

ACCA

Applied Skills

Audit and Assurance (AA)

EXAM KIT

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library.

Published by:
Kaplan Publishing UK
Unit 2 The Business Centre
Molly Millar's Lane
Wokingham
Berkshire
RG41 2QZ

ISBN: 978-1-83996-691-0

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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.

Features in this edition

In addition to providing a wide ranging bank of real past exam questions, we have also included in this edition:

- An analysis of all of the recently published new syllabus examinations.
- Subject specific information and advice on exam technique.
- Our recommended approach to make your revision for this particular subject as effective as possible.

This includes step by step guidance on how best to use our Kaplan material (Study text, pocket notes and exam kit) at this stage in your studies.

- Enhanced tutorial answers packed with specific key answer tips, technical tutorial notes and exam technique tips from our experienced tutors.
- Complementary online resources including full tutor debriefs and question assistance to point you in the right direction when you get stuck.

You will find a wealth of other resources to help you with your studies on the following sites:

www.MyKaplan.co.uk

www.accaglobal.com/students/

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Our Quality Co-ordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

INDEX TO QUESTIONS AND ANSWERS

INTRODUCTION

The majority of the questions within the kit are past ACCA exam questions, the more recent questions are labelled as such in the index. Where changes have been made to the syllabus, the old ACCA questions within this kit have been adapted to reflect the new style of exam and the new guidance. If changed in any way from the original version, this is indicated in the end column of the index below with the mark (A).

Note that

The specimen exam is included at the end of the kit.

KEY TO THE INDEX

EXAM KIT ENHANCEMENTS

We have added the following enhancements to the answers in this exam kit:



Key answer tips

All answers include key answer tips to help your understanding of each question.



Tutorial note

All answers include more tutorial notes to explain some of the technical points in more detail.



Top tutor tips

For selected questions, we walk through the answer giving guidance on how to approach the questions with helpful 'tips from a top tutor', together with technical tutor notes.

These answers are indicated with the 'footsteps' icon in the index.

ONLINE ENHANCEMENTS



Answer debrief

For selected questions, we recommend that they are to be completed in full exam conditions (i.e. properly timed in a closed book environment).

In addition to the examining team's technical answer, enhanced with key answer tips and tutorial notes in this exam kit, online you can find an answer debrief by a top tutor that:

- works through the question in full
- explains key elements of the answer
- ensures that the easy marks are obtained as quickly as possible.

These questions are indicated with the 'video' icon in the index.

Answer debriefs will be available on MyKaplan at:





















www.mykaplan.co.uk

SECTION A-TYPE QUESTIONS




















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202	Lapis		84	220	M23/J23
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204	Esk		88	235	M22/J22
205	Peach		90	244	S21/D21
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207	Hart		93	263	S20/D20
208	Scarlet		94	271	Mar 20
209	Harlem		96	279	S19/D19 (A)
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214	Hurling		103	318	M17/J17
215	Centipede		105	327	Dec 16
216	Aquamarine		106	334	M16/J16
217	Venus		107	340	S15/D15 (A)
218	Sycamore	 	108	346	Jun 15
219	Recorder Communications		109	354	Jun 14





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221	Petra		112	367	M23/J23
222	Daley		114	378	S22/D22
223	Whittaker		116	389	M22/J22
224	Pomeranian		118	399	S21/D21
225	Castle Courier		120	406	M21/J21
226	Swift		122	416	S20/D20
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235	Bronze		136	479	S15/D15 (A)
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245	Sagittarii & Co		150	547	S20/D20
246	Encore		151	551	Mar 20
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259	Orange Financials		165	614	Jun 12
260	Violet & Co	 	166	618	Dec 12

ANALYSIS OF PAST EXAMS

The table below summarises the key topics that have been tested in the new syllabus published examinations to date.

