul>

P.T.O



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13

UNSECURED ACCESS

- UNSECURED ACCESS
- Additional information Requested By the Auditor.

3cStep1 ✓ 4

3c ✓ 4

✗

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14

Q. 3. A

Auditor Has to verify that all sales are accurately measured as per applicable accounting standards and correctly journalized, summarized and posted in the financial statement.

Audit procedures to ensure the same

1. Evaluate the consigned goods.
2. Evaluate the consignment Agreement.
3. Review the material purchases commitment Agreement.

3aStep1 X 0

3a X 0

3 ✓ 9

X

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15

Q. 2. B

AS per "SA-570 Going Concern"  
Example of operating events or condition that, individually or collectively, MAY cast significant doubt on the entity's ability to continue as a going concern.

1. Labour difficulties.
2. Emergence of highly successful competitors.
3. Loss of key management without replacement.
4. Shortages of important suppliers.
5. Loss of major market shares.

2bStep1 ✓ 5

2b ✓ 5

✗



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16

Q. 2. C

Clause (x) of The Companies Auditor's Report Order, 2020 (CARO 2020) Reporting responsibility.

i) Whether company raised amount through initial public offer and further up to public offer during the period and if so, whether amount raised for the purpose utilized for the only those purpose, if not details together Delay, default and subsequent rectification shall be disclosed.

ii) Whether company made private placement, preferential allotment and convertible debentures (partially, full and optionally convertible) during the period and if so whether company for comply section 42 and 62 of The Company Act 2013 and if not gives the details. Whether company apply the fund that have been raised the purpose and if not gives the details.

2cStep1



4

2c



4



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17

Q. 2. A

1. Standards on Auditing -  
purpose of Standards on Auditing is to obtain reasonable assurance that financial statements are free from material misstatement. It is a reasonable assurance engagement.

2. Standards on Review Engagement -  
purpose of review engagement is provide service to review of historical financial statements. It is a limited assurance engagement.

3. Standards on Related Services  
purpose of the standards on Related services it is agreed upon procedures. procedures like -  
including item of financial statements checking and preparation, Account receivable, Account payable etc.

4. Standards on Assurance engagement -  
It is Assurance engagement other than audit and review of historical financial statements.

2aStep1 ✓ 3  
2aStep2 ✗ 0  
2a ✓ 2  
12 ✗



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Q-1-B

• Types of Control in Automated environment:

1. General - it Control
2. Application Control

	Column A	Column B
Access security	<input checked="" type="checkbox"/>	General - it Control
Sequence number check	<input checked="" type="checkbox"/>	Application Control
Data Center and Network operation	<input checked="" type="checkbox"/>	General - it Control
Mandatory data fields	<input checked="" type="checkbox"/>	Application Control

1bStep1  0

1bStep2  4

1b  4

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20

Q. 1. c

AS per

i) AS per SA-230 Audit Documentation :-  
Auditor may consider it is helpful to prepare and retain AS parts of Audit documentation. AS a summary that facilitate :-

- Significant matter arising the Audit and
- how they are resolved.

ii) Appropriate time limit within Assembly of the final Audit File is completed within a period 60 DAYS After the date of Audit completion of Assembly File After the date of Audit report it is administrative process does not includes performances of new Audit procedures.

In the above case Audit report is issued August 20, 2024 therefore Appropriate time limit is Assembly of Final Audit File Not be Exceed

P.T.O

1cStep1 ✓ 1

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19 Oct. 2024. Team member 4 completed the assembly of final Audit File in march 2025 this is Not correct

1cStep2 ✓ 2

1c ✓ 3

✗



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Q. 1. A

ii)

1. Reliable

Auditor should determine whether population in which sample should be drawn should be reliable.

2. Completeness

Auditor should determine whether population in which sample should be drawn should be completed.

3. Appropriateness

Auditor should determine whether population in which sample should be drawn should be appropriated.

Therefore auditor should select the most appropriate evidence when test the accuracy of any a assertion on the basis of three factors Reliable, completeness, Appropriateness.



P-T.O

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i)  
Sufficiency and appropriateness of Audit evidence.  
Sufficiency is measured ~~as~~ quantity of data and appropriateness is measured ~~as~~ quality of data.  
Therefore Available ~~measures~~ AS measures AS a quality and quantity of data.

DO NOT WRITE ANYTHING HERE

1a Step 1  0

1a  0

1  7

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Result Overview

Awarded Marks: 53

Max Marks:70

NA Not Attempted

O Optional

M Marked

Q1\_Compulsory (Score: 7/14)

Question No	Awarded Marks	Maximum Marks	Status
1	7	14	M
1a	0	5	M
1b	4	5	M
1c	3	4	M

Q2\_Q6 (Score: 46/56)

Question No	Awarded Marks	Maximum Marks	Status
2	12	14	M
2a	3	5	M
2b	5	5	M
2c	4	4	M
3	9	14	M
3a	0	5	M
3b	5	5	M
3c	4	4	M
4	0	14	O
4a	0	5	O
4b	0	5	O
4c	0	4	O
5	12	14	M
5a	5	5	M
5b	3	5	M

5c	4	4	M
6	13	14	M
6a	5	5	M
6b	4	5	M
6c	4	4	M

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