

Auditing

Finance



**ASSIGN
BUSTER**

Required Through a memorandum, explain to the directors (a) Why Is the need for an audit. (5 marks) (b) how the auditor off public company may be appointed under the companies Act (5 marks) (c) What are the rights and powers of an auditor under the Companies Act (10 marks) (d) The responsibilities of the directors in relation to the accounting , fraud and internal controls functions of Brian Ltd. (10 marks) QUESTION 2 The maintenance of auditor Independence Is vital to the credibility of the audit In the minds of the users of the financial statements .

Professional regulations has been seen as being one of the more acceptable methods of acceptable methods of achieving auditor independence than state regulations although certain sections of the Companies 's Act have a bearing on such independence. (a) state and explain the two sides of auditor independence (8 marks) (b) Explain the circumstance that may threaten auditor ' Independence and objectivity(10 marks) (c) Explain mom the measures that auditors may Implement In order to deal with the threats (12 marks) Question 3 The directors of Mellon Manufacturing have asked your firm to act as their auditors for the year ended 30 September.

They will be asking their existing auditors to resign, as they do not provide a cost effective service. The partner proposed for appointment to Mellon Manufacturing holds a membership certificate and a certificate of registration as a registered auditor through the COCA. The proposed partner is scheduled for routine Investigation by the COCA regulation monitoring unit. A) Describe the investigations you would carry out and ethical matters you would consider before you can accept the appointment as the company's auditor. (8 marks) (b) Explain why it is important that an auditor

should send a letter of engagement to the client prior to undertaking an audit. (4 marks) (b) Briefly describe the main contents of a letter of engagement which you would send to the directors of Mellon Manufacturing. (8 marks)