

ACCA

Strategic Professional – Options

**Advanced Audit and Assurance
(INT & UK) (AAA)**

EXAM KIT

KAPLAN
PUBLISHING

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Versions of some questions in this Exam Kit may also be available on the ACCA Practice Platform on the ACCA Website. They are a very useful reference, in particular to attempt using ACCA's exam software. However, you should be aware that ACCA will decide when those questions will be amended for syllabus changes or replaced, so they may differ slightly from the versions in this Exam Kit.

This document references IFRS® Standards and IAS® Standards, which are authored by the International Accounting Standards Board (the Board), and published in the 2023 IFRS Standards Red Book.

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SECTION A QUESTIONS

Planning and conducting an audit

			Question	Answer	Past exam (Adapted)
1	Hammer		1	161	S23/D23
2	Encore		5	173	M23/J23
3	Mercurio		9	187	D22
4	Winberry		13	203	S22
5	Pascal & Co		17	220	M22/J22 (A)
6	Gruber		22	236	S21/D21 (A)
7	Pale		25	253	M21/J21 (A)
8	Rick Group		30	270	M20 (A)
9	Ryder Group		33	283	S19/D19 (A)
10	Margot		38	296	M19/J19 (A)
11	Redback Sports		43	309	Dec 18 (A)
12	Eagle Group		48	322	Sept 18 (A)
13	Sunshine Hotel Group		54	335	S17/D17(A)
14	Zed Communications Group		58	348	S16/D16 (A)
15	Connolly		61	359	Dec 14 (A)
16	Adams Group		63	371	Jun 14 (A)

SECTION B QUESTIONS

Planning and conducting an audit of historical financial information

17	Awdry		69	387	M19/J19
18	Tony Group		70	394	Jun 15 (A)

Completion, review and reporting

19	Cottrell		71	399	S23/D23
20	Crawley		73	406	M23/J23
21	Marlos		76	414	D22
22	Geller		77	419	S22
23	Wheeler & Co		80	428	M22/J22 (A)
24	Sol & Co		81	436	S21/D21 (A)
25	Matty		85	442	M21/J21 (A)
26	Goodman Group		87	451	M20 (A)
27	Lifeson		89	458	S19/D19 (A)

EXAM SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE ADVANCED AUDIT AND ASSURANCE EXAM

	Total marks	Technical marks	Professional skills marks
Section A: One compulsory question	50	40	10
Section B: Two compulsory questions	50 (25 per question)	40 (20 per question)	10 (5 per question)
Overall	100	80	20

Total time allowed: 3 hours and 15 minutes.

The 'current' date in all AAA exam questions will be set at 1 July 20X5. Year-end dates will then be flexed around this depending on the nature of the question. For example, a question set at the planning stage of the audit may have a year-end of 30 June 20X5 or 31 July 20X5. A question set at the completion stage of the audit may have a year-end of 31 January 20X5 or 31 March 20X5.

Note that:

- Question 1

This question will comprise a case study, worth 50 marks and will be set at the planning stage of the audit, for a single company, a group of companies, or potentially several audit clients.

You will be provided with detailed information which may include extracts of financial information, strategic, operational and other relevant information for a client business, as well as extracts from audit working papers, including results of analytical procedures.

The requirements will predominantly focus on syllabus areas A, B, C and D which cover the regulatory environment, professional and ethical considerations, quality management and practice management, and planning and conducting an audit of historical information. Other syllabus areas such as other assignments and current issues may also be included in this question.

Unless specified otherwise, all exhibits should be considered when carrying out risk evaluations and candidates should ensure that they carefully read the partner's email for any specific guidance in relation to how the information should be used.

It is recommended that candidates review all the exhibits while planning their answers to the question but as mentioned should ensure they take note of any guidance given by the examining team in terms of which exhibits are relevant to each requirement. Thus, allowing for more detailed analysis and focus on specific information where relevant.

It is often the case that there will be interactions between the exhibits which will impact on the analysis performed by candidates. Candidates are encouraged to spend adequate time planning and aim to obtain a holistic view and understanding of the issues present in the question.

Section 1

PRACTICE QUESTIONS – SECTION A

PLANNING AND CONDUCTING AN AUDIT

1 HAMMER *Walk in the footsteps of a top tutor*

It is 1 July 20X5. You are a manager in the audit department of Stanley Associates, a firm of Chartered Certified Accountants, responsible for the audit of the Hammer Group (the Group) for the year ending 30 September 20X5. The Group, which is not a listed company, operates a number of hardware stores which supply trade customers and the public.

Your firm audits all components of the Group, including a foreign subsidiary acquired during the year.

The following exhibits, available on the left-hand side of the screen, provide information relevant to the question:

1	Partner's email – an email which you have received from Paula Sanders, the audit engagement partner.
2	Group structure and activities – outline of the Group structure and activities relevant to audit planning.
3	Financial information – extracts from the projected consolidated financial statements.
4	Business developments – information relevant to audit planning.
5	Additional services – details in relation to services which Stanley Associates has been asked to perform.

This information should be used to answer the question **requirement** within your chosen **response option(s)**.

Requirement

Respond to the instructions in the email from the audit engagement partner.

Note: The split of the mark allocation is shown in Exhibit 1 – Partner's email.

(40 marks)

Professional marks will be awarded for the demonstration of skill in communication, analysis and evaluation, professional scepticism and judgement, and commercial acumen in your answer.

(10 marks)

(Total: 50 marks)

Exhibit 1

To: Audit manager
From: Paula Sanders, Group engagement partner
Subject: Hammer Group – audit planning
Date: 1 July 20X5

Hello

I met with the Group finance director, yesterday, along with representatives from the Group audit committee. We discussed the Group's activities during the year, and its plans to expand into further international markets next year. They also provided me with some extracts from the projected consolidated financial statements and a selection of key performance indicators. I have also provided you with some background information about the Group to assist with planning the audit.

Based on the analysis which I have done on this industry, it is appropriate for overall materiality to be based on revenue. You will need to determine and apply an appropriate materiality threshold in your briefing notes.

Using the information below, I require you to prepare briefing notes for my use in which you:

(a) Evaluate the business risks faced by the Group.
(10 marks)

(b) Evaluate and prioritise the risks of material misstatement to be considered in planning the audit of the Group.
(16 marks)

Note: You should refer to Exhibits 2, 3 and 4 when carrying out the requested risk evaluations.

(c) Using Exhibit 4, design the principal audit procedures to be performed in respect of the expenditure relating to the store enhancement programme.
(7 marks)

(d) Using Exhibit 5, discuss any ethical issues arising, and recommend any actions which need to be taken.
(7 marks)

Thank you.

Exhibit 2

The Group operates a number of large hardware stores within the domestic market. The stores supply building materials and equipment to the public and to builders. The Hammer brand, which is internally generated and not recognised in the consolidated statement of financial position, is key to the Group's success. One of the Group's subsidiaries, Wrench Co, is a financial services company specialising in providing savings accounts and loans to individuals.

(1) Mallet Co is a wholly owned subsidiary and operates the 'Hammer' stores. It generates the majority of the Group's income. Mallet Co owns 50 retail stores across the country. Mallet Co has been involved in a price war with another national hardware store during the year offering significant discounts and heavily marketing the Hammer brand in an attempt to increase market share.



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