**Hüseynov Təhmasib\_Audit**

1. Explain the meaning, definition and characteristics of Audit
2. Explain scope of auditing.
3. Principles and functions od Audit.
4. Types of ethics in Audit.
5. Components and qualities in ethics of Audit.
6. Role of confidentiality and objectivity in Audit.
7. Why respectfulness and obedience to law is essential in Audit?
8. Codes of ethics for clients in Audit.
9. What is Internal Audit and Why is it important?
10. What Is External Audit and why is it essential?
11. Explain the difference between Internal and External audit.
12. Internal control and its structure.
13. Explain the risk and the importance of a risk assessment.
14. Why is a risk assessment important?
15. What is audit planning?
16. Advantages of Internal Audit.
17. Disadvantages of Internal Audit.
18. Advantages of External Audit.
19. Disadvantages of External Audit.
20. Components of Internal control.
21. Types of ethics in internal audit.
22. What is the risk and the importance of a risk assessment?
23. Explain the Internal control and its structure.
24. Types of ethics in external audit.
25. Components and qualities in ethics of Audit.
26. Sales system: Control objectives, controls and tests of controls
27. The purchases system
28. Revenue and capital expenditure
29. Types of audit tests
30. Directional testing
31. Analytical procedures
32. Practical techniques
33. You are part of the audit team auditing the financial statements of Sweep Co, a small office supplies business, for the year ended 31 March 2019. The company employed the following staff at the start of the financial year: 7 office and warehouse managers, 20 warehouse staff and 25 office staff. The pay ranges for each category of staff is shown below: Office and warehouse managers: $35-$50k per year Warehouse and office staff: $18-$25k per year You have been asked to audit the wages and salaries expense for the year. All staff were given a 4% pay rise in the year, backdated to the start of the year. One of the office managers left the company half-way through the year. Two new members of warehouse staff and three new members of office staff joined halfway through the year. The expense for the year is shown in the draft statement of profit or loss as $1,249,450.

Required

Using analytical procedures, perform a proof in total on the wages and salaries expense for the year.

1. You are part of the audit team auditing the financial statements of Sweep Co, a small office supplies business, for the year ended 31 March 2019. The company employed the following staff at the start of the financial year: 14 office and warehouse managers, 40 warehouse staff and 50 office staff. The pay ranges for each category of staff is shown below: Office and warehouse managers: $70-$100k per year Warehouse and office staff: $36-$50k per year You have been asked to audit the wages and salaries expense for the year. All staff were given a 8% pay rise in the year, backdated to the start of the year. One of the office managers left the company half-way through the year. Two new members of warehouse staff and three new members of office staff joined halfway through the year. The expense for the year is shown in the draft statement of profit or loss as $2,498,900.

Required

Using analytical procedures, perform a proof in total on the wages and salaries expense for the year.

1. You are part of the audit team auditing the financial statements of Sweep Co, a small office supplies business, for the year ended 31 March 20X9. The company employed the following staff at the start of the financial year: 21 office and warehouse managers, 60 warehouse staff and 75 office staff. The pay ranges for each category of staff is shown below: Office and warehouse managers: $105-$150k per year Warehouse and office staff: $54-$75k per year You have been asked to audit the wages and salaries expense for the year. All staff were given a 12% pay rise in the year, backdated to the start of the year. One of the office managers left the company half-way through the year. Two new members of warehouse staff and three new members of office staff joined halfway through the year. The expense for the year is shown in the draft statement of profit or loss as $3,748,350.

Required

Using analytical procedures, perform a proof in total on the wages and salaries expense for the year.

1. You are part of the audit team auditing the financial statements of Sweep Co, a small office supplies business, for the year ended 31 March 20X9. The company employed the following staff at the start of the financial year: 7 office and warehouse managers, 20 warehouse staff and 25 office staff. The pay ranges for each category of staff is shown below: Office and warehouse managers: $35-$50k per year Warehouse and office staff: $18-$25k per year You have been asked to audit the wages and salaries expense for the year. All staff were given a 4% pay rise in the year, backdated to the start of the year. One of the office managers left the company half-way through the year. Two new members of warehouse staff and three new members of office staff joined halfway through the year. The expense for the year is shown in the draft statement of profit or loss as $1,249,450.

