

Hello everyone, as promised I am giving you something which will make audit studies very easy "Magic Sheet" for Self Study . Each and every question in PM and all important points are marked linked to notes with page numbers. In PM around 100 questions are mere repetition. Which you can easily identify from sheet and save loads of time & efforts.

Concept is simple first cover which is necessary, that is PM + IMP points marked in sheet then what is possible, cover remaining things taught in class. Impossible appearing course will get covered automatically.

PM with print date Jan 2016 is linked with notes released in June 2016. Even if have you old PM or notes this analysis will be of immense help. This will help you in last 1 day before exams.

IMP--- means important but not covered in PM

PM--- means study from PM

Read remarks before going to question.


How to Study ?

---Pick up small topic you are targeting, quickly go to PM and read questions only and not answers, just get aware of type of questions

--- Watch video lecture

--- Mark important areas, make it super strong

---Now go answer questions, and improve your answering skills by looking at PM answers, many time PM answers are weird dont get tensed accept it and give best answer from your side. Specially SA 240 answers are wierd.

1	Company Audit I	First read only questions from PM of the sub topic you want to study, which will increase curocity and give you hang of questions which can be asked. Cover everything from this chapter. You can ignore bare sections & rules.
2	Company Audit II	First read only questions from PM of the sub topic you want to study, which will increase curocity and give you hang of questions which can be asked. Cover everything from this chapter. You can ignore bare sections & rules.
3	Basics of Audit	
4	SA 200 Series	
5	SA 500 Series	
6	SA 600 Series	
7	SA 700 Series	
8	CARO	
9	Government Audit	
10	Special Audit	
11	Vouching & Verification	
12	EDP	
13	ICS	
14	SA 300	
15	SA 400	
16	Audit of Share Capital	
17	Accounting	Round 100 questions in PM are from AS & Schedule III, I have marked them so that you can study it at last after accounts, I have commented on each question regarding keythings use it.
		<b>Use below Notes When Instructed in Magic Sheet</b>
	Note 1	<p>These points in inquiry are subsequent events as per IAS 10, where adjusting events are accounted and significant non adjusting events are shown in notes to accounts. So how to remember these use flow of balance sheet.</p> <p><b>Asset Side</b> Sale or acquisition of asset Any event affecting recoverability of asset</p> <p><b>Liability Side</b> Issuance of Capital New Commitment / Borrowings / Guarantees</p> <p>Financial Statements (Whole) Development clarifying contingencies Unusual accounting adjustments Appropriateness of Accounting Policy Appropriateness of Going Concern Relevant for measurement of estimates</p>

Pg No	Notes	PM	Key words in Question	Remarks
<b>Company Audit I</b>				
Vol 2 Pg 2.2	Point 2 Qualifications	Ch7 Q9b	Qualification / CA not holding COP	
Vol 2 Pg 2.3	Business Relationship Image	Ch7 Q21c	Disqualification / Rented office in clients building	I disagree with answer in PM, office in client owned building will lead to business relationship and auditor will be disqualified.
Vol 2 Pg 2.5	R- Relative is Director /KMP Sec 141(3)(f)	Ch7 Q14b	Disqualification	Disqualifications are for auditors & not for Tax Consultants.
Vol 2 Pg 2.5	R- Relative is Director /KMP Sec 141(3)(f)	Ch7 Q34	Disqualification / Relative of MD	
Vol 2 Pg 2.6	First See Image and then read theory.			
Vol 2 Pg 2.6	S ->Securities / Indebtedness/ Guarantee Sec 141(3)(d)	Ch7 Q1a	Disqualification / Indebtedness	
Vol 2 Pg 2.6	P ->"Partner or Employee" of "Officer or Employee" Sec 141 (3) (c)	Ch7 Q4a	Disqualification / Partner is a Employee	
Vol 2 Pg 2.6	First See Image and then read theory.			
Vol 2 Pg 2.6	S ->Securities / Indebtedness/ Guarantee Sec 141(3)(d)	Ch7 Q7a	Disqualification holding shares of subsidiary	
Vol 2 Pg 2.6	O ->Officer or Employee of that company Sec 141(3) (b)	Ch7 Q15a	Disqualification / MD wants to become auditor	He cannot become auditor
Vol 2 Pg 2.6	First See Image and then read theory.			
Vol 2 Pg 2.6	S ->Securities / Indebtedness/ Guarantee Sec 141(3)(d)	Ch7 Q29c	Disqualification / Indebtedness	
Vol 2 Pg 2.6	First See Image and then read theory.			
Vol 2 Pg 2.6	S ->Securities / Indebtedness/ Guarantee Sec 141(3)(d)	Ch7 Q39	Disqualification / Indebtedness	
Vol 2 Pg 2.6	First See Image and then read theory.			
Vol 2 Pg 2.6	S ->Securities / Indebtedness/ Guarantee Sec 141(3)(d)	Ch7 Q41	Disqualification / Indebtedness	
Vol 2 Pg 2.8	Point 5 Significance of Word Indebtedness	Ch7 Q9c	Disqualification / Indebtedness / Advance for Fees or Expenses	
Vol 2 Pg 2.9	Ceiling Limit	Ch7 Q1b	Ceiling Limit	
Vol 2 Pg 2.9	Ceiling Limit	Ch7 Q15b	Ceiling Limit	
Vol 2 Pg 2.9	Ceiling Limit	Ch7 Q33a	Ceiling on Number of Audits	
Vol 2 Pg 2.12	Full 5.1 & 5.2	Ch7 Q46	Appointment of First & Subsequent Auditor	
Vol 2 Pg 2.13	139 (7)	Ch7 Q8a	First Auditor of Government Company	
Vol 2 Pg 2.13	139(7)	Ch7 Q29b	Appointment of Auditor	
Vol 2 Pg 2.15	5.3	Ch7 Q2	Casual Vacancy on Resignation	
Vol 2 Pg 2.15	Point 5.3	Ch7 Q5a	Casual Vacancy on Resignation	
Vol 2 Pg 2.15	Case at the TOP	Ch7 Q14d	No AGM for 3 years	Old auditor will continue.
Vol 2 Pg 2.15	Point 5.3	Ch7 Q33b	Casual Vacancy on Resignation	
Vol 2 Pg 2.15	5.3	Ch7 Q35	Casual Vacancy on Resignation	
Vol 2 Pg 2.16	Point 5.5	Ch7 Q25	No appointment / reappointment of retiring auditor	
Vol 2 Pg 2.16	Section 177	Ch7 Q38	Voting Power of Auditor in Audit Committee	Auditor can attend meeting of Audit Committee but he cannot vote.
Vol 2 Pg 2.19	Last Image on Left Hand Side	Ch7 Q44	Applicability of Rotation of Auditor	
Vol 2 Pg 2.22	Sec 140 (4 Steps)	Ch7 Q16	Removal before expiry	4 steps in flow.
Vol 2 Pg 2.22	Sec 140	Ch7 Q36b	Removal of First Auditor	
Vol 2 Pg 2.23	Removal at Expiry	Ch7 Q14c	Ratification & No appointment of joint auditor will mean removal at AGM	It is better to read it removal before AGM and removal at AGM. If there is no ratification full process of Removal at AGM (5 Steps) in Images will be applicable.
Vol 2 Pg 2.24	Important Observations.	Ch7 Q21b	Dissolution of Audit Firm	
Vol 2 Pg 2.26	Right to access books	Ch7 Q4c	Powers of Auditor	Books include all statutory records, including voucher. BOD Minutes is part of statutory records.
Vol 2 Pg 2.26	Read notes at the end of powers	Ch7 Q5b	Powers of Auditor	
Vol 2 Pg 2.26	9.1	Ch7 Q18	Power of Auditor to Visit Branch	
Vol 2 Pg 2.28	143(1)	Ch7 Q8b	Inquiry under Sec 143(1)	He can visit any branch he wants without any conditions.
Vol 2 Pg 2.28	143(1)	Ch7 Q10	Audit Inquiry Under Sec 143(1)	
Vol 2 Pg 2.29	First Image , Koi director disqualified toh nahi hai.	Ch7 Q8d	Director Disqualified Under Sec 164(2)	Use flow to remember
Vol 2 Pg 2.29	All the points in story except 6 sub points of inquiry are from 143 (3)	Ch7 Q13	Audit Report Matter as per 143(3)	Use flow of the story, we also saw practical report of reliance for 143 (3)
Vol 2 Pg 2.29	First Image , Koi director disqualified toh nahi hai.	Ch7 Q14a	Disqualification Under Sec 164(2)	
Vol 2 Pg 2.32	First Image	Ch9 Q5b	Role of CAG in Government Company Audit	
Vol 2 Pg 2.33	Point 3	Ch7 Q20	Cab BOD appoint branch auditors	Appointment is similar to regular auditor, such power cannot be delegated. This delegation of power from branch auditor was allowed in old law. Answer in PM is wrong regarding delegation.
Vol 2 Pg 2.34	Point 12	Ch7 Q29a	Compliance with SA	Compulsory to follow SA in all types of companies.
Vol 2 Pg 2.38	Point 15	Ch7 Q7b	Signing Audit Report by Employee / Manager of Audit Firm	Only Partner who is CA in Practice can sign audit report on behalf of Firm as per Sec 145 / 141 (2) & CA Act
Vol 2 Pg 2.38	Point 16	Ch7 Q11b	Auditors Attendance at AGM	It is compulsory to attend AGM. Either he can send someone else or Company can exempt him from attending.
Vol 2 Pg 2.38	Point 16	Ch7 Q21a	Right to attend AGM	He can attend all the meetings, irrespective of area of discussion.
Vol 2 Pg 2.41	Applicability of Cost Records	Ch7 Q12a	Maintenance Cost Records	
Vol 2 Pg 2.41	Applicability of Cost Audit See Image	Ch7 Q12b	Applicability of Cost Audit	
Vol 2 Pg 2.42	Cost Audit not applicable.	Ch7 Q12c	Exemption from Cost Audit	
Vol 2 Pg .	--	Ch7 Q8c	Sending Audit Report to Shareholders	Auditor has to send his report to company, then its there responsibility to send it to shareholders as per Sec 134
<b>Company Audit II</b>				
Vol 2 Pg 2.75	First Row, Second Image	Ch7 Q11a	Location of Books of Accounts	
Vol 2 Pg 2.75	First Row, Second Image	Ch7 Q31a	Change in Location of Books of Accounts	
Vol 2 Pg 2.80	Sec 129 / First Image	Ch7 Q45	Non Compliance of AS	
Vol 2 Pg 2.81	3rd Row First Image	Ch8 Q24	Director Responsibility Statement	
Vol 2 Pg 2.96	Applicability of Internal Audit	Ch4 Q29	Applicability of Internal Audit	Simple Case, we have to see TO of Last year and not average TO.
Vol 2 Pg 2.99	Sec 181	Ch5 Q32	Donation for Charity Purpose	
Vol 2 Pg 2.99	Sec 182	Ch5 Q45	Political Contribution	
Vol 2 Pg 2.99	Sec 181	Ch7 Q17b	Donation for Charity Purpose	
<b>Basics of Audit</b>				
Vol 2 Pg 1.3	Types of Audit	Ch1 Q16	Types of Audit	
Vol 2 Pg 1.4	Basic Principles Governing an Audit	Ch1 Q13	Basic Principles Governing an Audit	Very popular as per old standards. Use flow of audit to remember
Vol 2 Pg 1.7	Continuous Audit	Ch3 Q3b	Continuous Audit	Only explain continuous audit Repeat Question
Vol 2 Pg 1.7	Continuous Audit	Ch3 Q32	Continuous Audit	Only explain continuous audit
Vol 2 Pg 1.7	Continous Vs Final	IMP	Compariosn & Short Note	
Vol 2 Pg 1.9	Behavioral Science & Audit	Ch1 Q22c	Behavioral Science & Audit	Just recollect CPT / IPCC subjects
Vol 2 Pg 1.9	Relationships with other disciplines	IMP		

