

FINAL COURSE: GROUP I

PAPER-3: ADVANCED AUDITING, ASSURANCE AND PROFESSIONAL ETHICS

(MTP 8: Ch. 7 – Reporting)

Suggested Answers

Q. No.	Correct Option	Remarks
1	(c) Consider whether a modification is required because management refused to correct a material misstatement in comparatives and explain this in the Basis for Modification.	SA 710 requires modification when comparatives contain a material misstatement and management refuses to correct. Not restating a material prior-period error is a misstatement, not a simple disclosure matter, hence modification may be required.
2	(a) The system-based inventory issues required extensive audit attention and judgement.	SA 701 requires KAMs to be matters of most significance, requiring significant auditor judgement; fraud and covenants are not automatically KAMs. Inventory system failures clearly meet the criteria.
3	(a) Management's refusal to correct a material prior-period misstatement.	Under SA 705, uncorrected material misstatements require a modified opinion. The comparative error is material; hence modification is appropriate.
4	(c) CARO requires reporting when immovable properties are not in the company's name.	CARO 2020 Clause 3(i)(c) requires detailed reporting on title deeds not in company's name, making this the relevant clause.
5	(d) Auditor must report to Central Government within prescribed timelines even if management is aware.	Section 143(12) requires auditors to report fraud by officers or employees to the Central Government, following due procedures, once reasonable belief is formed.

Link for Resources (Revision Videos, MTPs, Amendments, Charts, etc.)

1	Youtube Channel	https://www.youtube.com/@altclassesca9193	 CA Pankaj Garg
2	Telegram Channel	https://t.me/altclasses	
3	Whatsapp Group for Doubts	https://chat.whatsapp.com/LSDM362ggy2ErmRgTi7ceA	
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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