Required

Using analytical procedures, perform a proof in total on the wages and salaries expense for the year.

1. The nature of accounting estimates
2. Risk assessment procedures
3. Audit sampling
4. Audit software
5. Competence, capabilities and objectivity of the auditor's expert
6. Using the work of internal audit
7. You are the manager in charge of the audit of Puppy, a building and construction company, and you are reviewing the non-current asset section of the current audit file for the year ended 30 September 20X5. You find the following five matters which the audit senior has identified as problem areas. He is reviewing the company's proposed treatment of the five transactions in the accounts and is not sure that he has yet carried out sufficient audit work. (i) During the year Puppy built a new canteen for its own staff at a cost of $450,000. This amount has been included in buildings as at 30 September 20X5. (ii) Loose tools included in the financial statements at a total cost of $166,000 are tools used on two of the construction sites on which Puppy operates. They are classified as non-current assets and depreciated over two years. (iii) A dumper truck, previously written-off in the company's accounting records has been refurbished at a cost of $46,000 and this amount included in plant and machinery as at 30 September 20X5. (iv) The company's main office block has been revalued from $216,000 to $266,000 and this amount included in the statement of financial position as at 30 September 20X5. (v) A deposit of $20,000 for new equipment has been included under the heading ‘plant and machinery' although the final instalment of $35,000 was not paid over until 31 October 20X5, which was the date of delivery of the plant.

You are required, for each of the above matters, to:

(a) Comment on the acceptability of the accounting treatment and disclosure as indicated above.

1. You are the manager in charge of the audit of Puppy, a building and construction company, and you are reviewing the non-current asset section of the current audit file for the year ended 30 September 20X5. You find the following five matters which the audit senior has identified as problem areas. He is reviewing the company's proposed treatment of the five transactions in the accounts and is not sure that he has yet carried out sufficient audit work. (i) During the year Puppy built a new canteen for its own staff at a cost of $450,000. This amount has been included in buildings as at 30 September 20X5. (ii) Loose tools included in the financial statements at a total cost of $166,000 are tools used on two of the construction sites on which Puppy operates. They are classified as non-current assets and depreciated over two years. (iii) A dumper truck, previously written-off in the company's accounting records has been refurbished at a cost of $46,000 and this amount included in plant and machinery as at 30 September 20X5. (iv) The company's main office block has been revalued from $216,000 to $266,000 and this amount included in the statement of financial position as at 30 September 20X5. (v) A deposit of $20,000 for new equipment has been included under the heading ‘plant and machinery' although the final instalment of $35,000 was not paid over until 31 October 20X5, which was the date of delivery of the plant.

You are required, for each of the above matters, to:

(a) Outline the audit work and evidence required to substantiate the assets.

1. Intangible non-current assets
2. Accounting for inventory
3. In connection with your examination of the financial statements of Camry Products Co, a limited liability company, for the year ended 31 March 20X9, you are reviewing the plans for a physical inventory count at the company's warehouse on 31 March 20X9. The company assembles domestic appliances, and inventory of finished appliances, unassembled parts and sundry inventory are stored in the warehouse which is adjacent to the company's assembly plant. The plant will continue to produce goods during the inventory count until 5pm on 31 March 20X9. On 30 March 20X9, the warehouse staff will deliver the estimated quantities of unassembled parts and sundry inventory which will be required for production for 31 March 20X9; however, emergency requisitions by the factory will be filled on 31 March. During the inventory count, the warehouse staff will continue to receive parts and sundry inventory, and to dispatch finished appliances. Appliances which are completed on 31 March 20X9 will remain in the assembly plant until after the count has been completed.

Required

(a) List the principal procedures which the auditors should carry out when planning attendance at a company's physical inventory count.

1. In connection with your examination of the financial statements of Camry Products Co, a limited liability company, for the year ended 31 March 20X9, you are reviewing the plans for a physical inventory count at the company's warehouse on 31 March 20X9. The company assembles domestic appliances, and inventory of finished appliances, unassembled parts and sundry inventory are stored in the warehouse which is adjacent to the company's assembly plant. The plant will continue to produce goods during the inventory count until 5pm on 31 March 20X9. On 30 March 20X9, the warehouse staff will deliver the estimated quantities of unassembled parts and sundry inventory which will be required for production for 31 March 20X9; however, emergency requisitions by the factory will be filled on 31 March. During the inventory count, the warehouse staff will continue to receive parts and sundry inventory, and to dispatch finished appliances. Appliances which are completed on 31 March 20X9 will remain in the assembly plant until after the count has been completed.