Vol 2 Pg 1.10	Reasons / Classifications of Errors as per RK Mautz	IMP		
Vol 2 Pg 1.11	Self Revealing Vs Non Self Revealing	Ch1 Q20b	Self Revealing	Use additional examples in PM
Vol 2 Pg 1.12	Types of Error	Ch1 Q2	Errors of Commission	
Vol 2 Pg 1.13	Audit Vs Investigation	Ch1 Q12	Audit Vs Investigation	Use flow of doing audit to remember points. Recollect example fraud in chemical company.
Vol 2 Pg 1.14	Surprise Checks	Ch3 Q14	Surprise Checks	Study from PM
Vol 2 Pg 1.14	Surprise Checks	Ch3 Q22	Surprise Checks	Use it for movable assets & application of system when auditor is not present.
Vol 2 Pg 1.14	Surprise Checks	Ch3 Q33	Surprise Checks	Repeat Question
Vol 2 Pg 1.15	Difference between Procedure Vs Technique	Ch3 Q30	Audit Procedure Vs Technique	You can use table or express in paragraphs
Vol 2 Pg 1.16	Last Point	Ch4 Q2	Examination in Depth	It is similar to following audit trial and vouching. Use example to elaborate answer, as given.
Vol 2 Pg 1.17	Q1 General Purpose Financial Statements	Ch1 Q10a	General Purpose Financial Statements	Write as per requirements of question, can give reference of SA 700
Vol 2 Pg 1.17	Q2	Ch2 Q15	Different Accounting Policies	Remember in sequence of balance sheet
Vol 2 Pg 1.19	Q4 Independence	Ch2 Q12	Auditors Independence	Include points from PM about how company act protects independence. This question is from final course by mistake included here in IPCC. It simply means going beyond financial aspects and find out how we can improve efficiency & effectiveness of activities.
PM Pg .	--	Ch1 Q4	Operational Audit	Simple the explain where automated systems are used for accounting, after test of controls we can use sampling in test details, that will be sufficient.
PM Pg .	--	Ch3 Q17	Test Check in System Based Audit	Alternative answer in PM is better, it is simply management responsibility as per SA 210
PM Pg .	--	Ch3 Q25b	Instruction to Client before Start of Audit	
PM Pg .	--	Ch5 Q43	Casting / Totaling	
<b>Intro to SA's</b>				
Vol 1 Pg 1.3	Intro to SA's: Intro to SA's: Types of Standards	Ch1 Q17	Types of Standards	Standards--- Mandatory
Vol 1 Pg 1.7	Intro to SA's: Intro to SA's: Last question:- Standards Vs Guidance Notes	Ch1 Q22a	Standards Vs Guidance Notes	GN--- Recommendatory
PM Pg --.	Intro to SA's: Intro to SA's: --	Ch1 Q6	Name of any 12 SA's	You can ignore this question. If they ask, then use shortcut trick to remember all SA numbers and names.
<b>200 Series</b>				
Vol 1 Pg 1.11	SA 200: Objectives of Audit			Use key to remember
Vol 1 Pg 1.12	SA 200: Q3 (Inherent Limitations of Audit)	Ch1 Q1b	Audit is full of risk	
Vol 1 Pg 1.12	SA 200: Q3 (Inherent Limitations of Audit)	Ch1 Q14	Inherent Limitations of Audit	Repeat Question
Vol 1 Pg 1.15	SA 200: Q4 Audit Risk	Ch3 Q26b	Audit Risk	Use lecture notes
Vol 1 Pg 1.15	SA 200: Q4 Audit Risk	Ch3 Q29b	Audit Risk	Use lecture notes
Vol 1 Pg 1.17	SA 200: Q7 (Ethical Requirements)	Ch1 Q8	Qualities of Auditor	Explain in one line each JESS in SA 200, including all points of ethical requirements
Vol 1 Pg 1.17	SA 200: Q7 Professional Skepticism	Ch1 Q23c	Professional Skepticism	Refer examples for better understanding
PM Pg .	SA 200: --	Ch3 Q7	Inherent Risk	They have covered points from SA 315 & SA 330. While deciding audit procedure under SA 330 risk is considered.
Vol 1 Pg 1.20	SA 210: Preconditions & Limitations Propri to Acceptance	IMP		How to consider risk is explained in SA 315. Its mix answer study from PM
Vol 1 Pg 1.23	SA 210: Engagement Letter (Mandatory Vs Non Mandatory/Clauses)	IMP		
Vol 1 Pg 1.25	SA 210: Q5 EL in recurring audits	Ch3 Q31	Engagement Letter in recurring audits	Use examples for clarity and flow of point. Some are external / some from management side and some from our side.
Vol 1 Pg 1.25	SA 210: Q5 Last Para Change in Level of Assurance	Ch3 Q34	Request to give lower level of assurance	Due to lack of time client may request to change from audit to review. If situation is genuine do it. Read matter in PM for further explanation.
Vol 1 Pg 1.27	SA 210: Q 6 Change in Terms	Ch3 Q26a	Change in Terms of Engagement	Recollect examples and use key to remember
Vol 1 Pg 1.27	SA 210: Q 6 Change in Terms	Ch7 Q4b	Reduction in fees & Part Audit	PM has not mentioned SA 210, but it was required. Should withdraw from such assignment. Responsibilities as per law cannot be ignored.
PM Pg .	SA 210: --	Ch3 Q4	Letter of Engagement	Simple question where they explain EL. You can add more points from SA 210
Vol 1 Pg 1.28	SA 220: Contents of SA	Ch3 Q29c	Quality Control	Use flow drawn in lecture. Explain headings in one line. SA 220 explains implementation o firm level procedures to audit assignment level.
Vol 1 Pg 1.30	SA 220: Acceptance & Continuance	IMP		
Vol 1 Pg 1.33	SA 220: Engagement Quality Control Review	IMP		
Vol 1 Pg 1.36	SA 230: Q1 Advantages of Working Paper / AD	Ch2 Q4	Advantages of Working Papers	Advantages / Importance / Purpose of AD all are same
Vol 1 Pg 1.36	SA 230: Q1 Advantages of Working Paper / AD	Ch2 Q7	Advantages of Working Papers	Repeat Question on Advantages of AD
Vol 1 Pg 1.36	SA 230: Q1 Advantages of Working Paper / AD	Ch2 Q20b	Audit Working Papers	Repeat Question
Vol 1 Pg 1.36	SA 230: Q1 Advantages of Working Paper / AD	Ch3 Q19	Utility of Audit Working Paper	Advantages / Importance / Purpose of AD all are same
Vol 1 Pg 1.37	SA 230: Q2 Types of Audit File	Ch3 Q11	Types of Audit File	its fine to cover 5-6 example of each type
Vol 1 Pg 1.39	SA 230: Q5 Factor affecting form / content / extent	Ch1 Q19b	Factor affecting form / content / extent	Remember in flow of going for audit.
Vol 1 Pg 1.41	SA 230: Q7 Ownership of Documents	Ch3 Q13	Ownership of Working Papers	See point sharing of documents
Vol 1 Pg 1.41	SA 230: Q7 Ownership of Documents	Ch3 Q20b	Health Zone changes auditor	Its our property even after audit
Vol 1 Pg 1.41	SA 230: Q7 Ownership of Documents	Ch7 Q31c	Ownership of Audit Documentation	
Vol 1 Pg 1.42	SA 230: Q9 Audit Note Book	Ch3 Q3a	Audit Note -Book	Popular question in exams
Vol 1 Pg 1.42	SA 230: Q9 Audit Note Book	Ch3 Q23b	Audit Note -Book	Repeat Question
Vol 1 Pg 1.42	SA 230: Completion Memorandum	IMP		Popular question in exams
Vol 1 Pg 1.43	SA 230: Right to lien	Ch7 Q3	Auditor Lien	
PM Pg .	SA 230: --	Ch3 Q21	Working Paper	It's a mix answer, very simple read once from PM
Vol 1 Pg 1.45	SA 240: Fraud & Its Types	IMP		
Vol 1 Pg 1.47	SA 240: Q2 (Fraud Risk Factors)	Ch1 Q3	Conditions or Events which increase risk of fraud	Use lecture notes
Vol 1 Pg 1.50	SA 240: Q3 (Responsibility of auditor with respect to fraud)	Ch1 Q1a	Fraud detected after completion of audit	
Vol 1 Pg 1.50	SA 240: Q3 (Responsibility of auditor with respect to fraud)	Ch1 Q7	Fraud detected after completion of audit	Repeat Question
Vol 1 Pg 1.50	SA 240: Q3 (Responsibility of auditor with respect to fraud)	Ch7 Q9a	Joint Auditors Failed to Discover Fraud	Also give reference of SA 299. Each joint auditor is responsible for his work
Vol 1 Pg 1.50	SA 240: Q3 (Responsibility of auditor with respect to fraud)	Ch7 Q37	Failure to detect misstatement	Repeat Question
Vol 1 Pg 1.56	SA 240: Auditor Unable to Continue Audit Engagement	IMP		
PM Pg .	SA 240: --	Ch2 Q6	Misappropriation of CASH	Refer Note 2 at the end
Vol 1 Pg 1.60	SA 250: Responsibility of Management	IMP		
Vol 1 Pg 1.62	SA 250: Responsibility of Auditor	IMP		
Vol 1 Pg 1.64	SA 250: Q4 Indicators of Non Compliance	Ch1 Q21a	Indicators of Non Compliance	Use short cut given in notes.
Vol 1 Pg 1.64	SA 250: What to do if there is non compliance	IMP		
Vol 1 Pg 1.70	SA 260: Matters to be communicated to TCWG	IMP		
Vol 1 Pg 1.71	SA 260: Significant Findings from Audit (With 4 sub points)	Ch1 Q19a	Communication of Significant Findings from Audit (With 4 sub points)	Use flow of doing audit to remember points
				Study with the help of examples given after each point.