	Specimen	M/J 21	S/D 21	M/J 22	S/D 22	M/J 23	S/D 23
Audit Framework							
Audit vs. assurance engagements							
Statutory audits							
Benefits/limitations of an audit							
Elements of assurance							
Corporate governance					✓	✓	
Audit committee							
Ethical threats	✓		✓				
Confidentiality and conflicts of interest							
Limited assurance engagements	✓						
Planning and risk assessment							
Acceptance		✓		✓			
Engagement letter					✓		
Quality management						✓	
Professional scepticism		✓					
Audit risk	✓	✓	✓	✓	✓	✓	✓
Analytical procedures	✓			✓	✓		
Materiality							
Understanding the entity							✓
Fraud & error			✓				✓
Laws & regulations							
Benefits of planning							
Audit strategy & plan	✓						
Interim & final	✓						
Audit documentation							

	Specimen	M/J 21	S/D 21	M/J 22	S/D 22	M/J 23	S/D 23
Internal control							
Components					✓		
Limitations of controls			✓				
Systems/tests of controls:							
– Revenue	✓		✓	✓		✓	
– Purchases	✓		✓			✓	
– Payroll		✓		✓	✓	✓	
– Non-current assets	✓		✓				
– Inventory			✓				
– Cash				✓			
Systems documentation	✓	✓					
IT controls	✓						✓
Internal Audit							
Scope/limitations	✓						
Contrast with external audit	✓						
Outsourcing internal audit							
IA assignments							
Audit Evidence							
ISA 500 Audit procedures							
Assertions	✓						
Audit sampling							
Sufficient appropriate evidence	✓						
Use of experts	✓						
Use of internal audit							
Service organisations							
Not-for-profit organisation							
Automated tools and techniques							
The audit of specific items:							
– Revenue/income				✓	✓		✓
– Purchases							
– Payroll		✓					✓

	Specimen	M/J 21	S/D 21	M/J 22	S/D 22	M/J 23	S/D 23
– Tangible non-current assets	✓		✓			✓	
– Research & development			✓				
– Trade receivables	✓	✓	✓	✓			✓
– Inventory		✓		✓			✓
– Bank					✓	✓	✓
– Trade payables/accruals					✓		
– Provisions	✓	✓	✓		✓	✓	✓
– Equity				✓			
– Directors' remuneration							
– Redundancy costs							
Completion & reporting							
Misstatements	✓						
Final review							
Subsequent events	✓					✓	
Going concern	✓						
Written representations							
Auditor's reports/opinions	✓	✓			✓		✓
Key audit matters			✓	✓			
Reporting to those charged with governance							

EXAM TECHNIQUE

GENERAL COMMENTS

- Read the questions and examination requirements **carefully**.
- **Divide the time** you spend on questions in proportion to the marks on offer:
 - there are 1.8 minutes available per mark in the computer based examinations so a 20 mark question should be completed in approximately 36 minutes
 - within that, try to allow time at the end of each question to review your answer and address any obvious issues

Whatever happens, always keep your eye on the clock and **do not over run on any part of any question**.

- **Objective test case questions:**
 - Don't leave any questions unanswered. If in doubt, guess.
 - Try and identify the correct answer.
 - If you can't identify the correct answer, try and rule out the wrong answers.
- Spend the last **five minutes** of the examination:
 - reading through your answers, and
 - **making any additions or corrections**.
- If you **get completely stuck**, flag the question for review and **return to it later**.
- Stick to the question and **tailor your answer** to what you are asked.
 - Pay particular attention to the verbs in the question.
 - Apply your comments to the scenario.
- If you do not understand what a question is asking, **state your assumptions**.

Even if you do not answer in precisely the way the examiner hoped, you may be given some credit, if your assumptions are reasonable.
- You should do everything you can to make things easy for the marker.

The marker will find it easier to identify the points you have made if your **answers are understandable, well-spaced out and clearly referenced to the requirement being answered**.

OBJECTIVE TEST QUESTIONS

- Decide whether you want to attempt these at the start of the exam or at the end.
- No credit for working will be given in these questions, the answers will either be correct (2 marks) or incorrect (0 marks).
- Read the question carefully, as any alternative answer choices will be given based on common mistakes that could be made in attempting the question.
- If a question looks particularly difficult or time consuming, then miss it out first time through (make sure you flag it) and come back to it later.

CONSTRUCTED RESPONSE (LONG) QUESTIONS

- **Written elements:**

Your answer should:

- Have a clear structure
- Be concise: get to the point!

