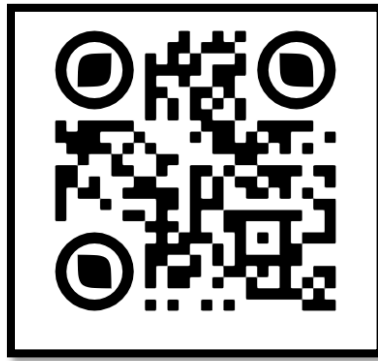Follow us
CA Ram Harsha

P5 AUDITING - EXPECTED QUESTIONS – SEPT 2025

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First Priority Chapters

Chapter 1 - Nature, Objective and Scope of Audit [5 to 8 Marks]

1. Aspects to be covered in Audit
2. Scope of Audit and Its inclusions and Exclusions
3. Inherent Limitations of an Audit [Study all limitations]
4. What is an Assurance Engagement and Elements thereof
5. Meaning of Review and Difference between Audit and Review
6. What are Other Assurance Engagements and Prospective Financial Statements
7. What is the Need for EQC Standards

Chapter 2 – Ethics and Terms of Engagement [10 to 15 Marks]

Ethics:
1. Principles Based Approach Vs Rules Based Approach to Ethics
2. Fundamental principles of Ethics [All 5 Fundamental principles]
3. Perspectives of Independence and Its importance for Listed Companies [Appearance and Mind Concept]
4. Threats to Independence with Examples [All 5 Threats]
5. Safeguards to Independence
6. Professional Skepticism [Meaning, Examples and Benefits]

SA 210:
7. What are Preconditions for an Audit and consequences if preconditions not present?
8. What are contents of Engagement Letter.
9. Matters to consider before agreeing to change terms of engagement
10. Circumstances for sending Engagement letter in recurring audits

Quality Control
11. Acceptance and Continuation of Client Relationship as per SQC [Full element]
12. Engagement Quality Control Review as per SQC
13. Actions of Engagement Partner to emphasis importance of audit quality [SA 220]

Chapter 3 – Audit Report [700 Series and CARO 2020] [10 to 20 Marks]

1. Evaluations about Qualitative aspects of entities Accounting Practices. [SA 700]
2. Specific Evaluations by the Auditor? [SA 700]
3. Definition of Pervasive and Determining the type of Modified Opinion. [SA 705]
4. Consequences of Management Imposed Limitations. [SA 705]
5. How Basis for Opinion para changes in case of Modified Opinion [SA 705]
6. Auditors Responsibilities section in case of Disclaimer of Opinion [SA 705]
7. Applicability of KAM. [SA 701]
8. Meaning and Purpose of KAM [SA 701]
9. Factors for determining KAM [SA 701]
10. Define EOMP. Usage of EOMP and Manner of Presentation of EOMP. [SA 706]
11. Responsibilities of Joint Auditor. [SA 299]
12. Special Considerations under SA 299.
13. Full CARO 2020.

Chapter 4 – Completion and Review [10 to 15 Marks]

1. Audit Procedures about Subsequent Events [SA 560].
2. Procedures when Facts Identified before the date of issue of F/s. [SA 560]
3. Primary Responsibility for Going Concern [SA 570]
4. Risk Assessment Procedure related to Going Concern [SA 570]
5. Additional procedures when events or conditions are identified [SA 570]
6. Audit Reporting under SA 570
7. Accumulation of Misstatements [SA 450]
8. Communication and Correction of Misstatements [SA 450]
9. Why written representation about management responsibilities required [SA 580]
10. Reconfirmation of Responsibilities through written representation [SA 580]
11. Date and Period covered by written representation [SA 580]
12. Reporting when Written representation not provided or Unreliable [SA 580]
13. Significant Findings in Audit [SA 260]
14. Communication in case of Listed Entities [SA 260]
15. Matters that auditor may consider to determine whether significant deficiency exists [SA 265]
16. Indicators of Significant Deficiencies [SA 265]

Chapter 5 – Audit Documentation [SA 230] [5 Marks]

1. Nature and Purpose of Documentation.
2. Documentation of NTE of Audit Procedures and Factors affecting them.
3. Timely preparation and Assembly of Documentation
4. Audit Summary memorandum.
5. Documentation of Significant matters.