Vol 1 Pg 1.73	SA 260: Q5 Use Shortcut	Ch3 Q28b	Factors affecting mode of communication to TCWG	Use Shortcut & Examples
Vol 1 Pg 1.76	SA 265: Q1 Internal Control Deficiency & Steps if Identified	IMP		
Vol 1 Pg 1.77	SA 265: Q2 Contents of Letter	Ch4 Q26	Letter of Weakness	Management Letter & Letter of Weakness is same. Written representation is different
Vol 1 Pg 1.78	SA 265: Indicators of Significant Deficiency	IMP		
Vol 1 Pg 1.80	SA 299: All the points in SA 299 are IMP	IMP		
Vol 1 Pg 1.81	SA 299: Q 2 & Q 3	Ch2 Q19	Responsibilities of Joint Auditor	Study Both Q 2 Duties & Q 3 Reporting
Vol 1 Pg 1.81	SA 299: Q 2 & Q 3	Ch7 Q22a	Responsibilities of Joint Auditor	Repeat Question Study Both Q 2 Duties & Q 3 Reporting
Vol 1 Pg 1.81	SA 299: Q 2 & Q 3	Ch7 Q26b	Joint Audit	Repeat Question Study Both Q 2 Duties & Q 3 Reporting
Vol 1 Pg 1.81	SA 299: Q 2 & Q 3	Ch7 Q27	Responsibilities of Joint Auditor	Repeat Question Study Both Q 2 Duties & Q 3 Reporting
Vol 1 Pg 1.81	SA 299: Q 2 & Q 3	Ch7 Q32	Joint Audit	Repeat Question Study Both Q 2 Duties & Q 3 Reporting
Vol 1 Pg 1.81	SA 299: Q 2 & Q 3	Ch7 Q33c	Joint Audit Responsibilities	Repeat Question Study Both Q 2 Duties & Q 3 Reporting
<b>500 Series</b>				
Vol 1 Pg 1.125	SA 500: Audit Evidence	Ch2 Q3(i)	Audit Evidence	Use key to remember
Vol 1 Pg 1.126	SA 500: Factors affecting Sufficient & Appropriate	Ch2 Q21	Sufficient & Appropriate Evidence	Use shortcut PRIMA
Vol 1 Pg 1.127	SA 500: Point 3 Methods of Collecting Audit Evidence	Ch2 Q3(ii)	Methods of collecting Audit Evidence	Use flow of image
Vol 1 Pg 1.127	SA 500: Table Types of Evidence	Ch2 Q17	External Vs Internal Evidence	Read answer from PM to understand how to explain
Vol 1 Pg 1.127	SA 500: Point 3 Methods of Collecting Audit Evidence	Ch2 Q23	Inquiry as method of collecting evidence	Read full answer from PM to express this point of enquiry in detail. Explain only points related to reliability, use key to remember, in flow of receiving external confirmation
Vol 1 Pg 1.128	SA 500: Point 4, Reliability of Audit Evidence	Ch2 Q3(iii)	Reliability of Audit Evidence	Explain points of reliability of audit evidence. Then explain xerox is not reliable. So certified copies from IT dept. and other evidence will be required. If not obtained qualify / disclaimer
Vol 1 Pg 1.128	SA 500: Point 4, Reliability of Audit Evidence	Ch2 Q22	Xerox Copies / Books taken away by IT department	Use key to remember, recollect points & discussion of SA 610
Vol 1 Pg 1.129	SA 500: Point 5	Ch6 Q4b	Actuarial Valuation	Use key to remember, recollect points & discussion of SA 610
Vol 1 Pg 1.129	SA 500: Point 5	Ch6 Q40b	Management Expert (Assumed)	Use key to remember, recollect points & discussion of SA 610
Vol 1 Pg 1.131	SA 500: Selecting Items for testing	IMP		
Vol 1 Pg 1.133	SA 501: Point 1 / 2 / 3 / 4 / 5	Ch6 Q2b	Existing & Condition of Inventory	It can come for 6-8 marks use key to remember.
Vol 1 Pg 1.133	SA 501: Point 1	Ch6 Q42	Attendance at Physical Verification	Explain detail as per key to remember
Vol 1 Pg 1.137	SA 501: 3 Steps in key to remember / Litigation & Claims	IMP		
PM Pg .	SA 501: --	Ch6 Q2a	Quantity & Value of Inventory (Management Responsibility)	Its managements responsibility to manage Inventory
PM Pg .	SA 501: --	Ch6 Q20b	Inventory Physical Verification	Its managements responsibility to manage Inventory
Vol 1 Pg 1.138	SA 505: Point 1	Ch2 Q14	External Confirmation	Use key to remember
Vol 1 Pg 1.140	SA 505: Designing Confirmation Request	Ch6 Q51	Factors while designing confirmation request	Use diagram of letter
Vol 1 Pg 1.141	SA 505: Negative Confirmation & When to use	IMP		Use key to remember & examples
Vol 1 Pg 1.143	SA 505: Use image with arrow diagram	Ch3 Q28a	Reliability of External Confirmation	Notes has more points, use sequence in image.
Vol 1 Pg 1.144	SA 505: Refusal to send confirmation Request	IMP		
PM Pg .	SA 505: --	Ch6 Q4a	External Confirmation	As per guidance note date of confirmation can be year end or any suitable date Simple application of SA 510, accuracy & consistency of Accounting Policy.
Vol 1 Pg 1.146	SA 510: Q1 (Applicability & Objective)	Ch1 Q9a	Change on Auditors & Checking of Opening Stock	Use key to remember
Vol 1 Pg 1.146	SA 530: All the point in this SA	IMP		in PM they have listed only to uses, we should write all 3 to be on safer side. Use Images / Charts Definition & Uses
Vol 1 Pg 1.149	SA 520: Point 1 & 2 Analytical Procedures & Uses	Ch2 Q13(i)	Analytical Procedures	
Vol 1 Pg 1.149	SA 520: Point 1 & 2 Analytical Procedures & Uses	Ch6 Q17	Analytical Review	
Vol 1 Pg 1.151	SA 520: Factors affecting use of analytical procedures as substantive procedures	IMP		
Vol 1 Pg 1.152	SA 520: Table related to reliability of data	Ch5 Q38	Reliability of Data used in Analytical Procedures	Use table & examples. This question is not covered in SA. It is from old audit literature. whether to rely on Analytical procedure or Test of Details.
Vol 1 Pg .	SA 520: --	Ch6 Q12b	Reliance on Analytical Procedures	RO-MAT R-Risk / O-Other Audit Procedures / M-Materiality / A-Accuracy of expected results / T-Test of Controls This question is not covered in SA. It is from old audit literature. whether to rely on Analytical procedure or Test of Details.
PM Pg .	SA 520: --	Ch3 Q27b	Reliance on Analytical Procedure	RO-MAT R-Risk / O-Other Audit Procedures / M-Materiality / A-Accuracy of expected results / T-Test of Controls
Vol 1 Pg 1.154	: All points in SA as discussed in lecture are important			
Vol 1 Pg 1.154	SA 530: Sampling Risk	Ch1 Q19c	Sampling Risk	
Vol 1 Pg 1.154	SA 530: Sampling Risk	Ch3 Q27a	Sampling Risk	Repeat Question
Vol 1 Pg 1.156	SA 530: Point 1 / 2 / 3	Ch1 Q21b	Sample Design / Sample Size / Sampling Method	Explain concepts in short. Repeat Question
Vol 1 Pg 1.156	SA 530: Point 1 / 2 / 3	Ch3 Q35	Sample Design / Sample Size / Sampling Method	Explain concepts in short.
Vol 1 Pg 1.159	SA 530: Advantages of Sampling	Ch3 Q23a	Advantages of Statistical Sampling	Use key to remember
Vol 1 Pg 1.160	SA 530: Point 1 Random Sampling	Ch3 Q1	Random Selection Method	Read answer in PM it is simple and explains statement with reason.
Vol 1 Pg 1.160	SA 530: Methods of Sampling	Ch3 Q2	Methods of Sampling	Explain all methods in brief.
Vol 1 Pg 1.160	SA 530: Point 1 / Sub Point ii	Ch3 Q29a	Stratified sampling	
Vol 1 Pg 1.163	SA 530: Key to remember	Ch3 Q12	Precautions of Test Check	Use key to remember explain each point in 1-2 sentences
Vol 1 Pg 1.168	SA 540: Point 1 Definition Types & High & Low Uncertainty 1.171	Ch2 Q11	Accounting Estimates/ Types / High Low Uncertainty	Define Estimates / Types / High and Low Uncertainty
Vol 1 Pg 1.173	SA 540: Indicators of possible management bias : Definition of Related Party / Nature of Related Party Transactions	IMP		
Vol 1 Pg 1.183	SA 550: Sources to find out related party transactions	IMP		
Vol 1 Pg 1.185	SA 550: Point 7 given at last use examples given in short notes.	Ch1 Q20a	Transactions outside normal course of business	Transactions which happen rarely. Use examples given in short notes.
PM Pg .	SA 550: --	Ch1 Q18c	Arms Length Transactions	Simple definition.
Vol 1 Pg 1.188	SA 560: All images are important in SA 560	IMP		
Vol 1 Pg 1.188	SA 560: Events Occurring between balance sheet date & date of signing	Ch1 Q5	Subsequent Events (SA 560)	Study from Image, if question is silent they mean events till date of signing. For points related to inquiry refer Note 1
Vol 1 Pg 1.188	SA 560: Events Occurring between balance sheet date & date of signing	Ch6 Q8c	Audit Procedures for Subsequent Event	Study from Image, if question is silent they mean events till date of signing. For points related to inquiry refer Note 1
PM Pg .	SA 560: --	Ch1 Q22b	Inquiry of Subsequent Event	Refer Note 1 at bottom
PM Pg .	SA 560: --	Ch6 Q8a	Define Subsequent Event	It covers 2 things events till date of signing & facts after signing
Vol 1 Pg 1.194	SA 570: Events / Conditions creating significant doubt about going concern.	Ch1 Q23b	Operating Conditions creating doubt over going concern.	Explain points which are asked, remember points in flow, purchase-- production--sales
Vol 1 Pg 1.194	SA 570: Events & Conditions creating significant doubt over going concern.	Ch2 Q10	Appropriateness of going concern assumption	Little background of SA 570 & Events & Conditions creating significant doubt over going concern.
Vol 1 Pg 1.196	SA 570: Q4 Additional Audit Procedures if there is doubt over going concern	Ch3 Q28c	Procedure to verify going concern	Question doesn't specify but they have covered additional audit procedures. So use key to remember
Vol 1 Pg 1.197	SA 570: First Chart	Ch8 Q25	Recurring Losses / Going Concern Invalid	If going concern is in valid & management still uses going concern assumption go for adverse opinion