Required

(a) Describe the procedures which Camry Products should establish in order to ensure that all inventory items are counted and that no item is counted twice.

1. Audit procedures for receivables
2. The receivables' confirmation
3. The inventory for audit
4. The physical inventory count
5. Audit procedures
6. Audit procedures for receivables
7. Bank confirmation procedures and confirmation requests
8. Internal control considerations for payables
9. Internal control
10. Audit procedures in relation to purchases, other expenses and wages costs
11. Confirmation of trade payables
12. You have been assigned to the audit of Carter Brandon Co (CBC), and you are drafting the audit programme for payables and accruals for the year ended 31 December 20X7. The company operates from a site in West Wendon. All raw materials are received in the stores and all deliveries are checked to the delivery note and purchase order. The stores supervisor raises a goods received note and is also responsible for raising credit requests if there are any problems with the raw materials delivered. When the purchase ledger department staff receive the purchase invoices, they match them to the relevant goods received notes and purchase orders, and post them to the computerised purchase ledger. Suppliers are paid on the last day of each month. Other payables and accruals consist of tax, wages and other statutory deductions, accruals and timeapportioned expenses such as electricity and telephone.

Required Describe the audit work you will carry out:

To compare suppliers' statements with balances recorded on the purchase ledger

1. You have been assigned to the audit of Carter Brandon Co (CBC), and you are drafting the audit programme for payables and accruals for the year ended 31 December 20X7. The company operates from a site in West Wendon. All raw materials are received in the stores and all deliveries are checked to the delivery note and purchase order. The stores supervisor raises a goods received note and is also responsible for raising credit requests if there are any problems with the raw materials delivered. When the purchase ledger department staff receive the purchase invoices, they match them to the relevant goods received notes and purchase orders, and post them to the computerised purchase ledger. Suppliers are paid on the last day of each month. Other payables and accruals consist of tax, wages and other statutory deductions, accruals and timeapportioned expenses such as electricity and telephone.

Required Describe the audit work you will carry out:

To check that purchases cut-off has been applied correctly

1. You have been assigned to the audit of Carter Brandon Co (CBC), and you are drafting the audit programme for payables and accruals for the year ended 31 December 20X7. The company operates from a site in West Wendon. All raw materials are received in the stores and all deliveries are checked to the delivery note and purchase order. The stores supervisor raises a goods received note and is also responsible for raising credit requests if there are any problems with the raw materials delivered. When the purchase ledger department staff receive the purchase invoices, they match them to the relevant goods received notes and purchase orders, and post them to the computerised purchase ledger. Suppliers are paid on the last day of each month. Other payables and accruals consist of tax, wages and other statutory deductions, accruals and timeapportioned expenses such as electricity and telephone.

Required Describe the audit work you will carry out:

To confirm that other payables and accruals have been accurately stated.

1. Audit evidence
2. Obtaining audit evidence of contingencies
3. Capital and other issues
4. Objectives of not-for-profit organisations
5. Identify the key objectives and focus of the types of association listed above.
6. Financial reporting
7. Auditing not-for-profit organisations
8. Audit risk
9. Audit procedures for payables
10. The Midvale League is a small association. It runs several local football leagues for various ages and stages. It employs a general administrator and some casual staff to man the bar. Any player who appears in more than 30% of a team's games for the season is required to pay a subscription to the association. The subscriptions pay for the administrator's wages, the referee's fees, team coaches' expenses and a lease on a sport's club comprising a clubhouse, changing facilities and three football pitches. The administrator also acts as groundsman. There is a bar in the clubhouse which is run for the benefit of members at a profit which covers bar staff wages and contributes to other expenses of the club. The association pays a local firm of accountants to prepare management accounts every quarter and to produce annual financial statements which it then audits for the benefit of members of the club.

Required

Identify any audit risks arising from The Midvale League.

1. Auditing not-for-profit organisations in the public sector
2. Designing procedures for not-for-profit entities
3. Audit reporting