

**FINAL COURSE: GROUP I****PAPER-3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS**

1. The question paper comprises two parts, Part I and Part II.
2. Part I comprises Case Scenario based Multiple Choice Questions (MCQs)
3. Part II comprises questions which require descriptive type answers.

**PART I - Case Scenario based MCQs (30 Marks)**

Write the most appropriate answer to each of the following multiple-choice questions by choosing one of the four options given. All MCQs are compulsory and carry 2 Marks each.

**Case Scenario 1 (1-5)**

CA Paras is in the midst of conducting statutory audit for the year 2023-24 of "Meto Chemicals Limited", a listed company. He is collating information required for reporting under CARO, 2020 from management. Audit procedures as are necessary in the circumstances will be performed on the information so obtained. The company's revenue from sale of products is 15,000 crores.

During the course of this exercise, he obtained the following information: -

A. The management has provided the following details of dues that have not been deposited on 31st March, 2023 on account of disputes: -

Name of Statute	Nature of dues	Forum where dispute pending	Period to which amt relates	Amt (in cr)	Amt unpaid (in cr)	Other comments
Income tax Act, 1961	Income Tax	CIT (Appeals)	AY 18-19	50	50	
Income tax Act, 1961	Income Tax	ITAT	AY 14-15	10	10	Demand stayed by ITAT pending completion of hearing by the Tribunal
EPF Act	PF Contribution	Hon'ble High Court of Rajasthan	FY 17-18	0.10	0.10	
Municipal Corporation Act	Property Tax	Hon'ble High Court of Rajasthan	FY 15-16	0.15	0.15	

The company has already made a provision of 10 crore in its financial statements considering the likely outcome of ongoing matters under dispute at ITAT. However, no provision has been made in respect of income tax matters pending before CIT(Appeals), PF contribution matter and property tax matter pending before Hon'ble High Court.

B. The following information is available from financial statements / records of the company. (in crore)

Non-current assets	As at 31.3.24	As at 31.3.23
PPE	3,500	4,000
Right of use asset	450	700
Intangible asset	42	40

Values stated above are as per gross block. Right-of-use assets consist of leases where the company has obtained the right-of-use asset under lease agreement in accordance with Ind AS 116.

C. Meto Chemicals Limited produces goods for which the Central Government has specified maintenance of cost records. Besides, cost audit has also been mandated under section 148(2) of the Companies Act. The cost auditor has already examined cost records and issued the cost audit report.

D. During the course of audit, CA Paras has found that physical verification of inventories of the company has been conducted during the year by management. The following is a summary of inventory as per physical verification conducted by management vis-à-vis its books of account as at the year-end: -

Particulars	As per physical verification	As per book of a/c
Raw material	1,000	1,020
Work in progress	200	220
Finished goods	2,000	2,290
Stores & spares	150	120
Total	3,350	3,650

E. During the course of audit, he is informed by management that two supervisory employees have been dismissed from service due to fraud of 25 lakh committed by them during the year 2023-24. The amount has also been subsequently recovered from them during the year itself.

On the basis of the abovementioned facts, you are required to answer the following MCQS:

**1. Select the correct statement relating to reporting of statutory dues which have not been deposited on account of disputes under clause 3(vii)(b) of CARO, 2020?**

- Only matters relating to income tax pending before CIT (Appeals) and PF contribution matter pending before Hon'ble High Court need to be reported.
- Only Income tax matter pending before ITAT needs to be reported.
- All the four matters for which information has been provided in the fact pattern need to be reported.
- Income tax matter pending before CIT (Appeals), PF contribution matter and property tax matter pending before Hon'ble High Court need to be reported, matter pending with ITAT does not require reporting.

**2. Identify the correct statement relating to reporting duties of the auditor under clause 3(i) of CARO, 2020 with regard to:**

- It is the duty of the auditor to report whether company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. Similarly, there is a duty to report on whether company is maintaining proper records showing full particulars of intangible assets. However, this duty does not extend to reporting on maintenance of records for Right-of-use assets. Further, auditor has to report on whether Property, Plant and Equipment have been physically verified by management at reasonable intervals. This to report on physical verification by management does not extend to Right-of-use assets.
- It is the duty of the auditor to report whether company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. This duty also applies to reporting on maintenance of records for Right-of-use assets and intangible assets. Further, auditor has to report on whether Property, Plant and Equipment have been physically verified by management at reasonable intervals. This duty to report on physical verification by management also extends to Right-of-use assets.
- It is the duty of the auditor to report whether company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. This duty does not extend to reporting on maintenance of records for Right-of-use assets and intangible assets. Further, auditor has to report on whether Property, Plant and Equipment have been physically verified by management at reasonable intervals. This duty to report on physical verification by management does not extend to Right-of-use assets.