Vol 1 Pg 1.200	SA 580: Point 1 (WR)	Ch3 Q8	Management Representation	Use key to remember
Vol 1 Pg 1.200	SA 580: Point 1 (WR)	Ch3 Q15	Misuse of Written Representation	It cannot substitute regular audit procedure.
Vol 1 Pg 1.200	SA 580: Point 1 (WR)	Ch3 Q20a	Existence & Valuation of Goods with transporter	It cannot substitute regular audit procedure.
Vol 1 Pg 1.202	SA 580: Date & Period Covered in WR	IMP		
Vol 1 Pg 1.203	SA 580: Point 1 & 7	Ch1 Q23a	WR not provided	Use image for better studies.
<b>600 Series</b>				
Vol 1 Pg 1.204	SA 600: All points of SA 600 are important	IMP		
Vol 1 Pg 1.206	SA 600: Point 4 / Chart	Ch6 Q28a	Qualified branch audit report	Consider branch qualifications / misstatements if they are material. Further try to resolve them if not then Qualify etc.
Vol 1 Pg 1.208	SA 610: Scope & Objective of Internal Audit	IMP		Use Image & flow on Amir Khan
Vol 1 Pg 1.209	SA 610: Table for difference between.	Ch4 Q17	External Audit Vs Internal Audit	Use the flow of doing audit.
Vol 1 Pg 1.209	SA 610: Table for difference between.	Ch4 Q20	External Audit Vs Internal Audit	Repeat Question Use the flow of doing audit.
Vol 1 Pg 1.210	SA 610: Evaluate Internal Audit Function	Ch4 Q7	Can external auditor rely on work done by internal auditor	Use table and examples
Vol 1 Pg 1.214	SA 620: All the 6 steps of the SA 620 are Imp	IMP		
PM Pg .	SA 610: --	Ch4 Q12	Independence of Internal Auditor	There is reference of Sec 138. Independence of internal Auditor is not as good as Statutory Auditor. But because it reports to BOD, he can freely communicate his view points without any pressure so he is adequately Independent.
<b>700 Series</b>				
Vol 1 Pg 1.220	SA 700: All the points in this SA are IMP	IMP		
Vol 1 Pg 1.220	SA 700: Point 1	Ch7 Q23	Basic Elements Audit Report	Explain each element in 2-3 lines
Vol 1 Pg 1.225	SA 700: Point6 True & Fair View	Ch2 Q9	True & Fair View	Use small chart drawn during lecture
Vol 1 Pg 1.226	SA 700: Point 7 (Forming Opinion)	Ch1 Q11	Framing an opinion on financial statements	Use flow given to remember points. Give SA 700 reference
Vol 1 Pg 1.226	SA 700: Point 7	Ch7 Q22b	Process of Judgement Formation (For Audit Report)	Question is misleading, they should have specified audit report.
Vol 1 Pg 1.226	SA 700: Point 7	Ch7 Q24	Unqualified Opinion (What it indicates)	We can say all points are proper as explained on page 2.226
Vol 1 Pg 1.227	SA 700: Point 8	Ch7 Q6	Reports Vs Certificates	You can use answer either in polarography form or table form which ever is comfortable.
Vol 1 Pg 1.229	SA 705: Point 1 / 3 / 4 of SA 705	IMP		
Vol 1 Pg 1.229	SA 705: First Chart	Ch7 Q26a	Disclaimer Opinion	For concept use chart, rest of the material can be read from PM for explanation
Vol 1 Pg 1.229	SA 705: First Chart	Ch7 Q42	Modification of Opinion	For concept use chart, rest of the material can be read from PM for explanation
Vol 1 Pg 1.229	SA 705: First Chart	Ch7 Q42	Disclaimer Opinion	For concept use chart, rest of the material can be read from PM for explanation
Vol 1 Pg 1.229	SA 705: First Chart	Ch7 Q42	Adverse Opinion	For concept use chart, rest of the material can be read from PM for explanation
Vol 1 Pg 1.229	SA 705: First Chart	Ch7 Q42	Qualified Opinion	For concept use chart, rest of the material can be read from PM for explanation
Vol 1 Pg 1.229	SA 705: First Chart	Ch7 Q43	Modified Reports	For concept use chart, rest of the material can be read from PM for explanation
Vol 1 Pg 1.237	SA 706: All points of SA 706 are IMP	IMP		
Vol 1 Pg 1.239	SA 710: Point 1 Comparatives & Audit Procedures	Ch1 Q19d	Auditors responsibilities with respect to corresponding figures (it should be comparatives) give same answer if asked in exams	Heading of PM is not proper it should have been comparatives & how to audit them.
Vol 1 Pg 1.240	SA 710: Approaches to reporting on Comparatives	IMP		
Vol 1 Pg 1.243	SA 720: 2 Charts explaining Material Inconsistency & Material Misstatement of Fact CARO	IMP Ch Q		
Vol 2 Pg 2.67	Clause 13	Ch8 Q4	Interest of director not disclosed in records	Read case from PM
PM Pg 3.43	--	Ch7 Q40	Applicability of CARO	
<b>Government Audit</b>				
Vol 2 Pg 3.1	Duties of C&AG	Ch9 Q8	Duties of CAG	
Vol 2 Pg 3.1	Article 148-151 on C&AG (Requirements as per Constitution)	IMP		
Vol 2 Pg 3.2	Audit of Expenditure	Ch9 Q5a	Audit of Expenditure	Use example used while teaching
Vol 2 Pg 3.2	Audit against Rules & Orders	Ch9 Q19	Audit against Rules & Orders	
Vol 2 Pg 3.3	Performance Audit Last Point	Ch9 Q2	Performance Audit	
Vol 2 Pg 3.3	Audit of Propriety	Ch9 Q17	Propriety Audit	
Vol 2 Pg 3.4	Q 2	Ch9 Q27	Audit of Stores	Use diagram in lecture
Vol 2 Pg 3.5	Point 3	Ch9 Q12	Audit of Commercial Accounts / Activity	
Vol 2 Pg 3.5	Action on Audit Report of C&AG	IMP		
Vol 2 Pg 3.7	FURTHER C&AG ACT GIVES FOLLOWING POWER	Ch9 Q24	Powers of C&AG (CAG Act)	Powers are given to C&AG by Company Act as well as C&AG Act
<b>Special Audit</b>				
Vol 2 Pg 9.1	Charitable Organisation	Ch9 Q7	Audit of NGO	Option --Can add some points from PM.
Vol 2 Pg 9.1	Charitable Organisation	Ch9 Q14a	NGO (Receipts)	
Vol 2 Pg 9.1	Charitable Organisation	Ch9 Q14b	Amusement Park (Receipts)	Similar
Vol 2 Pg 9.1	Charitable Organisation	Ch9 Q22	Audit of Income of NGO	
Vol 2 Pg 9.2	Education Institution	Ch9 Q1	Educational Institute	
Vol 2 Pg 9.2	Education Institution	Ch9 Q3	Educational Institute (Focus on Hostel Receipts)	Imagine receipts & payments from start till end and write relevant points about receipt & payments.
Vol 2 Pg 9.2	Education Institution	Ch9 Q11	Audit of Educational Institute	
Vol 2 Pg 9.5	Cinema Hall	Ch9 Q16	Audit of Cinema Hall	
Vol 2 Pg 9.6	Club	Ch9 Q6	Audit of Recreation Club	
Vol 2 Pg 9.8	Hospital	Ch9 Q18	Audit of Hospital	
Vol 2 Pg 9.8	Hospital	Ch9 Q23	Audit of Receipts from Patients (Hospital)	
Vol 2 Pg 9.8	Hospital	Ch9 Q25	Audit Of Hospital	
Vol 2 Pg 9.9	Hotels	Ch9 Q13	Audit of Hotels	
Vol 2 Pg 9.13	Incomplete Records	Ch9 Q4	Incomplete Records	Use flow as discussed in lecture.
Vol 2 Pg 9.17	Partnership	Ch9 Q9	Audit of Partnership Firm	
Vol 2 Pg 9.18	Advantage of Audit to Sole Trader	Ch1 Q15	Advantages of Audit	Use lecture Notes
Vol 2 Pg 9.18	Advantage of Audit to Sole Trader	Ch2 Q1	Importance of Audit	Repeat Question. It is similar to advantages of independent audit. Just mark extra points and include it in advantages.
Vol 2 Pg 9.18	Advantage of Audit to Sole Trader	Ch9 Q15	Advantage of Audit to Sole Trader	Repeat Question
Vol 2 Pg 9.18	Advantages to Sole Trader	Ch9 Q21	Advantages of Audit to Partnership Firms	Use lecture Notes
PM Pg 9.5	--	Ch3 Q10b	Receipts of Cinema Theatre	Similar Points Cover only part related to ticket sell
PM Pg .	--	Ch8 Q21	Special Considerations Audit of Limited Company	Use flow on "Constitution of Any Entity" as we study in special audit.



