

ITC 2016 MOCK EXAM AUDITING: REQUIEREMENT

1. With reference to the background information set out on Page 2 and Working Papers C3/7 and C6/7, identify the issues that your firm would have considered prior to accepting the audit of Oil Rush Limited. 11 marks
2. With reference to Working Paper B1/9, specifically the information related to “Pumps”, a significant account in the Statement of Financial Position of Oil Rush Limited for the financial year ending 30 September 2013:
 - 1.1. Discuss the risks of material misstatement evident from the information provided, at the level of the assertions applicable to classes of transactions and account balances; and 7 marks
 - 1.2. For each risk identified, discuss your audit response. Do not include any detailed audit procedures. 15 marks
3. Discuss the risks of material misstatement at the assertion level for the “*Deferred tax asset*” that will appear in the Statement of Financial Position of Oil Rush Limited at 30 September 2013 (refer to Working Paper B1/9). 6 marks
Ignore the presentation and disclosure assertions.
4. With reference to Working Paper C3/7, formulate the substantive tests of detail relating to transactions and balances that you would perform to obtain audit evidence regarding the carrying amount of the licences that will appear in the Statement of Financial Position of Oil Rush Limited as at 30 September 2013. 16 marks
5. Explain and properly motivate, your audit approach for the current year’s audit of the Wages of Oil Rush Limited (refer to Working Papers B2/9 and F4/4). 16 marks
6. With reference to Working Paper C6/7, set out an appropriate Governance Structure for Oil Rush Limited. 10 marks
7. With reference to Working Paper F4/4, briefly identify the risks of material misstatement arising from the implementation of the new computer system implemented by Oil Rush Limited during the year ending 30 September 2013. *Ignore the proposed upgrade to the Human Resources and Payroll function. Do not address the effect of any factors that decrease the risk of material misstatement or any aspects relating to changes to standing data.* 5 marks
8. In respect of the changes to standing data outlined in Working Paper H4/7, describe the tests of control that you would perform to ensure that the appropriate control objectives in respect of changes to standing data are addressed. 8 marks
9. Identify the key business risks that the purchase of drill heads from Swiss Deep Drilling Limited (as suggested in Working Paper H7/7) holds for Oil Rush Limited in future. 6 marks