

FINAL COURSE: GROUP I

PAPER-3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

(MTP 11: Ch. 11 – Prospective Financial info. and Other Services)

Suggested Answers

Q. No.	Correct Option	Remarks
1	(a) The practitioner evaluates whether the compiled information has been prepared using suitable criteria and whether the adjustments appropriately reflect the effects of the transaction, without undertaking an audit or review of the historical financial figures themselves.	Under engagements to report on compilation of such information, the practitioner does not audit or review historical figures. The responsibility is limited to assessing whether the information has been compiled using appropriate criteria and whether adjustments fairly depict the impact of the transaction.
2	(a) The accountant may associate with forward-looking information if he identifies it as such, explains the assumptions, and avoids implying that projected results will occur, irrespective of whether assumptions are best-estimate or hypothetical.	A professional accountant can associate with PFU provided he clearly states sources, basis of assumptions, and does not vouch for accuracy or achievement of results. Both best-estimate and hypothetical assumptions are permissible.
3	(b) The information must clearly disclose assumptions (distinguishing best-estimate and hypothetical), be consistent with historical financial statements, and state the preparation date with adequate explanatory notes.	Proper presentation of PFI requires clear disclosure of assumptions, preparation date, and consistency with historical framework. This ensures transparency and avoids misleading users.
4	(a) A Type 2 report includes a separate section describing the controls tested, along with sample size and nature of tests, and discloses deviations identified, even if the deviations do not prevent achievement of stated control objectives.	Type 2 reporting mandates disclosure of tests performed, sample size, nature of tests, and all deviations—even those not affecting achievement of control objectives. These must be included as an additional section after the opinion.

5	(b)	<p>A modified opinion is appropriate when the system description is materially misstated, or controls related to control objectives are not suitably designed or operating effectively, or when sufficient appropriate evidence could not be obtained.</p>	<p>Modification is required for material misstatements in the description, inadequate design or ineffective operation of controls, or scope limitations. These conditions justify qualified, adverse, or disclaimer opinions.</p>
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Link for Resources (Revision Videos, MTPs, Amendments, Charts, etc.)		
1	Youtube Channel	https://www.youtube.com/@altclassesca9193
2	Telegram Channel	https://t.me/altclasses
3	Whatsapp Group for Doubts	https://chat.whatsapp.com/LSDM362gij2ErmRgTi7ceA
4	LMS Link	https://altclasses.in/knowledge-forum-ca-final/
5	Contact Number	9319805511, 7206941195
6	Website Link	https://altclasses.in/



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“TEST – ANALYSE – IMPROVE”