PM Pg .	--	Ch9 Q10	Audit of Local Bodies	Simple audit of municipal corporations. Repeat Question
PM Pg .	--	Ch9 Q20	Audit of Local Bodies	Simple audit of municipal corporations.
<b><u>Vouching &amp; Verification</u></b>				
Study from PM Pg Verification.	Verification	Ch6 Q36b	Advance to Supplier	--
Vol 2 Pg 5.1	Verification	Ch6 Q33	Verification of Assets	
Vol 2 Pg 5.2	Bank Balance	Ch5 Q7a	Bank Balances	ERVCD
Vol 2 Pg 5.2	Similar to Bills Receivable	Ch5 Q7b	Bills Payable	ERVCD
Vol 2 Pg 5.2	Bank balance	Ch5 Q26	Bank Balance of Educational Institution	
Vol 2 Pg 5.2	Bank balance	Ch5 Q44	Cash at Bank	
Vol 2 Pg 5.2	Land & Building	Ch6 Q7	Verification of Building	ERVCD
Vol 2 Pg 5.2	Bank balance	Ch6 Q48	Verification of CASH at Bank	
Vol 2 Pg 5.3	Lease Hold Property	Ch6 Q45	Leasehold Property	
Vol 2 Pg 5.4	Intangible Assets	Ch5 Q6b	Trade Marks & Copy Rights	ERVCD
Vol 2 Pg 5.5	Motor Lorries	Ch6 Q22b	Purchase of Motor car	ERVCD
Vol 2 Pg 5.6	Investments	IMP		
Vol 2 Pg 5.7	Special points of Inventory	Ch6 Q23	Analytical Review for Inventories	
Vol 2 Pg 5.6	Inventory	IMP		
Vol 2 Pg 5.8	Debtors	Ch1 Q9b(ii)	Debtor	Write as per marks.
Vol 2 Pg 5.8	Debtors	Ch6 Q55	Analytical Review Procedures in Brief for Debtors	Special Point
Vol 2 Pg 5.9	PATTERNS, DIES, LOOSE TOOLS, ETC	Ch6 Q54b	Patterns & Tools	
Vol 2 Pg 5.9	Wasting Assets	IMP		
Vol 2 Pg 5.10	Last Question	Ch6 Q10c	Assets Abroad	
Vol 2 Pg 5.11	Goods on Approval	Ch5 Q1a	Goods Sold on Approval	
Vol 2 Pg 5.11	Goods on Approval	Ch5 Q33a	Sales on Approval	
Vol 2 Pg 5.11	Development Property & Railway Siding	IMP		
Vol 2 Pg 5.13	Work in Progress	Ch5 Q6d	Work in Progress	Explain related concepts
Vol 2 Pg 5.13	Goods with third party	Ch6 Q3b	WIP with third party	Similar Points. Imagine transactions from start till end like in vouching.
Vol 2 Pg 5.13	Work in Progress	Ch6 Q37b	WIP	
Vol 2 Pg 5.13	Goods with third party	Ch6 Q41a	Goods lying with third Party	Similar Points. Imagine transactions from start till end like in vouching.
Vol 2 Pg 5.14	Goodwill	Ch5 Q5b	Goodwill	Explain related concepts
Vol 2 Pg 5.14	Last question	Ch5 Q6c	Machinery Acquired Under HP	Similar Points. Imagine transactions from start till end like in vouching.
Vol 2 Pg 5.14	Last question	Ch5 Q23b	Assets on HP	Similar Points. Imagine transactions from start till end like in vouching.
Vol 2 Pg 5.14	Endowment Policy	Ch6 Q13c	Endowment Policy	Explain concepts and related points
Vol 2 Pg 5.14	Goodwill	Ch6 Q19b	Goodwill	Explain related concepts
Vol 2 Pg 6.1	Trade Creditors	Ch6 Q36a	Trade Payable	Can use ERVCD to recall points
Vol 2 Pg 6.2	Loans of Company	Ch5 Q1b	Loan Taken from Bank	Similar Points. Imagine transactions from start till end like in vouching.
Vol 2 Pg 6.2	Loans of Company	Ch6 Q37a	Borrowings from Banks	Similar Points. Imagine transactions from start till end like in vouching.
Vol 2 Pg 6.3	Capital Subsidy	Ch5 Q3c	Capital Subsidy	
Vol 2 Pg 6.3	Amount due to subsidiary	Ch6 Q24c	Amount due to subsidiary	
Vol 2 Pg 6.4	Floating Charge	Ch6 Q14b	Floating Charge	Explain concepts and related points
Vol 2 Pg 6.5	Contingent Liability	Ch6 Q9	Contingent Liability	Can use ERVCD to recall points
Vol 2 Pg 6.5	Contingent Liability	Ch6 Q13a	Contingent Liability	Can use ERVCD to recall points
Vol 2 Pg .	--	Ch5 Q19a	Liability towards gratuity	Write Concept & all related points
Vol 2 Pg .	--	Ch5 Q19c	Balances with excise authority	Write Concept & all related points
PM Pg .	--	Ch5 Q5a	Deferred Revenue Expenditure	Simply Explain concept and AS 26
PM Pg .	--	Ch5 Q30a	Cash on Hand	Use ERVCD
PM Pg .	--	Ch5 Q33b	Bank Overdraft	Use ERVCD
PM Pg .	--	Ch5 Q35	Bought Ledger Having Debit Balance	Frauds which can take place in creditors account
PM Pg .	--	Ch5 Q36	Frauds in Bought Ledger	Frauds which can take place in creditors account
PM Pg .	--	Ch6 Q1	Huge Cash Balance	Read from PM
PM Pg .	--	Ch6 Q12a	Outstanding Assets	It simply means pre-paid expenses
PM Pg .	--	Ch6 Q15b	Fixed assets Jointly Owned	Explain concepts and related points
PM Pg .	--	Ch6 Q16c	Advance to Supplier	Can use ERVCD to recall points
PM Pg .	--	Ch6 Q19c	Capital WIP	Explain concepts and related points
PM Pg .	--	Ch6 Q22a	Inventory with third party	Can use ERVCD to recall points
PM Pg .	--	Ch6 Q24b	Discounted bills dishonored	Explain concepts and related points
PM Pg .	--	Ch6 Q29b	Inventory at Contractor	
PM Pg .	--	Ch6 Q31a	Advance to Director	Can use ERVCD to recall points
PM Pg .	--	Ch6 Q41b	Proposed Dividend	Explain concepts and related points
PM Pg .	--	Ch6 Q47	Bought Ledger having Debit Balance	Frauds which can take place in creditors account
PM Pg .	--	Ch6 Q49b	Disclosure of Bank Balance	
PM Pg .	--	Ch6 Q52	Indications of Doubtful Debt	Common Sense points when are debtors doubtful
PM Pg .	--	Ch6 Q54a	Bank OD	Use ERVCD
PM Pg .	--	Ch6 Q54c	Investment in Shares & Debentures of Subsidiary	Use ERVCD
Vol 2 Pg 4.1	Point 1	Ch5 Q4	Vouching	
Vol 2 Pg 4.1	Point 1	Ch5 Q12	Vouching	
Vol 2 Pg 4.1	Point 1	Ch5 Q22b	Payment of Revenue Expenditure	Similar Points
Vol 2 Pg 4.1	Purchases	Ch5 Q40c	Purchase with Invoice	
Vol 2 Pg 4.1	Point 1	Ch5 Q41	Vouching	
Vol 2 Pg 4.2	Purchase return	Ch5 Q14	Purchase Return	
Vol 2 Pg 4.3	Custom Duty	Ch5 Q28b	Customs Duty	
Vol 2 Pg 4.3	Excise Duty	Ch6 Q13b	Excise Duty	
Vol 2 Pg 4.4	Salaries & Wages	Ch5 Q30b	Payment of Wages	
Vol 2 Pg 4.5	GRATUITY TO EMPLOYEE	Ch5 Q24a	Payment of Gratuity	
Vol 2 Pg 4.5	Seasonal	Ch5 Q40d	Wages for seasonal labour	
Vol 2 Pg 4.5	GRATUITY TO EMPLOYEE	Ch6 Q10a	Gratuity	
Vol 2 Pg 4.5	Seasonal	Ch6 Q19d	Wages to seasonal labours	
Vol 2 Pg 4.6	Insurance Premium Paid	Ch5 Q18	Insurance Premium for Motor Car	
Vol 2 Pg 4.6	Remuneration Paid to Directors	Ch5 Q40a	Remuneration paid to directors	
Vol 2 Pg 4.6	REMUNERATION PAID TO DIRECTOR	Ch6 Q16a	Personal Expenses by Director	
Vol 2 Pg 4.7	Travel Expenses	Ch1 Q9b(i)	Travel Expenses	Write as per marks.