d. It is the duty of the auditor to report whether company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. This duty also applies to reporting on maintenance of records for Right-of-use assets and intangible assets. Further, auditor has to report on whether Property, Plant and Equipment have been physically verified by management at reasonable intervals. However, this duty to report on physical verification by management does not extend to Right-of- use assets.

**3. As regards cost records is concerned, which of the following statement is correct regarding reporting under clause 3(vi) of CARO, 2020?**

- a. The auditor is required to report whether prescribed cost accounts and cost records have been so made and maintained.
- b. The auditor is not required to report on maintenance of cost accounts and cost records since cost auditor has already issued the cost audit report. In such situations, the auditor does not have any duty to report under CARO, 2020.
- c. The auditor is required to examine the cost audit report as well as take into account any qualifications therein and report them under clause 3(vi) of CARO, 2020. However, his duty to report on maintenance of cost accounts and cost records does not exist anymore.
- d. The auditor has a duty to report on cost accounts (or cost statements) only. The clause does not require the auditor to comment on maintenance of cost records (e.g. cost records relating to materials, labour, overheads) where specified by the Central Government.

**4. Considering the values of inventories arrived upon physical verification conducted by management vis - à-vis values reflected in its books of account, select the correct option for instance in the case study to be reported by the auditor on inventories under clause 3(ii)(a) of CARO, 2020?**

- a. Differences in all classes of inventories (raw material, work-in-progress, finished goods and stores and spares) should be reported irrespective of the materiality and the auditor should also comment on whether they have been properly dealt with in the books of account.
- b. There is no instance to be reported in the given case since the difference between the total value of inventories as per books and physical verification is less than 10%.
- c. To report differences in the value of work-in progress, finished goods and stores and spares since the difference in each class of inventory is 10% or more (based on value after adjustments). The auditor should also comment on whether they have been properly dealt with in the books of account.
- d. To report differences in the value of finished goods and stores and spares since the difference in each class of inventory is more than 10% (based on value as per books of accounts). The auditor should also comment on whether they have been properly dealt with in the books of account.

**5. Should the fraud described in para [E] of the case be reported by the auditor under clause 3(xi) (a) of CARO, 2020?**

- a. There is no duty to report since the amount involved is less than 1 crore.
- b. It is a fraud on the company and the auditor should report the nature of fraud and amount involved. The duty to report the fraud under this clause is irrespective of the amount involved.
- c. The requirement to report the fraud does not apply in the current situation since the fraud was not discovered by the auditor.
- d. The requirement to report the fraud does not apply in the current situation since the amount has been fully recovered during the year from the employees who committed the fraud.

**Case Scenario 2 (6-10)**

CA. Subhadra is conducting statutory audit of a branch of FNB Bank. The branch is having deposits of 450 crore and advances of 300 crore respectively reflected in its financial statements as on 31st March 2024. While performing audit procedures, she noticed the following: -

1. While reviewing advances of the branch, she came across the following particulars of two cash credit accounts: - (in crore)

Name of borrower	Sanctioned limit	Value of primary security	Value of collateral security	Net worth of borrower	Net worth of guarantor
KT Fab	10	20	15	5	3
PM Décor	15	25	12	7.5	5

Following further information is also available in respect of above noted accounts: -

Information pertaining to KT Fab (in Cr)

As on	Drawing Power	Outstanding balances
31.12.23	9	9.61
31.01.24	9.25	9.55
28.02.24	9.5	9.6
31.03.24	9.5	9.75

The outstanding balance in the account has remained more than 9.50 crore beginning from 31st December, 2023 till 31st March, 2024 on all days.

Information pertaining to PM Décor (in crore)

As on	Drawing Power	Outstanding balances
31.12.23	12	12.5
31.01.24	12.5	12.25
28.02.24	12.5	12.4
31.03.24	12.5	12.5

Both units are working and their financial position is satisfactory. The branch has classified both accounts as Standard Assets.