Chapter 7 – Different Types of Entities [5 to 10 Marks]

1. Government Audit
2. Cooperative Societies Audit
3. Audit of LLPs

Chapter 8 – Audit Strategy, Planning and Programme [10 to 15 Marks]

1. Benefits of Planning
2. Considerations in Planning
3. Involvement of Team Members and Management in Planning
4. Factors to consider while establishing overall audit strategy
5. Documentation of Audit Strategy and plan
6. Audit Programme Intro
7. Assistants to keep an open mind while developing programme
8. Periodic review of audit programme

Chapter 10 – Bank Audit [5 to 8 Marks]

1. Additional reports by Statutory Central Auditors
2. Engagement Team discussion
3. Reporting by Auditor of Banks [Report to CG and LFAR]
4. Classification of Advances based on security and Modes of creating security
5. NPA and Out of Order Meaning
6. Special NPA Norms
7. Rules for Drawing Power
8. Evaluation of ICs over advances
9. Partial recoveries in NPAs
10. Reversal of Incomes
11. Audit of Interest Expenditure

Last Priority Chapters

Chapter 11 – Audit of Items of Financial Statements [10 to 15 Marks]

1. Borrowings [Full]
2. Existence of Trade Receivables
3. Completeness of Trade Receivables
4. Existence of Cash and Cash Equivalents
5. PPE Full
6. Existence of Trade Payables
7. Benami Property Disclosures
8. Relationship with Struck-off Companies
9. Ratios to be disclosed
10. Sales [Full]
11. Occurrence of Other Income
12. Employee Benefits – Hiring, Appraisal, Retirement
13. Depreciation [Full]
14. Focus Area on Other expenses [Monthly Trends and Attributes Concept]

Chapter 6 – Audit Evidence [10 to 20 Marks]

1. Reliability of Audit evidence and Generalisations about reliability. [SA 500]
2. Sufficiency and Appropriateness of Audit Evidence [SA 500]
3. Audit Procedures - Inspection, Inquiry, Inquiry about Management Intent. [SA 500]
4. Concept of Assertions.
5. Factors to be considered while placing reliance on Management expert. [SA 500]
6. Audit Trail and its benefits.
7. Evaluating Internal Audit Function before using Type 1 Work. [SA 610]
8. Examples of work that can be used by external Auditor [SA 610]
9. Restrictions on scope of work from direct assistance [SA 610]
10. Characteristics of Population [SA 530]
11. Factors affecting extent of test checking on a sampling plan [SA 530]
12. Stratification and Value Weighted Selection [SA 530]
13. All Methods of Sampling [SA 530]
14. Sampling Risk and Erroneous conclusions due to sampling risk. [SA 530]
15. Performing Procedures on Selected Sample [SA 530]
16. Considerations related to attendance at Physical inventory Counting [SA 501]
17. Audit procedures when inventory is under custody and control of 3rd Party [SA 501]
18. Audit Procedures on Litigations and Claims [SA 501]
19. Circumstances of Direct communication with Legal Counsel [SA 501]
20. Circumstances of Meeting with Legal Counsel [SA 501]
21. Understanding of Management Methods for segment information [SA 501]
22. Designing the confirmation request and factors affecting it [SA 505]
23. Evaluating evidence obtained through External confirmation [SA 505]
24. Substantive Analytical Procedures, Factors affecting and Techniques [SA 520]
25. Analytical Procedures as sole substantive audit procedures [SA 520]
26. Write about Overall Conclusions [SA 520]

Chapter 9 – Risk Assessment and Internal Control [10 to 15 Marks]

1. Risk Assessment Procedures includes [Methods]
2. Concept of Significant Risk and Factors affecting them
3. Use of Benchmarks in Materiality [SA 320]
4. Assumptions about F/s users in context of materiality [SA 320]
5. Understanding of Entity and Its environment [All 5 Sub topics]
6. Inherent limitations of Internal Controls
7. Internal Control Components
8. Development of Audit programme only after understanding of ICs
9. IC Questionnaire, Flow Charts
10. Understanding and Documenting in Automated Environment
11. Risks arising from use of IT and Impact on Audit
12. Impact of Manual elements in automated environment
13. Data analytics in audit
14. SA 330 Full [If Time permits]