Vol 2 Pg 4.7	Travelling Expenses	Ch5 Q3b	Foreign Travel Expenses	
Vol 2 Pg 4.7	Travel Expenses	Ch5 Q13	Travelling Expense / Foreign Travel	
Vol 2 Pg 4.7	ADVERTISEMENT EXPENSES	Ch5 Q19b	Expenditure for promotion	
Vol 2 Pg 4.7	ADVERTISEMENT EXPENSES	Ch5 Q27a	Advertisement Expenditure	
Vol 2 Pg 4.7	Travel Expenses	Ch5 Q39	Travelling Expenses	
Vol 2 Pg 4.7	Preliminary Expenses	Ch6 Q16b	Preliminary Expense	
Vol 2 Pg 4.7	ADVERTISEMENT EXPENSES	Ch6 Q19a	Advertisement Expense	
Vol 2 Pg 4.7	ADVERTISEMENT EXPENSES	Ch6 Q29d	Advertisement Expenditure	
Vol 2 Pg 4.8	Income Tax Payment	Ch5 Q3d	Provision for Income Tax	Imagine transaction from start till end and remember trick.
Vol 2 Pg 4.8	Income Tax Payment	Ch5 Q25	Payment of Income Tax	
Vol 2 Pg 4.9	Consignment Sales	Ch5 Q3a	Goods Sent On Consignment	
Vol 2 Pg 4.9	Sale Proceeds of Junk	Ch5 Q6a	Scrap Sales	
Vol 2 Pg 4.9	Sale Proceeds of Junk	Ch5 Q9	Scrap Sales	
Vol 2 Pg 4.9	Sales	Ch5 Q23c	Cash Sale	
Vol 2 Pg 4.9	Sale Proceeds of Junk	Ch5 Q27b	Scrap Sales	
Vol 2 Pg 4.9	Sale Proceeds of Junk	Ch6 Q10b	Sale of Scrap	
Vol 2 Pg 4.9	Consignment Sales	Ch6 Q11a	Consignment Sale	
Vol 2 Pg 4.9	Sales	Ch6 Q46	Audit of Credit Sales	
Vol 2 Pg 4.10	RECOVERY OF BAD DEBT	Ch5 Q24b	Recovery of Bad Debt Written Off	
Vol 2 Pg 4.10	Refund of Insurance Premium	Ch5 Q40e	Refund of Insurance Premium	
Vol 2 Pg 4.11	Rental Receipt	Ch5 Q23a	Rental Receipt	
Vol 2 Pg 4.12	GROSS PROFIT ANALYSIS	Ch5 Q10	Change in Gross Profit Rate	
Vol 2 Pg 4.12	GROSS PROFIT ANALYSIS	Ch5 Q16	Change in Gross Profit Rate	
Vol 2 Pg 4.12	GROSS PROFIT ANALYSIS	Ch5 Q21	Change in Gross Profit Ratio	
Vol 2 Pg 4.12	GROSS PROFIT ANALYSIS	Ch5 Q34	Change in Gross Profit Rate	
Vol 2 Pg 4.12	GROSS PROFIT ANALYSIS	Ch5 Q37	Change in Gross Profit Rate	
Vol 2 Pg 4.12	Royalty Received	Ch6 Q11b	Royalty Received	
Vol 2 Pg 4.12	Packages & Empties	Ch6 Q29c	Sale of Empties	
Vol 2 Pg 4.13	Sale of Investments	Ch5 Q22a	Sale of Investments	
Vol 2 Pg 4.13	Sale of Investments	Ch6 Q50a	Audit of Sale of Investments	
Vol 2 Pg 4.13	Sale of Investments	Ch8 Q13a	Sale & Purchase of Investments without approval	
Vol 2 Pg 4.14	LEDGER SCRUTINY	Ch5 Q15	Scrutiny of General Ledger	Study in flow opening balance to closing
Vol 2 Pg 4.15	Cut-off Arrangement	Ch5 Q8	Cut-off Arrangement	
Vol 2 Pg 4.15	BANKRUPTCY DIVIDENDS	IMP		
Vol 2 Pg 4.16	Difference between Vouching & Verification	IMP		
PM Pg 6.3	Capital Subsidy	Ch5 Q19d	Subsidy from government	Simple imagine flow and write related points
PM Pg .	--	Ch3 Q6	Medical Council Conference / Audit Programme	Simple programme to check receipts. Use trick of vouching, imagine flow and remember points
PM Pg .	--	Ch3 Q16	Grant Receipts	Use trick of vouching, imagine transaction from start till end and number points in that sequence.
PM Pg .	--	Ch4 Q25	Tuition fees	Simple imagine flow and write control activities.
PM Pg .	--	Ch5 Q2	Cheques received at year end not accounted	Cheque received but not deposited should be accounted. Just explain relevant concepts
PM Pg .	--	Ch5 Q11a	Sales Commission Expenditure	Simple imagine flow and write related points
PM Pg .	--	Ch5 Q11b	Sale Return	Simple imagine flow and write related points
PM Pg .	--	Ch5 Q28a	Insurance Claim	Simple imagine flow and write related points
PM Pg .	--	Ch5 Q31a	Production Incentive	Simple imagine flow and write related points
PM Pg .	--	Ch5 Q31b	Bad Debt	Simple imagine flow and write related points
PM Pg .	--	Ch5 Q40b	Profit / Loss on sale of Plots	Simple imagine flow and write related points
PM Pg .	--	Ch6 Q24a	Purchase of Investments	Simple imagine flow and write related points
PM Pg .	--	Ch6 Q29a	Loss of Inventory by Theft	Simple imagine flow and write related points
PM Pg .	--	Ch6 Q31b	Repayment of Foreign Loan	Imagine transactions from start till end and write relevant point.
PM Pg .	--	Ch6 Q50b	Verification of Sale of Assets	Simple imagine flow and write related points
PM Pg .	--	Ch9 Q26	Audit of Leasing Activities of Leasing Company	Imagine flow of leasing activity.
<b>EDP</b>				
Vol 2 Pg 8.2	Features of EDP	IMP	Use shortcut given in lecture it is base of chapter.	
Vol 2 Pg 8.2	Objective & Scope	Ch4 Q1	Overall Objective in CIS Environment	
Vol 2 Pg 8.2	Last Point	Ch4 Q3	Trail Balance always tallies in EDP	Recollect Examples
Vol 2 Pg 8.2	Design & Procedural Aspect	Ch4 Q5	What is different in CIS	Similar to features of EDP
Vol 2 Pg 8.2	Features of EDP	Ch4 Q10	Advantages & Disadvantages of EDP	Use shortcut given in lecture.
Vol 2 Pg 8.3	Last Point	Ch4 Q4	Audit Trail	
Vol 2 Pg 8.3	Last Point	Ch4 Q8	Audit Trail & Special Audit Technique	Special Audit technique means CAAT, so define it and explain its types.
Vol 2 Pg 8.4	General & Application	Ch4 Q6	Internal Controls in EDP	Recollect flow & example
Vol 2 Pg 8.5	Point (a) Input Controls	Ch4 Q16a	Input Controls	Imagine a transaction file is prepared for weekly sales.
Vol 2 Pg 8.5	Last Point	Ch4 Q24	Reliability of ICS in EDP	Use Shortcut , it is similar to General Controls
Vol 2 Pg 8.6	Last Point	Ch4 Q9	Service Bureau	Service Bureau is nothing but Service Organisation where computer work is outsourced. Use example of SA 402.
Vol 2 Pg 8.7	Approaches to Auditing	Ch4 Q11	Approaches to EDP Audit	Use examples given in the lecture.
Vol 2 Pg 8.7	Approaches to Auditing	Ch4 Q22	Audit Through Computer	Use examples given in the lecture.
Vol 2 Pg 8.7	Approaches to Auditing	Ch4 Q27b	Auditing through Computer	Use examples given in the lecture.
Vol 2 Pg 8.10	CAAT & Advantages	Ch4 Q13	CAAT & Advantages	
Vol 2 Pg 8.10	CAAT	Ch4 Q23	Need for CAAT	Read points related to need form PM.
Vol 2 Pg 8.11	Understanding computer system used by client	Ch4 Q32	Gathering information before EDP Audit Planning	Use the flow given in lecture.
Pg .	<b>ICS</b>	Ch Q		
Vol 2 Pg 7.3	Point 5 of ICS & Management	Ch4 Q31a	Maintenance of ICS	Simple read once from PM
Vol 2 Pg 7.3	Review of Internal Control Systems	IMP		
Vol 2 Pg 7.5	ICQ	Ch4 Q27a	Internal Control Questionnaire	
Vol 2 Pg 7.6	First Point	Ch4 Q30	Flow Charts for review of ICS	They have added one general para.
Vol 2 Pg 7.6	Testing of Controls	IMP		Use Chart drwan in lecture
Vol 2 Pg 7.9	First Point	Ch4 Q18	Inherent Limitation of ICS	Use shortcut & lecture Notes / Refer Note 3
Vol 2 Pg 7.11	Framing Internal Check	Ch4 Q14	Internal Check	
Vol 2 Pg 7.8	Point 11	Ch4 Q28	ICS in Small Business	
Vol 2 Pg 7.12	First Difference Between Internal Check & ICS	Ch4 Q31b	Internal Check Vs Internal Control	Simple read once from PM
PM Pg .	--	Ch4 Q15	Accountant given responsibility of recovery.	Simple case where segregation of duty / different hands is not followed in system which lead to fraud.