2. On reviewing "Statement of Accounts classified as NPA" as on 31.03.24, she finds that an education loan was granted to son of Mr. X, a customer of bank, for pursuing short duration technical higher studies abroad for ₹50.00 lakh sometime back repayable in 5 years. The loan was granted against security of residential house of Mr. X, valuing ₹60.00 lakh assessed by bank's empanelled valuer. However, the name of bank's empanelled valuer has now been removed due to certain irregularities. Later, value of residential house got reassessed from another valuer and he gave a report reflecting realisable value of residential house for ₹20.00 lakh.

Meanwhile, the instalments in education loan account are overdue for 110 days as on 31st March, 2024. The account was classified as standard asset till last year i.e., 31st March, 2023.

3. While verifying deposits of the branch, she noticed that inoperative accounts for less than 10 years are to the tune of 5 crore reflected in the balance sheet of the branch. She plans to focus her audit procedures on this segment too. One of her team members has suggested the following audit procedures in this regard:

- Verifying whether there exists a system of informing customers on accounts turning inoperative.
- Identification of cases where there is significant reduction in balances as compared to last year.
- Testing debits in inoperative accounts.
- Verifying auto activation of inoperative accounts.

4. While gathering information to be included in LFAR, she comes across some cases of advance accounts which became non-performing within a relatively short span of time. The details of few such identified accounts are as under:

Account name	Sanctioned Amount (in Cr)	Nature of facility	Date of first sanction	Date of renewal
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ABC Industries	1	Cash Credit	10/05/23	N.A.
XY Pvt Ltd	0.5	Cash Credit	01/07/23	N.A.
SK & Sons	1.5	Cash Credit	04/04/22	04/04/23
DK Creations	0.75	Term loan	01/10/23	N.A.

5. The branch also sends substantial number of Inland outward bills for collection. The bank has a system under which account of customer on whose behalf bill has been sent for collection is credited only after the bill has been actually collected from the drawee either by the bank itself or through its agents. One of her team members has jotted following audit procedures for Inland outward bills sent for collection: -

- Verification of outward bills for collection as on closing date.
- Verification of accrual of commission income in respect of bills outstanding as on closing date.
- Verification of accrual of charges in account of customer on whose behalf bill was sent for recovery where bill has been returned unpaid.

On the basis of the abovementioned facts, you are required to answer the following MCQs:

**6. Keeping in view information stated in respect of two borrower accounts at para [1] of case scenario, which of the following statement is correct?**

- The classification made by branch is not proper. Both accounts should be classified as non - performing assets.
- The classification made by branch is not proper. Borrower account of KT Fab should be classified as Standard asset. However, borrower account of PM Décor should be classified as non-performing asset.
- The classification made by branch is not proper. Borrower account of KT Fab should be classified as nonperforming asset. However, borrower account of PM Décor should be classified as Standard asset.
- The classification made by branch is proper.

**7. Considering issue relating to education loan described in para [2] of case scenario, how should it be classified in books of branch as on 31st March, 2024?**

- Sub-standard asset
- Doubtful asset
- SMA
- Loss asset

**8. As discussed in para [3] of case scenario, one of team members has suggested certain audit procedures described in case scenario for verification of inoperative accounts. Which of audit procedure(s)/ combination of procedures are relevant in such a situation?**

- Identification of cases where there is significant reduction in balances as compared to last year, testing debits in inoperative accounts and verifying auto-activation of inoperative accounts.
- Verifying whether there exists a system of informing customers on account turning inoperative, identification of cases where there is significant reduction in balances as compared to last year and verifying auto activation of inoperative accounts.
- Verifying whether there exists a system of informing customers on account turning inoperative, testing debits in inoperative accounts and verifying auto activation of inoperative accounts.
- Verifying whether there exists a system of informing customers on account turning inoperative, identification of cases where there is significant reduction in balances as compared to last year and testing debits in inoperative accounts.

**9. Quick mortality cases are required to be stated in LFAR by statutory branch auditor. With reference to the particulars in para [4] above, which of the following statement is correct?**

- a. All the four cases reflected in the table in para [4] are quick mortality cases. Quick mortality cases are indicative of shortcomings in credit appraisal.
- b. Only the case of DK creations is in nature of quick mortality case. Quick mortality cases are indicative of shortcomings in credit appraisal.
- c. Cases of ABC Industries, XY Pvt Ltd and DK creations are in nature of quick mortality cases. Quick mortality cases are indicative of shortcomings in credit appraisal.
- d. Cases of XY Pvt Ltd and DK creations are in nature of quick mortality cases. Quick mortality cases are indicative of shortcomings in credit disbursement.

