

**Skills - Module**

# **Audit and Assurance**

Time allowed : 15 minutes for reading and planning

3 hours for writing

December 17 – 2025

Do not open this paper until instructed by the supervisor.

This question paper must not be removed from the examination hall.

**The Accountancy & Audit Profession**  
**Org. Council - Sudan**

**F8**  
**Paper**

**AAPOC**

# Audit and Assurance F8

## Attempt All Questions

### Question One:

**(1) Which of the following is Not of the Internal Audit responsibilities?**

- a) Executing previous year amendments required by external auditor.
- b) Valuate the client's opinion of the company
- c) Assess value to money paid for, in purchases process.
- d) Implementing the Regulatory Compliance suitable to the company.  
(e.g health security system. Firefighting system...etc.)

**(2 marks)**

**(2) What benefits may a company benefit from obtaining an Internal Audit from outside the company?**

- a) Better awareness about the company client's risks,
- b) Independent opinion.
- c) Avoidance of labor turn over
- d) Maintain less permanent staff in internal audit.

**(2 marks)**

**(3) Which of these statements is right?**

- 1. Companies are not eligible to establish internal audit department,
  - 2. Internal audit is part of Finance Manager Responsibilities.
- a) 1 only
  - b) Both .1&2
  - c) 2 only
  - d) Neither 1 nor 2

**(2 marks)**

**(4) Which of the following is a substance external audit procedure for Incorrect Information?**

- a) Gather and collect all incorrect information (IAS 450).
- b) Address the Management to correct this information in the next financial period.
- c) If the Management did not consider information as incorrect, auditor should include in his audit report. and refuses correction,
- d) Auditor should have, in weighting, that Management consider this incorrect information as Immaterial.

**(2 marks)**

**(5) Which of the following is of Noncurrent Assets Assurance?**

**(1) Existence (2) Occurrence (3) Classification (4) Disclosure**

- a) 1 only
- b) 1,2,3
- c) 2,3,4
- d) 1,2,3,4

**( 2 marks)**

**(6) Audit Committee has many tasks. Which of these tasks NOT of the Committee tasks?**

- a) Safeguarding the whistleblowers privacy.
- b) Appointment of Internal Audit Staff.
- c) Assure the Internal Audit independency
- d) Inspect the execution of other services, except Audit, by internal Audit department.

**( 2 marks)**

**(7) Which of the following will NOT be included in the Audit Agreement with the company management?**

- a) Management is responsible of financial statements preparation.
- b) Management is responsible of the Internal Audit preparation of financial statements Free of material mistakes.
- c) Presenting all documents. Books and statements concerning the financial period to Auditors.
- d) Protecting the company from fraud is the management responsibility.

**( 2 marks)**

**(8) Which of the following is the most suitable to assure noncurrent assets value**

- a) To account for disposals, value and gain or loss correctly.
- b) Revise and recalculate sample of depreciation calculations.
- c) Revise repairs and maintenance of noncurrent assets to make sure of not including capital expenditure.
- d) Revise the Board meetings minutes for any decisions about acquisition or disposals of noncurrent assets.

(a) 1 and 2      (b) 1,3, 4      (c) 2,3,4      (d) 2 and 3

**( 2 marks)**

**(9) Which of the following should be included in the Audit Supervision agreement?**

- a) The use of Experts. (e.g. spare parts stock taking)
- b) Preparation of working papers for third parties.
- c) Shape and contents of reports.
- d) The bases on which the fees determined

**( 2 marks)**

**(10) Which of the following procedures will determine the subsequent events of a financial period ?**

- a) Ask the Management of any major adjustments in the accounts?
- b) Ask the management whether there is changes in the company Equity Shares.
- c) Defining the acts being considered as , subsequent events , with management..
- d) Obtain , in weighting , statement from management consenting All subsequent events being prevailed and adjusted

**( 2 marks)**

**Total (20 marks)**

**Question Two :**

**IAS 705 (Amended since 2016) (Amendments on the External Auditor Opinion),has been revised to conform with IAS700 ( Opinion on financial statements preparation) .These changes are concerned with Formatting and contents of revised audit report.**

**Required:**

- a) Define the boundaries of Revised IAS 705 work. **(5 marks)**
- b) State an example for the audit assurance in the auditor report. **(5 marks)**
- c) Explain the main objectives of the Revised Audit Report ( IAS 705) **(10 marks)**

**Total (20 marks)**

**Question Three :**

- (1) IAS 500 is mostly concerned with Audit Material Evidences, authentication,  
Briefly list five of these audit evidences with examples.**

**(10 marks )**

- (2) Audit Risks are partially of the corporation with others concerning the audit Firm.  
Discuss these risks with necessary examples.**

**(10 marks)**

**Total (20 marks)**

**Question Four :**

**You are the Senior Supervisor in C Audit Firm. external auditors of Moon Construction Company (MCC) for the year ended 31/12/2024.**

- MCC provide Prefabricated houses for its clients with Five years guarantee against manufacturing defects.
- Your Audit Team Manager held a meeting with MCC management and reported the meeting minutes, hereunder, to you:

- 1) Due to the General Recession, sales declined, despite the MCC Offers in sales differed payments.  
(Sales Price prevailing is less than the cost incurred).
- 2) To solve liquidity problem, MCC conditioned that clients pay Deposit ( SDG25.000) refundable if the house, at 75% completion, does not meet the contracting specifications.
- 3) Factory and equipment's life time has been increased to 5 years instead of 3 years, to reduce depreciation costs.
- 4) Management targeted to make, at least 1.5 million SDG to maintain getting their annual remuneration.
- 5) In their course of actions to reduce the manufacturing costs, the management changed the previous suppliers to others of less price. Clients, consequently, asked for more guarantees for repairs and maintenance.
- 6) To improve liquidity, MCC borrowed 30 million from Bank repayable in 6 month period.

**Hereunder, are the components of the Financial Statements:**

**(I S) & (B Sheet) For Years 2023 and 2024:**

Details	2024 M(SDG)	2023 M(SDG)
Revenue	37.5	45.0
Cost of sales	(21.0)	(24.0)
Gross profit	16.5	21.0
Other operating expenses	(15.0)	(15.3)
Net profit before tax	1.5	5.7
Stocks	5.7	4.2
Debtors and receivables	9.3	6.0
Cash and banks	2.4	5.7
Creditors and payables	(4.8)	(3.6)
Loans	(3.0)	0.0

**Required :**

- (1) Calculate 5 accounting ratios that will assist in your audit plan **(7.5 marks)**
- (2) Using your ratios and information presented above, to define 5 risks and show the audit response to face its outcome. **(7.5 marks)**
- (3) What is the effect on your audit report if the sales and liquidity problems, not solved?

**(5 marks)**

**Total (20 marks)**

**Question Five:**

- (1) IAS 560, presents the auditors responsibility and the audit procedures to be executed to detect the subsequent events, Discuss **(6 marks)**
  - (2) Explain the matters to be included in the Letter of Engagement and the factors affect its renewal to subsequent period? **(6 marks)**
  - (3) IAS 210 (Agreeing to the review terms), require reviewers to agree to the terms of participation in governance responsibility and to formalize their commitment. Discuss ..... **(8 marks)**
- Total (20 marks)**

**(End of the Questions)**