PM Pg .	--	Ch4 Q19	Internal Controls related to financial & accounting Aspects	General objectives of ICS, how to study them in short with example. ICQ is filled by Management while ICE (Checklist) is filled by audit team member.
PM Pg .	--	Ch4 Q21	ICQ Vs ICE (Checklist)	
<b>300 Series</b>				
Vol 1 Pg 1.84	SA 300: Preliminary Engagement Activities	IMP		
Vol 1 Pg 1.85	SA 300: Factor Affecting Audit Strategy	IMP		
Vol 1 Pg 1.89	SA 300: Disadvantages & How to Overcome them	Ch4 Q16b	Disadvantages of Audit Programme	
Vol 1 Pg 1.91	SA 300: Advantages & Disadvantages of Planning	IMP		
PM Pg .	SA 300: --	Ch3 Q9	Audit Programme	They have explained meaning, content of Audit Programme. You can add of advantages of planning Repeat Question
PM Pg .	SA 300: --	Ch3 Q10a	Audit Programme	They have explained meaning, content of Audit Programme. You can add of advantages of planning
Vol 1 Pg 1.94	SA 315: Images on the page	Ch2 Q16	Assertions	Use images & examples for better understanding
Vol 1 Pg 1.94	SA 315: Understanding Entity & its Environment	Ch3 Q5	Understanding Entity & its Environment	Image of V shape is key to remember Repeat Question
Vol 1 Pg 1.94	SA 315: Understanding Entity & its Environment	Ch3 Q24	Understanding Entity & its Environment	Image of V shape is key to remember
Vol 1 Pg 1.94	SA 315: Images on the page	Ch7 Q19	Assertions on Various Items	PM has not explained assertion as per SA 315 properly except in Point IV. We can explain it properly for all points.
Vol 1 Pg 1.95	SA 315: Components of Internal Control System	IMP		
Vol 1 Pg 1.95	SA 315: Elements of Control Environment	IMP		
Vol 1 Pg 1.98	SA 315: Key to remember	Ch2 Q18	Risk at Assertion Level & Financial Statement Level	Change in Accounting Software--> FST Level Valuation of Closing Stock--> Assertion Level. Also see Assertions
Vol 1 Pg 1.102	SA 320: Benchmarking Process & 3 Steps	IMP		
Vol 1 Pg 1.104	SA 320: Financial Statement Level Vs Area Level	IMP		
Vol 1 Pg 1.105	SA 320: Performance Materiality	IMP		
Vol 1 Pg 1.106	SA 320: Read the note given	Ch3 Q18	Materiality and Audit Risk	Read complete answer from PM to understand how to recall. While writing short note they have give overview of knowledge required to determine materiality. Study additional points in PM
Vol 1 Pg .	SA 320: Point 1 on 1.101	Ch2 Q13(ii)	Materiality	While writing short note they have give overview of knowledge required to determine materiality. Study additional points in PM
Vol 1 Pg .	SA 320: Point 1 on 1.101	Ch3 Q25a	Materiality	We studied this with Core Audit Process, recollect example. They have also explained that it helps to get evident about assertions. After studying core audit process, you can understand this. Recollect examples given to distinguish them. Discussed many times.
PM Pg .	SA 330: --	Ch2 Q20a	Substantive Procedures	
PM Pg .	SA 330: --	Ch2 Q8	Test of Controls Vs Substantive Tests	
<b>400 Series</b>				
Vol 1 Pg 1.117	SA 402: Obtaining Understanding of Service Provided by SO & Sources	IMP		
Vol 1 Pg 1.118	SA 402: Type 1 & Type 2 Report	IMP		
Vol 1 Pg 1.120	SA 402: Reporting Requirements	IMP		
Vol 1 Pg 1.120	SA 402: Sub Service Organisation	IMP		
Vol 1 Pg 1.122	SA 450: Misstatements & its Types & Reasons	IMP		
Vol 1 Pg 1.124	SA 450: Steps if misstatement is observed	IMP		
<b>Audit of Share Capital &amp; Debentures</b>				
Vol 2 Pg 11.1	Point 2	Ch8 Q29	Application & Allotment of Shares Issued for Cash	
Vol 2 Pg 11.3	Point 3	Ch8 Q7a	Issue of Shares for Consideration Other Than Cash	
Vol 2 Pg 11.4	Point 4	Ch8 Q13d	Dividend out of Securities Premium	
Vol 2 Pg 11.4	Point 5	Ch8 Q27	Issue of Shares at Discount	
Vol 2 Pg 11.5	Point 7	Ch8 Q26	Buy-Back of Shares	Study in sequence of buy back in real life. As per Sec 123 charging depreciation is must before providing for depreciation. Read Once from PM.
Vol 2 Pg 11.8	Point 22	Ch6 Q44	Dividend without depreciation	Losses cannot be adjusted with RR.  If dividend is from CY profits, adjust all past losses.
Vol 2 Pg 11.8	Point 22	Ch6 Q53	Set off Loss before Declaring Dividend	If dividend is from General Reserves adjust only current year loss if any.
Vol 2 Pg 11.11	Point 12	Ch8 Q7b	Split of Shares (Alteration of Share Capital)	
Vol 2 Pg 11.13	Point 15	Ch8 Q22	Audit of Reissue of Forfeited Shares	
Vol 2 Pg 11.14	Point 17	Ch8 Q8	Share Transfer Audit	
Vol 2 Pg 11.14	Point 16	Ch8 Q9	Option on Share Capital	Requirement of Such III regarding share capital disclosure is useless not required.
Vol 2 Pg 11.15	Point 19	Ch8 Q30	Allotment of Debentures	Study in sequence of issue of debenture.
Vol 2 Pg 11.15	Point 18	Ch8 Q32	Audit of Bonus Shares	
Vol 2 Pg 11.18	Point 22	Ch8 Q31	Payment of Dividends	
Vol 2 Pg 2.101	Point 6	Ch8 Q5	Sweat Equity Shares	
PM Pg .	--	Ch7 Q36a(ii)	Treatment of Securities Premium	As per Sec 198 studied in MR calculation, final accounts of grp1, securities premium is not considered in profit. Dividend can be given from capital reserve II
PM Pg .	--	Ch8 Q11	Audit of Capital Reserve	1. Realised in CASH 2. Approved by AOA 3. Losses on revaluation of assets & liabilities are adjusted. (Then Capital + Reserve shows proper value)
PM Pg .	--	Ch8 Q18	Capital Redemption Reserve	It is prepared to compensate reduction in share capital as it has only one use , issue of bonus shares that is additional capital.
PM Pg .	--	Ch8 Q20b	Shareholders Register not updated	It should be updated as per company act requirement
<b>Accounting</b>				
PM Pg .	--	Ch1 Q10b	Going Concern	Explain AS 1 & Give reference of SA 570
PM Pg .	--	Ch2 Q2	Fundamental Accounting Assumptions	Basics of Accounting AS1
PM Pg .	--	Ch2 Q5	Disclosure of Accounting Policies	AS 1
PM Pg .	--	Ch5 Q17	Delay in sales at request of Buyer	Generally revenue recognition takes place on delivery but as per AS 9 this is exception because seller is not a fault. Revenue should be booked in full if it is measurable & collectible. As per past history & present circumstances both are satisfied. Credit / time period doesn't matter.
PM Pg .	--	Ch5 Q20	10% amount will be received after in one year	
PM Pg .	--	Ch5 Q29	Interest on Deposit	it should be booked on Accrual basis and not when FD matures. all the expense till the asset is ready for commercial use should be capitalised.
PM Pg .	--	Ch5 Q42	Capital Vs Revenue Expenditure	
PM Pg .	--	Ch6 Q3a	Change in method of depreciation	Valid Reason / Retrospective Effect / Difference Adjusted in P&L Expense / Loss / Dividend / Bonus etc. cannot be adjusted with RR. Only Additional depreciation because of revaluation, subsequent increase / decrease and loss on sale can be adjusted. AS 10 applicable
PM Pg .	--	Ch6 Q4c	Adjustment of Revaluation Reserve	Except land everything has finite life depreciation is must.
PM Pg .	--	Ch6 Q5a	No Depreciation on Standby Bus	Ordinary course of business but Exceptional Nature Separate Disclosure should be done.
PM Pg .	--	Ch6 Q5b	Accounting of Insurance Claim Received	
PM Pg .	--	Ch6 Q5c	Accounting of Repairs	If there increase life / usability / savings more than normal capitalise.