**10. One of her team members has planned certain audit procedures described in case scenario at para [5] for verification of Inland outward bills for collection. Which of the following audit procedure(s)/combination of procedures are likely to be relevant in such situation?**

- a. To verify bills for collection on closing date.
- b. To verify bills for collection on closing date and verification of accrual of commission in respect of bills outstanding as on closing date.
- c. To verify accrual of charges in account of customer on whose behalf bill was sent for recovery where bill has been returned unpaid.
- d. To verify accrual of commission in respect of bills outstanding as on closing date and verification of accrual of charges in the account of customer on whose behalf bill was sent for recovery where bill has been returned unpaid.

**11. CA Mridul has been appointed as statutory auditor of PQT Limited, a reputed listed company engaged in the manufacturing of electronic products, in accordance with provisions of the Companies Act, 2013. Currently, he is also actively involved in advising the government in favour of proposed legislation likely to be introduced in one of the coming sessions of Parliament to attract investments and cutting-edge technology in the electronic products sector on behalf of his client. He has participated in TV programmes on the matter, written articles in business papers on the subject, and given key suggestions to the government in this regard. In all public appearances and statements, he has openly stated the fact of being associated with PQT Limited in the capacity of auditor. Which of the following statements is likely to be correct in this regard?**

- a. The described situation can involve self-interest threats to the independence of the auditor.
- b. The described situation can involve familiarity threats to the independence of the auditor.
- c. The described situation can involve advocacy threats to the independence of the auditor.
- d. The described situation can involve self-review threats to the independence of the auditor.

**12. What should Chief Internal Auditor do, in case of lack of sufficient resources and budget for performing the internal audit plan approved by the Audit Committee of the Company?**

- a. Complete the areas which can be completed using existing resources and post-pone the balance plan to subsequent years.
- b. Appraise the audit committee of the challenges and corresponding exposure of the Company due to non- performance of the complete plan
- c. Reduce the audit scope and allocated time of each area so that complete plan can be executed in the year.
- d. Consult CFO for the key priority areas and perform the audit as per directions from the CFO.

**13. Arrange the following audit procedures in proper order, in case of requested written representations not provided:**

- (i) Take appropriate actions including determining possible effect on audit opinion.**
- (ii) Re-evaluate integrity of management.**
- (iii) Discuss matter with management.**
- (iv) Evaluate effect on reliability of representations (oral or written) and audit evidence.**

- a. (i)-4 (ii)-2 (iii)-1 (iv)-3
- b. (i)-2 (ii)-3 (iii)-4 (iv)-3
- c. (i)-2 (ii)-4 (iii)-1 (iv)-3
- d. (i)-4 (ii)-1 (iii)-3 (iv)-2

**14. CA Y has accepted an engagement to perform agreed upon procedures in relation to sales and profits of broadcasting segment of a renowned media house. Which of following statements is likely to be false in this regard?**

- a. The users are unlikely to draw their own conclusions from report of CA Y in this regard.
- b. The engagement letter should include a statement that the distribution of the report of CA Y would be restricted to the specified parties who have agreed to the procedures to be performed.
- c. CA Y should carry out procedures of an audit nature to which he and the media house have agreed.
- d. Independence is not a requirement for agreed-upon procedures engagement. A statement to that effect should be made in the report itself by CA Y.

**15. A CA firm received the following assignments:**

- (i) Offer to be appointed as internal auditor of HH Ltd.**
- (ii) Offer to be appointed as statutory auditor of HH Employees Provident Fund.**
- (iii) Offer to be appointed as internal auditor for YY Ltd. And simultaneously, they were also appointed to perform Tax Audit for the company.**

**Among the assignments (i), (ii) and (iii) given in the scenario which PAZH & Co. received, undertaking which would have led to professional misconduct?**

- a. (ii) only.
- b. Both (i) & (ii).
- c. (iii) only.
- d. (i) only.



**PART II – Descriptive Question (70 Marks)**

Question No.1 is compulsory.

Attempt any **four** questions from the rest.