- **Reports, memos and other documents:**

Some questions ask you to present your answer in the form of a report, a memo, a letter or other document.

Make sure that you use the correct format – there could be easy marks to gain here.

COMPUTER-BASED EXAMS – ADDITIONAL TIPS

- Do not attempt a CBE until you have **completed all study material** relating to it.
- On the ACCA website there is a CBE demonstration. It is **ESSENTIAL** that you attempt this before your real CBE. You will become familiar with how to move around the CBE screens and the way that questions are formatted, increasing your confidence and speed in the actual exam.
- Be sure you understand how to use the **software** before you start the exam. If in doubt, ask the assessment centre staff to explain it to you.
- Questions are **displayed on the screen** and answers are entered using keyboard and mouse.
- In addition to the traditional multiple choice question type, CBEs will also contain other types of questions, such as multiple response (select two or more), drop down list, drag and drop, hot spots and hot areas.
- You need to be sure you **know how to answer questions** of these types before you sit the exam, through practice.

SUBJECT SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE EXAM

The exam will be in **TWO** sections

All questions are compulsory

		Number of marks
Section A:	3 objective test cases	
	5 questions worth 2 marks per case	30
Section B:	3 constructed response questions	
	2 × 20 mark questions (mainly scenario based)	40
	1 × 30 mark question (mainly scenario based)	30
		—
		100
		—

Time allowed: 3 hours.

In the AA exam the 'current' date will be 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.

PASS MARK

The pass mark for all ACCA Qualification exams is 50%.

APPROACH TO THIS EXAM

Audit and Assurance is a computer based exam.

Any part of the syllabus can be tested in any section.

Section A

- The objective test case questions will be based around a short scenario and you will have to choose the correct answer(s) from the options given.
- You should begin by reading the OT questions that relate to the case, so that when you read through the information for the first time, you know what is required.
- Each OT question is worth two marks. Therefore you have 18 minutes (1.8 minutes per mark) to answer the five OT questions relating to each case.
- It is likely that all of the cases will take the same length of time to answer, although some of the OT questions within a case may be quicker than other OT questions within that same case.
- Work steadily. Rushing leads to careless mistakes and the OT questions are designed to include 'plausible distractors' i.e. answers which result from careless mistakes.

- If you don't know the answer, eliminate those options you know are incorrect and see if the answer becomes more obvious.
- After you have eliminated the options that you know to be wrong, if you are still unsure, guess.

Section B

- The constructed response questions will require a written response rather than being OT questions.
- Each question will contain some knowledge-based requirements. Knowledge of ISAs may be required in this section.
- The other requirements will require application of knowledge to the scenario provided. For these requirements it is important you relate your answers to the scenario rather than just regurgitate rote-learned knowledge.
- For the scenario based questions it is important to read the information carefully and only use this information to generate your answers. There are unlikely to be any marks awarded to students creating their own scenario and generating answers from that.
- **For each question**, read the requirements and then the detail of the question carefully.
Always read the requirement first as this enables you to **focus on the detail of the question with the specific task in mind**.
- Take notice of the format required (e.g. letter, memo, notes) and identify the recipient of the answer. You need to do this to judge the level of sophistication required in your answer and whether the use of a formal reply or informal bullet points would be satisfactory.
- There are times when you are instructed to use tables to present your answer. This is the case when you are asked to link answers together. Pre-formatted tables will usually be set up in the workspace for you to use.
- Spot the easy marks to be gained in a question. Make sure that you do these parts first when you tackle the question.
- **Highlight questions for review if you are not sure and want to check your answers before you end your exam.**

The three questions in section B will usually focus on planning and audit risk assessment, internal controls and audit evidence.

Audit risks

Candidates need to explain audit risks by stating the specific area of the financial statements impacted (e.g. PPE, inventory, revenue, etc.) with an assertion (for example cut-off, valuation etc.), or, a reference to over/under/misstated, or a reference to inherent/ control/ detection risk. Credit is only awarded for misstated when it is clear that a balance could be either over or understated. Credit is not given for misstated if it is clear that a balance could only be overstated or could only be understated.