PM Pg .	--	Ch6 Q5d	Treatment of Loss due to theft	Ordinary course of business but Exceptional Nature Separate Disclosure should be done.
PM Pg .	--	Ch6 Q6	Difference between Depreciation & Fluctuation	Depreciation is due to usage etc. Fluctuations is due to market prices, it is of no use as Fixed Assets are not for sale.
PM Pg .	--	Ch6 Q8b	Subsequent Events to be considered	Adjusting / Non Adjusting from AS 4
PM Pg .	--	Ch6 Q12c	Purpose of Depreciation	Allocation of Cost / Retain Cash / Matching Concept / Real Profits etc.
PM Pg .	--	Ch6 Q14a	Intangible Asset	
PM Pg .	--	Ch6 Q15a	Accounting of Subsequent Event	If there is any doubt over uncollected balance of 30,000 provision should be made.
PM Pg .	--	Ch6 Q18	Interest cost in inventory valuation	Never include interest cost, it does no value addition except in case of timber, liquor etc.
PM Pg .	--	Ch6 Q20a	Accounting for Subsequent Event	If contingency is resolved before finalisation, provision should be adjusted whether increase or decrease.
PM Pg .	--	Ch6 Q21	Changes in accounting policies	
PM Pg .	--	Ch6 Q25a	Accounting of provision for repairs	AS per AS 29, provision for goods & services should be made when goods or services are received, repairs serviced next year so provide next year.
PM Pg .	--	Ch6 Q25b	WIP not valued	It will become contravention of AS 2. CARO para added is useless, CARO doesn't talk about valuation of inventory, ignore it.
PM Pg .	--	Ch6 Q26	Accounting of Government Grant (AS 12)	As per AS 12 either adjust with cost or show as Deferred Grant.
PM Pg .	--	Ch6 Q27	FIFO	
PM Pg .	--	Ch6 Q28b	Capitalisation of Interest	As per AS 16 notional interest cannot be capitalised. As money received through equity shares and not loan.
PM Pg .	--	Ch6 Q28c	Loss in construction contract	As per AS 7 book all costs immediately.
PM Pg .	--	Ch6 Q28d	Damaged Goods Estimated at 4 Lakhs sold for 3 lakhs. I.e loss of Rs 1 lakh	No it is not prior period item is change in estimates. PPI only when there was mistake in last year.
PM Pg .	--	Ch6 Q30	Reserves Vs Provision	
PM Pg .	--	Ch6 Q31d	Deferred Tax Liability	AS 22, When IT act recovers less tax for example due to additional depreciation etc. but it will be recovered afterwards we create DTL. Part of CA Final.
PM Pg .	--	Ch6 Q32a	Capital Vs Revenue	All the cost till asset is ready for commercial use should be capitalised. Cost between dt of ready and date of actual use are debited to P&L. Dividend income should be booked in year in which declared. Here dividend is declared after year end hence it should be booked in next year.
PM Pg .	--	Ch6 Q32b	Accounting for dividend income	
PM Pg .	--	Ch6 Q32c	Treatment for foreign Exchange Transactions	As per AS 11, there is para 46A, please follow it.
PM Pg .	--	Ch6 Q34a	Depreciation higher than schedule II	If useful life is different justification will be required. Repeat Question
PM Pg .	--	Ch6 Q34b	Revenue Recognition	Revenue should be booked in full if it is measurable & collectible. As per past history & present circumstances both are satisfied. Credit / time period doesn't matter.
PM Pg .	--	Ch6 Q35	Distinguish between Reserves & Provisions	
PM Pg .	--	Ch6 Q38a	Adjustment against revaluation reserve	Repeat Question
PM Pg .	--	Ch6 Q38b	Accounting for Government Grant	Repeat Question
PM Pg .	--	Ch6 Q39	Impairment of Assets	Asset may have useful life but goods / service it produces may not have market. So we have to write down asset value over and above depreciation, it is called impairment.
PM Pg .	--	Ch6 Q40a	Accounting of Subsequent Event	If contingency is resolved before finalisation, provision should be adjusted whether increase or decrease.
PM Pg .	--	Ch6 Q43	Disclosure as per AS 6	
PM Pg .	--	Ch6 Q49a	Disclosure of Trade Receivables	
PM Pg .	--	Ch7 Q17a	Accounting treatment of VAN	Asset coming in should recorder at FV of asset given or asset taken which ever is clearly evident. Here value of debtor is clearly evident that second hand van. Legal title not necessary to show control of asset.
PM Pg .	--	Ch7 Q17c	Accounting for Provision for Doubtful Debt	It is change in estimate about bad debts , changes should be booked in P&L.
PM Pg .	--	Ch7 Q17d	Presentation of P&L	Only one P&L is prepared and product wise detail can be given in notes to accounts as segment reporting in AS 17.
PM Pg .	--	Ch7 Q28a	Subsequent Event Adjustment	Material losses due to subsequent even, not affecting going concern should be shown in BOD report as per AS 4 & Sec 134.
PM Pg .	--	Ch7 Q28b	Contingent Liability	Disclosure in note to accounts is must.
PM Pg .	--	Ch7 Q28c	No depreciation on installed machine	Depreciation is charged from date it is ready for commercial use. Due to efflux of time, usage not required.
PM Pg .	--	Ch7 Q28d	Disclosure of related party in notes to accounts	Related party transactions are disclosed in notes to accounts as per AS 18. No need to show transactions when related party relationship didn't exist.
PM Pg .	--	Ch7 Q30	Accounting of Government Grant (AS 12)	Repeat Question
PM Pg .	--	Ch7 Q31b	Revaluation of Land & Building	AS 10 applicable.
PM Pg .	--	Ch7 Q36a(i)	Goodwill Accounting	It should be amortised as per AS 26
PM Pg .	--	Ch8 Q1a	Change in Basis of Accounting	If material show separately as exceptional items, don't set off
PM Pg .	--	Ch8 Q1b	Guarantee given on behalf of subsidiary	Repeat Question
PM Pg .	--	Ch8 Q2	Profit on Hire Purchase Sale	Use AS 9 accrual concept. Difference between Cash Price & HP Price should be treated as interest income. Recollect Cash Price Method of Accounting.
PM Pg .	--	Ch8 Q3a	Depreciation on Van purchased on Installment Basis	Van should be booked at total cost and depreciation should be charged on total cost. Unpaid amount should be shown as liability.
PM Pg .	--	Ch8 Q6a	Motor Car received from debtor	Repeat Question
PM Pg .	--	Ch8 Q6b	Penal Interest on Unpaid Loan	Uncertainty still exist, provide for penal interest on accrual basis.
PM Pg .	--	Ch8 Q9a	Requirements of Schedule III for Share Capital	Use knowledge of final accounts of Grp 1 Accounts.
PM Pg .	--	Ch8 Q10a	Depreciation not provided	Repeat Question
PM Pg .	--	Ch8 Q10b	Capital Commitment	Correctly shown in notes to accounts.
PM Pg .	--	Ch8 Q10c	Revenue Vs Capital Expenditure	
PM Pg .	--	Ch8 Q10d	Capitalisation of notional costs	Cannot capitalise notional costs. Capitalise actual costs.
PM Pg .	--	Ch8 Q11a	Requirements of Schedule III for Reserves & Surplus	If there increase life / usability / savings more than normal capitalise.
PM Pg .	--	Ch8 Q12a	Overhauling Expenses	If there increase life / usability / savings more than normal capitalise.
PM Pg .	--	Ch8 Q12b	Obsolete Spare Parts	Book Value or NRV which ever is lower as per AS 2 for obsolete items.
PM Pg .	--	Ch8 Q12c	Interest Capitalisation	Only till asset is ready for commercial use. (Till date of completion)
PM Pg .	--	Ch8 Q12d	Adjustment of Sale of Scrap	Show separately if material.
PM Pg .	--	Ch8 Q12e	Insurance Claim included in Miscellaneous Income	Show separately if material.
PM Pg .	--	Ch8 Q12f	Payment to lawyer treated as capital Expenditure	If dispute is after acquisition then it is revenue expenditure.
PM Pg .	--	Ch8 Q13b	Sale & Lease Back	AS 19 applicable.
PM Pg .	--	Ch8 Q13c	No Depreciation	
PM Pg .	--	Ch8 Q14a	Accounting of Insurance Claim	Correct revenue should be booked when measurable & collectible.
PM Pg .	--	Ch8 Q14b	Subsequent Event Adjustment	We assume that condition existed on balance sheet date only we were not aware as per AS4 in such case of subsequent insolvency. In this exceptional circumstances preparing P&L will be misleading because operations have not yet started. Hence just prepare development etc. account.
PM Pg .	--	Ch8 Q15	Accounting & Financial Statements of Pre-Operation Period	
PM Pg .	--	Ch8 Q16	Disclosure requirements of Bank Balance	Use knowledge of final accounts of Grp 1 Accounts.
PM Pg .	--	Ch8 Q17	Disclosures of Reserves & Surplus	Use knowledge of final accounts of Grp 1 Accounts.

PM Pg .	--	Ch8 Q19	Rectification of Mistake	It is proper period item as accountant should have observed such a big difference in insurance premium, which any person of normal prudence would have detected.
PM Pg .	--	Ch8 Q20a	Surplus on Sale of Investments	Repeat Question
PM Pg .	--	Ch8 Q23	Related Party Transaction	Repeat Question
PM Pg .	--	Ch1 Q18a	S&D costs included in cost of Inventory	Simple question on AS 2
PM Pg .	--	Ch1 Q18b	Inclusion of Software Cost in Hardware Cost	Simple question on AS 26
PM Pg .	--	Ch6 Q31c	Grant for Revenue Expenditure	Imagine transactions from start till end and write relevant point.



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	<p>Note 2</p>	<p>Question was on misappropriation on cash but in answer they focused only on misappropriations while receipts of money.</p> <ul style="list-style-type: none"> <li>-Sales not recorded</li> <li>-Sale recorded in fake receipt book</li> <li>-Sales recorded but latter declared cancelled</li> <li>-Sale recorded at lower prices</li> <li>-Sales recorded with excessive discount</li> <li>-Money received is not recorded immediately</li> <li>-Teeming &amp; Lading (Fraud of A concealed by money from B and cycle continues)</li> <li>-Money received but latter declared bad debt &amp; money is stolen</li> <li>-Money received but latter adjusted discount &amp; stole it</li> </ul> <p>Check there should e segregation of duty to have internal check.</p> <ul style="list-style-type: none"> <li>-Person preparing sales bill / collecting cash / giving delivery / doing accounting all should be different</li> <li>-Sale bill should be pre numbered so that nothing is left out.</li> <li>-Match sale as per inventory records to sale as per carbon copy further match it to sales book &amp; cash summary then match total of cash summary to pay in slip for daily banking next day then match it to cash book and also to customers accounts</li> </ul> <p>Quantity / Rate / Discount / Date across all documents should match</p>
	<p>Note 3</p>	<p>Internal control can provide only reasonable, but not absolute, assurance that the objectives stated above are achieved.</p> <p>This is because there are some inherent limitations of internal control, such as:</p> <ul style="list-style-type: none"> <li><u>C</u>ost (Cost should not benefit? System of Rs 1,00,000 for frauds of Rs 10,000)</li> <li><u>A</u>buse of authority (Store in charge steals goods &amp; keeps empty boxes)</li> <li><u>C</u>ollusion among employees (Purchase Manager &amp; Store Manger Collude with Supplier)</li> <li><u>H</u>uman Error (Packed extra units in error)</li> <li>No control for <u>U</u>nusual transaction (Exchange of goods)</li> <li>Manipulations by <u>m</u>anagement</li> <li><u>I</u>nadequate procedure (Not as per changing conditions like GST)</li> </ul>