**Ques 1**

(a) PQR & Associates, Chartered Accountants, is a partnership firm having 3 partners CA P, CA Q and CA R. PQR & Associates are appointed as Statutory Auditors of ABC Limited, a listed entity for the financial year 2021-22 and CA P is appointed as Engagement Partner for the audit of ABC Limited. Before issuing the Audit Report of ABC Limited, CA P asked CA R to perform Engagement Quality Control Review and is of the view that his responsibility will be reduced after review by CA R. Whether the contention of CA P is correct? What are the aspects that need to be considered by CA R while performing Engagement Quality Control Review for audit of financial statements of ABC Limited? **(5 Marks)**

(b) CA. Navya is the statutory auditor of Lakshay Ltd. for the Financial year 2022-23. In respect of loans and advances of ₹75 Lakh given to Hariharan Pvt. Ltd., the Company has not furnished any agreement to CA. Navya and in the absence of the same, he is unable to verify the terms of repayment, chargeability of interest and other terms.

Justify the type of opinion which CA. Navya should give in such a situation. Also, Draft an appropriate Opinion paragraph and Basis of opinion paragraph. **(5 Marks)**

(c) The financial statements of PC & Co. have been prepared by management of an entity in accordance with the financial reporting provisions of a contract (that is, a special purpose framework) to comply with provisions of the contract. Based on the contract, management does not have a choice of financial reporting frameworks. As an auditor what considerations would be undertaken while planning and performing audit? **(4 Marks)**

**Ques 2**

(a) Happy Hospital is a very renowned hospital for Orthopaedic Surgeries in Mumbai having sophisticated infrastructure. Happy Hospital has started using a novice system which includes complete record of Indoor Patient i.e. their diagnosis, their treatment, their medications, their billings, and receipts thereon which is developed and managed by CT Contractors. CA Z is a statutory auditor of Happy Hospital. CA Z came to know about this system while auditing. CA Z is concerned whether the controls at CT Contractors Associates are operating effectively or not. For this purpose, CA Z demanded from CT Contractors, an assurance report from a practicing-chartered accountant about their opinion on the description of CT Contractor's system, and the effectiveness of the control. Which type of report should be obtained by CA Z in terms of relevant Standard on Auditing? What aspects are to be considered by CA Z in using such assurance report as audit evidence that controls at CT Contractors are operating effectively? **(5 Marks)**

(b) Self-interest threat is the threat that a professional accountant will not appropriately evaluate the results of a previous judgment made; or an activity performed by the accountant, or by another individual within the accountant's firm or employing organization, on which the accountant will rely when forming a judgment as part of performing a current activity.

You are required to give examples of facts and circumstances that might create self-interest threats for a professional accountant when undertaking a professional service as well as professional activity. **(5 Marks)**

(c) During the review, Internal Auditor notices several discrepancies in the disbursement records and suspects there might be weaknesses in the internal control system. Additionally, there have been recent changes in the company's business policies that he was not informed about. He is concerned about maintaining his independence and objectivity while ensuring that management is aware of these issues. What are the responsibilities of Internal Auditor with respect to the accounting function and financial records of the organisation? **(4 Marks)**



### Ques 3

(a) Explain the difference between Forensic Accounting and Other Audits. **(5 Marks)**

(b) CA. Mack, a recently qualified practicing Chartered Accountant got his first audit assignment of Captura (P) Ltd. for the financial year 2023-24. 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. Mack left out obtaining appropriate audit evidence, say, confirmations, from the outstanding Accounts Receivable amounting Rs. 145 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. CA. Mack, therefore, excluded from the audit programme, the audit of accounts receivable on the understanding that it pertains to the preceding year which was already audited by predecessor auditor. Comment. **(5 Marks)**

(c) The Director (Discipline) of the ICAI received information of alleged misconduct against Mr. Jayprakash, the proprietor of JP & Associates, as follows: -

(i) Audit of a college was accepted by JP & Associates in which Mr. Jayprakash is working as a part-time lecturer and also, he had not taken permission of the ICAI for working as a part-time lecturer in the college.

(ii) An event relating to Corporate Social Responsibility was sponsored by JP & Associates, whereby in the sponsorship banner, name of Mr. Jayprakash as 'CA Jayprakash, Proprietor, JP & Associates' was mentioned.

On the basis of above information and along with certain evidence against Mr. Jayprakash, he was found guilty and so he was reprimanded and a fine of 1 lakh was imposed by an order passed against him dated 12th July, 2020.

Against the said order, Mr. Jayprakash preferred an appeal with the Appellate Authority on 17th August, 2020 by submitting a statement of appeal along with the application form of appeal. During such appellate proceedings, it was discovered that the said statement of appeal contained some facts which were false to which Mr. Jayprakash admitted it to be false and apologized for it.

Before which authority, the matter of Mr. Jayprakash would have been placed and what maximum punishment could have been imposed on him by the said authority in accordance with the Chartered Accountant Act, 1949? **(4 Marks)**

### Ques 4

(a) If there is any conflict of interest between the firm and client, it should be properly resolved before accepting the engagement. What policies and procedures on the continuance of the engagement and the client relationship should consider when the firm obtains information that would have caused it to decline an engagement if that information had been obtainable earlier?

What issues are addressed by Policies and procedures on withdrawal from an engagement or from both the engagement and the client relationship? **(5 Marks)**

(b) You have been appointed to compile the financial statements of the Kings & Company (a partnership firm) for tax purposes. During the course of your work, you discover that the inventory is grossly understated, and the company has failed to apply applicable standards on accounting. On pointing out the same, the partners of the Kings & Co., inform you that it is outside your scope since you are not conducting an audit and the said figures duly certified by the firm should be accepted. Comment. **(5 Marks)**

(c) Which one of the 9 Principles of BRSR has core element of “The entities should transparently and accurately disclose all kinds of adverse impacts to the user, planet, society, on the biodiversity from their products.” Give any of its other 3 core elements. **(4 Marks)**

### Ques 5

(a) A Review Report of an Auditor is negative in form in expression of conclusion- Explain. **(5 Marks)**

(b) CA H was appointed as a Statutory Auditor of MNL Limited, a listed company, which has three subsidiaries namely M Ltd., N Ltd., L Ltd. and also 15 branches across India. The Auditors are duly appointed for all the subsidiaries and branches. What should be the considerations of CA H regarding determination of materiality during the audit of consolidated financial statements? How he should deal in his report if there are observations (for instance modification and/or emphasis of matter paragraph in accordance with SA 705/706) made by component auditors? **(5 Marks)**

(c) Comment on the following with reference to the Chartered Accountants Act, 1949 and schedules thereto:

Mr. D, a practicing Chartered Accountant, did not complete his work relating to the audit of the accounts of a company and had not submitted his audit report in due time to enable the company to comply with the statutory requirements. **(4 Marks)**

### Ques 6

(a) You are appointed as the Auditor of XMP Pvt. Ltd. for financial year 2021-22 after the resignation of RS & Co. Chartered Accountants, as statutory auditor of the company. RS & Co., had certain concerns on the accounting matters of the company, leading to change of auditors. All the compliances under Sections 139 and 140 are made by the company with regard to resignation and appointment.

During the course of audit, it came to your notice that a survey has been conducted on December 7, 2021 by the Income Tax Department and department has unearthed unrecorded sales of 5 lakhs which had been made in cash on different dates during the year 2020-21. XMP Pvt. Ltd. has purchased gold from such collections and these transactions are not recorded. Company surrendered and disclosed these transactions before the assessing officer and paid taxes thereon. However, company has not recorded those transactions in books of account even after surrender before Income Tax authorities.

You want to report the above matters in CARO, but the management requested you not to report them. Comment with respect to auditor's response to the management and his reporting requirements to the shareholders. **(5 Marks)**

(b) What is Phishing? Explain 4 Types of Phishing. **(5 Marks)**

(c) Comment on the following with reference to the provisions of the Chartered Accountant Act 1949:

(1) CA. Pankaj accepted professional work of acting as valuer under direct taxes. He charges fees on a percentage of the property valued.

(2) CA. Anita joined as an audit executive in a CA firm on April 1, 2023. Despite receiving multiple reminders from ICAI, she has failed to respond with her appointment date and submit her membership certificate. **(4 Marks)**

**OR**

(c) CA. Tanya, the auditor of KBC Pvt. Ltd. has delegated following works to his articles and staff:

- i. Issue of audit queries during the course of audit.
- ii. Issue of memorandum of cash verification and other physical verification.

Letter forwarding draft observations/financial statements.

iv. Issuing acknowledgements for records produced.

v. Signing financial statements of the company.

Is this correct as per the Professional Ethics and ICAI's guidelines and pronouncements? **(4 Marks)**